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DOC NO	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
1	NOTE	DEAVER TO THOMAS MACBRIDE	1	2/4/1983	B6
2	LETTER	MACBRIDE TO DEAVER RE CANDIDATE FOR CHIEF HOSTESS OF BLAIR HOUSE	1	1/31/1983	B6

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]
B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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MICHAEL K. DEAVER

Ed

I too am sorry we missed getting together when you were in town. I'm sure there will be other visits. Best of luck in your new job. Cheers. Mike

THE WHITE HOUSE
WASHINGTON

Mr. Ed Reinecke
California Republican Party
1228 N Street, Suite 14
Sacramento, CA 95814

California Republican Party

1228 N Street, Suite 14 · Sacramento, California 95814 · (916) 443-0967

February 2, 1983

Mr. Michael K. Deaver
Assistant to the President and
Deputy Chief of Staff
The White House Office
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear ~~Mike~~: Mike

I'm sorry I didn't get a chance to say hello when I was in Washington recently. You will be interested to know we will be organizing immediately for a strong Party for 1984.

Please let us know how we can help, because our first priority will be the reelection of the President.

With best wishes,

Sincerely,

Ed

Ed Reinecke
Chairman

MICHAEL K. DEAVER

Joseph

Thanks sincerely for your good note. Im trying to find some reason to get to your part of the world.

Cheers. Mike

THE WHITE HOUSE
WASHINGTON

The Honorable Joseph Verner Reed
American Embassy
Rabat, Morocco

2-4

note

VILLA AMERICA I-31-'83
RABAT
RESIDENCE OF THE AMBASSADOR

MKD -

Don't let that suavely heartless harpoon thrower get you down! Safire's manifestations are so much trash!

If you and C. want to free yourselves for some sun and sanity you both will be welcome in the Kingdom. Instead of enduring (and knowing you, you will do so with class!) beads of blood squeezed through an eyedropper come

to Villa America for R&R
where warm hospitality awaits
you!

Aloha!

Joseph

P.S.

I look forward
to buying the book!!!

THE WHITE HOUSE

WASHINGTON

February 8, 1983

Dear Mr. Rhoads:

Thank you for your letter of January 25, 1983, co-signed by your partner Mr. Swain, expressing the interest of the Washington Speakers Bureau, Inc. in working with me in the future in arranging possible speaking engagements.

While I appreciate your interest, I will not be in a position to consider or discuss any arrangements of this sort with the Bureau or any other organization while I remain in Government service.

Thank you again for writing.

Sincerely,

MICHAEL K. DEAVER
ASSISTANT TO THE PRESIDENT
DEPUTY CHIEF OF STAFF

Mr. Harry Rhoads, Jr.
Washington Speakers Bureau, Inc.
Suite 11
201 North Fairfax Street
Old Town Alexandria, Virginia 22314

bcc: Fred F. Fielding

THE WHITE HOUSE

WASHINGTON

February 8, 1983

MEMORANDUM FOR MICHAEL K. DEAVER
ASSISTANT TO THE PRESIDENT
DEPUTY CHIEF OF STAFF

FROM: FRED F. FIELDING
COUNSEL TO THE PRESIDENT

SUBJECT: Letter from Washington Speakers Bureau

Thank you for forwarding the above-referenced letter for my review.

Obviously, no arrangements could be made with this Bureau (or any similar entity) while you are in Government service, both because applicable standards of conduct regulations preclude acceptance of honoraria for appearances that are at all related to your official duties, and because any such arrangement would raise substantial appearance problems in any event. The same appearance problems (though to a somewhat lesser degree) could well arise should you commence discussions now about an arrangement "in the future," which may be the purpose of the Bureau letter.

Accordingly, I recommend a polite, non-committal response advising that you will be unable to consider or discuss any arrangement with the Bureau or similar organizations while you remain on the White House staff. Such a response is attached for your review and signature.

Attachment

Washington
Speakers
Bureau, Inc.

201 N. Fairfax Street, Suite 11
Old Town Alexandria, VA 22314
(703) 684-0555

★★★

JJ / for suggested reply

122042 cu

January 25, 1983

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

Dear Mr. Deaver,

The purpose of this letter is to introduce you to the Washington Speakers Bureau and to express our interest in working with you in the future. Although we are writing to you now in the middle of the administration's first term, we thought it was necessary at this point in time to express our interest in you. In addition, we believe it is important that you know of the work we are doing.

In the two years that we have operated, the Washington Speakers Bureau has become one of the most well-respected bureaus in the country. Our ability to provide the best opportunities to speak for those we represent, as well as our innovative and dynamic marketing strategies (enclosed find a FIRST TUESDAY invitation for Washington and our new brochure) have given rise to such references as "the fastest growing Speakers Bureau in the nation by United Press International." Our success however, is simply a result of the honesty, hard work and imagination of several relatively young and bright people.

The most recent example of our efforts would be that on behalf of Mr. Lyn Nofziger. Since Lyn left the administration in late January, we have provided him with over $300,000 in choice speaking engagements before major corporations and associations. He serves as a good example of our care and effort.

At this time we want to confirm that when you decide to leave the administration we hope that you will allow the Washington Speakers Bureau to represent you. We strongly believe that a relationship between those of us at the Washington Speakers Bureau and you would be most compatible and that you would be pleased with the care we take in working with you.

We are sure that there are other areas of discussion. Nonetheless, this letter shall serve as a beginning. For now we ask that you contact any of the following at your discretion for a reference:

1. Mr. Franklyn C. Nofziger, Partner, Nofziger and Bragg Communications, 332-4030.

2. Mr. Conrad Hausman, Former Associate Director, Presidential Personnel Operations, 684-7570.

3. Mr. Charles T. Hagel, Former Deputy Administrator, The Veterans Administration, 971-1703.

4. Mr. James J. Kilpatrick, syndicated columnist, 703-987-8289.

Mr. Deaver, thank you for your time. We look forward to talking with you in the future.

Sincerely,

Harry Rhoads Jr.

Harry Rhoads, Jr.
Partner

Bernard L. Swain

Bernard L. Swain
Partner

HR/rse

THE WHITE HOUSE

WASHINGTON

February 9, 1983

Dear Ed:

Thanks for the very interesting Detroit Free Press article. Seems the press is one of the things that never change.

I appreciate your personnel suggestions. We can always use input.

Thanks again for your help.

Sincerely,

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

Mr. Ed Fredricks
23rd District
State Capitol
Lansing, Michigan 48909

ED FREDRICKS
23RD DISTRICT
STATE CAPITOL
LANSING, MICHIGAN 48909
517-373-6920

616—392-8418
616—399-2810

THE SENATE
LANSING, MICHIGAN

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

844 Millbridge, PV
Holland, Michigan 49423
February 3, 1983

Mrs. Shuck

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

Dear Mike:

You may be interested in the enclosed editorial from the Detroit Free Press of 20 years ago and the U.S. News & World Report articles of 1964 and 1966 from which the President could draw.

The President is already familiar with and has used the 1966 article, but notice how similar the treatment of Kennedy in 1962 is to the treatment of the President today. Notice how the Free Press ridiculed Kennedy's proposed tax cuts in the face of huge deficits. (In 1962 we were at a point in the economic cycle comparable to now, while 1984/1985 will probably resemble 1964, which will mean the next two years will be more receptive to the tax cuts than the past year, and should be good for the President).

Then compare the 1964 and 1966 articles to the dire predictions of the Free Press. They said the same things of Kennedy in the editorial that they do of Reagan today, and the conditions they describe are familiar. Yet camelot is recalled with nostalgia by almost all, and the tax cuts of Kennedy have been hailed by Republicans, Democrats, liberals and conservatives alike.

Just one suggestion in another area. If James Baker is planning to leave, I would assume Clark would replace him. Since the NSC job is largely one of minimizing interdepartmental differences, Schultz would be good for that. Jeane Kirkpatrick could go to State, a move which conservatives would like and would mean three women in full-fledged cabinet positions. James Buckley would make an ideal person for the U.N., although he has just started with Radio Free Europe/Radio Liberty.

Thank you kindly for your attention. Warm personal regards.

Sincerely,

Ed

Ed Fredricks

NOT PRINTED AT TAXPAYERS' EXPENSE

The Detroit Free Press

AN INDEPENDENT NEWSPAPER

JOHN S. KNIGHT, PRESIDENT AND PUBLISHER

LEE HILLS, VICE PRESIDENT AND EXECUTIVE EDITOR — HENRY C. WEIDLER, BUSINESS MANAGER

Published every morning by Knight Newspapers, Inc., 321 W. Lafayette Ave., Detroit 31, Michigan

AS WE SEE IT

A $7.8 Billion Deficit Smacks Rosy Prophecy

ALL THE NIGHTMARES that economists predicted last January have become realities. The Budget Bureau itself says that, with luck, the Federal deficit for the current fiscal year will be $7.8 billion.

This would be the second largest deficit in peacetime history, exceeded only by fiscal 1959, when we had a recession.

What went wrong? What happened to President Kennedy's rosy prospect in this, the first budget entirely of his own making, of a "modest" $500 million surplus?

Byrd

Primarily, what went wrong was that the President didn't know what he was talking about, and wouldn't listen to any of the economists who told him so. He took the word of his theoretical, sociological Harvard economists who were still operating in the depression days of pump-priming economics.

The President predicted a business boom so big that tax revenues would reach $93 billion, against the $81.5 billion last year.

Republicans in Congress called the prediction "absolutely ridiculous," and Senator Harry Byrd, a Democrat who understands budgets, said he'd eat his hat if the President were correct.

Byrd predicted a deficit of between $5 billion and $10 billion, and you can't get much closer than he has.

In addition, the President predicted that spending would stop at $92.5 billion. It hasn't, and neither Cuba nor Berlin nor any other military commitment is to blame.

The Budget Bureau says spending will be $1.2 billion higher than anticipated, all coming from increased domestic programs. The postmen and other government workers are getting more. The crop support program is costing more than allotted, not unexpectedly. Public works programs have been accelerated by $200 million.

And not surprisingly, the interest on our national debt has risen by $400 million, partly because the debt is higher, and partly because government bonds are harder to peddle these days.

The truth is that business did have a fairly good year. Revenue from taxes is higher than in the last fiscal year. It is up at an annual rate of about four per cent.

This is a normal figure which the President would have been wise to count on. But he, with derring-do and sleight-of-hand, figured it would go up more than three times that much. Senator Byrd, among others, could have told him better.

★

WHAT HORRIFIES us is not that the deficit will be so large. This we predicted last January. What is disturbing is that there are no indications that the President intends to do anything about it.

His economic advisers accompanied the bad news with the word that "the deficit is neither inflationary nor dangerous to our balance of payments position"—which is not so.

We're spending more than we have, so that's inflationary. To cover the deficit, we have to sell more bonds, thus weakening their value, and that's bad for our balance of payments.

A balanced budget would require a cut in foreign aid, which is about the only thing that would improve our balance of payments deficit.

Even worse, the President and his advisers are working on a new tax program to include major reductions. This, says the President, will stimulate business enough to make up for losses.

Our tax structure needs revision, badly and immediately.

But a tax cut isn't enough. It must be accompanied by spending cuts—plain old economies and getting rid of luxury programs we can't afford.

Increasing spending while cutting taxes is the same as if the head of a family lost his job and then went out and bought a new car to ease the bad news for his wife.

As we said last January when the President unveiled his rosy forecast, "Much of what is in the budget—defense takes more than half—is essential and desirable. But when the peacetime budget for fiscal 1963 reaches within whispering distance of the all-out war year of 1945, it is time some halts were called."

The time is 10 months later, and no halts are yet in sight.

U.S. News & World Report
VOLUME LVI—No. 9 WASHINGTON, D.C.

JUST WHEN YOU WILL GET YOUR TAX CUT

—And How Big It Will Be

That tax cut, long promised, is here at last. First effects will show up in pay envelopes ırly in March. Withholding tax drops from 18 . 14 per cent. Result: more spending money.

Tax rates, for all brackets, drop in two steps. First cut is dated back to last January 1. So are dozens of changes in tax rules. Second cut: next January 1. Here are the details for taxpayers.

It's all set now: The biggest tax cut ever voted by Con-ess is about to become a reality.

Final terms of the tax bill were settled February 19, when enate-House committee compromised differences between two branches of Congress.

All told, when fully effective in 1965, the new law will worth 11.5 billion dollars a year to taxpayers.

Relief comes in two steps—this year and next. Every tax-ver gets lower rates. New tax rules affect millions.

Individuals get about two thirds of their cut this year, full cut next year. Small corporations get their whole cut 1964. Big corporations are given about half their cut in ility on 1964 profits, the full cut in 1965.

mmediate benefits. Cash benefits of the reduction in es will start showing up almost immediately. A timetable the tax changes is given on this page.

First to feel the effects will be people on payrolls—those ose taxes are withheld by their employers.

The withholding-tax rate will be reduced on the first pay- that occurs eight days or more after the President's nature on the bill. This rate drops from 18 to 14 per cent, aning raises in take-home pay for millions.

The next big group to feel the cash benefit will be those o estimate their taxes and pay them quarterly. The 1964 claration of estimated tax" and the first quarterly pay-t are due by April 15. New official instructions and rate les will be available to taxpayers shortly. By applying the rates and rules, people will be able to scale down their il, June, September and January payments to take ad-tage of the tax cut.

lso on April 15, large corporations must make their first ment on estimated 1964 income. This is five months ier than under old law. Companies owing more than 0,000 a year in taxes are being shifted gradually to a -as-you-go basis.

etroactive cuts. All these changes in payments begin- in March and April merely implement the new basic dules of income tax rates for individuals and corpora-s. The first cut, along with a long list of changes in tax

(continued on next page)

A TIMETABLE OF THE TAX CHANGES

Jan. 1, 1964: First step of general tax cut is made retroactive to start of the year.

- Personal tax rates, 20 to 91 per cent heretofore, drop to a range of 16 to 77 per cent.
- Corporation tax goes down from 30 to 22 per cent on first $25,000 of profit, and from 52 to 50 per cent on profit above $25,000.
- Dividend "exclusion" is increased from $50 to $100. Dividend "credit" is cut from 4 per cent of dividend income to 2 per cent.
- A long list of changes in tax rules takes effect, applying to such items as stock options, casualty losses, sick-leave pay.

Early March, 1964: Withholding tax rate drops from 18 to 14 per cent. This becomes effective on the first payday occurring eight days or more after the President signs the bill.

April 15, 1964: First quarterly payment reflecting the lower rate on individuals' estimate of tax for 1964.

- Corporations owing more than $100,000 a year in taxes make first payment on estimated 1964 tax at lower rates.

Jan. 1, 1965: Second step of the rate reductions takes effect.

- Personal rates go down to range of 14 to 70 per cent.
- Corporation rate on profit above $25,000 drops to 48 per cent. Rate on first $25,000 remains at 22 per cent.
- Dividend credit is eliminated. Exclusion continues at $100.

[continued from preceding page]

rules, is dated back to last January 1, thus affecting all 1964 income. The second cut takes effect next January 1, affecting income of 1965 and later.

Retroactive to Jan. 1, 1964:

● Personal tax rates, which heretofore ranged from 20 to 91 per cent, drop to a range of 16 to 77 per cent.

● Corporation rates are cut. On the first $25,000 of profit, the tax drops from 30 to 22 per cent. On 1964 profit above $25,000, the rate is cut from 52 to 50 per cent.

● For stockholders, the dividend "exclusion," or exemption, is raised from $50 to $100. The dividend "credit" is cut from 4 per cent of dividend income to 2 per cent.

● Other new rules for individuals take effect: Stock options come under new restrictions. So do casualty losses ai sick-leave pay. Some better breaks go on the books for o people, for professional people and others with widely fluct ating incomes, and for working mothers. Small taxpayers, f the first time, are to get the benefit of a "minimum standa deduction."

The second step. Then, effective Jan. 1, 1965:

● Personal rates drop to a range of 14 to 70 per cent.

● For corporations, the rate on profits above $25,000 go down to 48 per cent. The bottom rate stays at 22.

● The dividend "credit" is wiped out.

By the time all the new provisions are in effect, tl changes will touch nearly every major section of the t laws. What it all means to you is spelled out on the pag that follow.

HOW TAX CHANGES AFFECT YOU

A taxpayer's guide to the new tax law is given in what follows. It shows, in practical terms, what to expect from lower rates and other changes taking effect now.

As a taxpayer, you will have to get accustomed to a new set of tax rules as well as new tax rates.

The big tax bill of 1964, now ready to go on the statute books, makes the most extensive changes in the revenue laws in 10 years.

If you are to avoid paying more taxes than you owe, you'll have to check up on many new rules. And note: The new rules are effective on income, spending and investing in all of 1964.

To help you start right now to take advantage of the new opportunities, and to avoid new pitfalls:

TAX RATES

By far the most important changes for you are in the reductions in tax rates.

Rate schedules. Bracket rates have been cut at all levels.

The top rate, now 91 per cent, drops to 77 per cent on 1964 income, and to 70 per cent in 1965 and later years.

The bottom rate has been 20 per ce on the first $2,000 of income—$4,0 for a married couple.

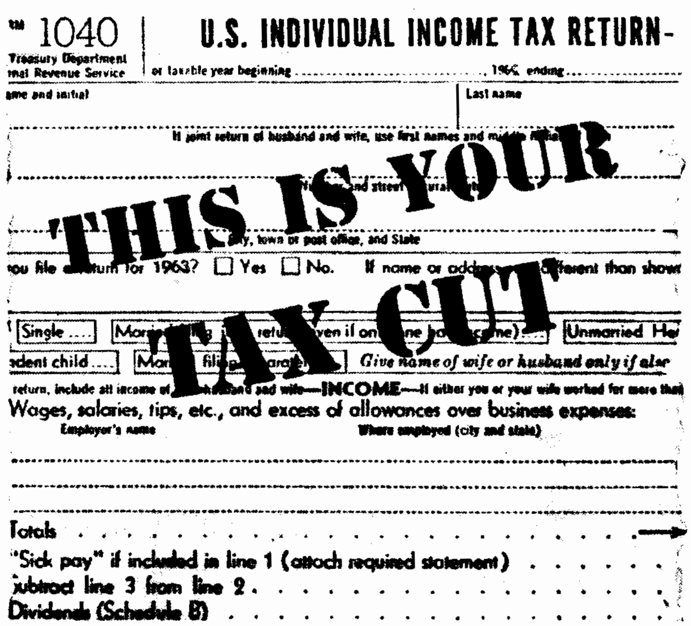
Bottom bracket of the new schedule made up of the first $500 of income $1,000 for a couple. Tax on that will l 16 per cent for 1964 income, then 1 per cent in 1965 and later years.

The chart below shows what tax people will pay at various income leve and in different family situations.

To understand what these cuts c mean, however, note two angles.

One is the way the savings can p up. In 10 years, a man with a $25,0

(continued on page 28)



SINGLE PERSON

Annual Income	1963 Tax	1964 Tax	1965 Ta
$ 3,000	$ 422	$ 360	$ 32
$ 5,000	$ 818	$ 720	$ 671
$ 8,000	$ 1,540	$ 1,372	$ 1,28
$ 10,000	$ 2,096	$ 1,872	$ 1,74
$ 15,000	$ 3,787	$ 3,377	$ 3,15
$ 20,000	$ 5,900	$ 5,233	$ 4,91
$ 25,000	$ 8,324	$ 7,409	$ 6,98
$ 35,000	$ 13,778	$ 12,344	$ 11,62
$ 50,000	$ 22,788	$ 20,384	$ 19,23
$100,000	$ 58,116	$ 51,399	$ 48,18
$200,000	$138,280	$120,081	$111,07
$300,000	$219,974	$189,278	$174,07

Note: Tax figures assume deductions equal to 10 per cent of income, or

HIGHLIGHTS OF THE TAX CHANGES

Tax cuts: Biggest ever voted at one time, 11.5 billions a year—effective in part this year, remainder next year.

Personal taxpayers: Lower rates for everybody. Old rates: 20 to 91 per cent. New rates, when fully effective in 1965: 14 to 70 per cent.

Withholding tax: Rate cut from 18 to 14 per cent, effective in March.

Corporations: Again, rate cuts across the board. Special break for small companies.

Stockholders: Dividend "exclusion" doubled, to $100. Dividend "credit" cut from 4 per cent to 2 in 1964, zero in 1965.

Little taxpayers: New minimum standard deduction —$300 for taxpayer himself, plus $100 for each additional exemption listed on return, up to $1,000.

Stock options: New restrictions, tougher rules for stock to qualify for full benefit of capital-gains treatment.

Sick-leave pay: Generally, no exemption for sick pay until absence from work exceeds 30 days.

Casualty losses: Hereafter tax deductions only on amounts in excess of $100 for each loss.

Old people: Better break on deductions for medicines. Also, easier tax rules on sale of a home.

Actors, authors, professional people: A system of "income averaging" for people with widely fluctuating incomes.

Working mothers: On child care, easier rules and larger deductions for many.

Group insurance: A new rule requiring company executives to pay taxes on a portion of the premiums paid by the company on a big policy.

Also: Easier tax rules on capital losses; on employes' moving expenses; on large donations to charity; on use of the investment credit; on iron-ore royalties. Tighter rules on personal holding companies; on borrowing to buy life insurance; on oil and gas depletion allowances.

MARRIED COUPLE, NO CHILDREN

...l Income	1963 Tax	1964 Tax	1965 Tax
3,000	$ 300	$ 226	**$ 200**
5,000	$ 660	$ 554	**$ 501**
8,000	$ 1,240	$ 1,080	**$ 1,000**
10,000	$ 1,636	$ 1,440	**$ 1,342**
15,000	$ 2,810	$ 2,501	**$ 2,335**
20,000	$ 4,192	$ 3,744	**$ 3,484**
25,000	$ 5,774	$ 5,162	**$ 4,796**
35,000	$ 9,601	$ 8,523	**$ 7,997**
50,000	$ 16,648	$ 14,819	**$ 13,964**
100,000	$ 45,576	$ 40,768	**$ 38,460**
200,000	$116,232	$102,798	**$ 96,364**
300,000	$195,872	$171,312	**$159,140**

MARRIED COUPLE, 2 CHILDREN

Annual Income	1963 Tax	1964 Tax	1965 Tax
$ 3,000	$ 60	$ 0	**$ 0**
$ 5,000	$ 420	$ 325	**$ 290**
$ 8,000	$ 976	$ 840	**$ 772**
$ 10,000	$ 1,372	$ 1,200	**$ 1,114**
$ 15,000	$ 2,486	$ 2,208	**$ 2,062**
$ 20,000	$ 3,800	$ 3,392	**$ 3,160**
$ 25,000	$ 5,318	$ 4,754	**$ 4,412**
$ 35,000	$ 9,037	$ 8,031	**$ 7,529**
$ 50,000	$ 15,976	$ 14,213	**$ 13,388**
$100,000	$ 44,724	$ 40,016	**$ 37,748**
$200,000	$115,224	$101,916	**$ 95,548**
$300,000	$194,804	$170,374	**$158,300**

...dard deduction if this produces a lower tax in 1964 and 1965.

FINANCE WEEK®

AFTER TAX CUTS—MORE PROSPERITY, HIGHER REVENUE

New budget trends disclose is paradox—

• The Treasury's tax take has een rising steeply.

• Yet tax rates have been reiced in recent years.

Now the talk is about a budg- surplus in the year that is to art July 1.

Question: How much did tax its contribute to the prosperity iat generated the revenue rise?

The unusual budget spectacle of arply rising revenues following the big- st tax cuts in history is beginning to tonish even those who pushed hardest tax cuts in the first place.

Tax reductions put into effect from 62 through 1965 had been advocated the cure for a "fiscal drag."

The theory: High tax rates were such rake on business that the economy ld not generate the tax revenues ded to balance the big federal budget. The prescription: Cut taxes and, in e, reach a budget balance.

In four years, tax reductions were or- ed on an unprecedented scale. Rates e reduced for individuals and busi- es. Tax deductions for depreciation re speeded up. Special tax credits e offered for business investments. ises were eliminated or cut.

All told, relief from the annual bur- of federal taxes was granted in the of about 20 billion dollars.

he steepness of the revenue rise that wed was never predicted by the ocates of the "new economics."

he chart on this page shows what happened.

nce the year that ended in mid- 2, budget revenues have risen from billion dollars to 103.9 billion—a of 22.5 billion.

ext year, the one starting July 1, the ect is for 116.2 billions in budget nues. That figure—predicted by the Tax Committee of Congress— d mean a gain of 34.8 billions, or y 43 per cent, in just five years.

Now the Tax Committee is talking about an actual balance in the regular budget for the year starting July 1. In fact, the Committee's staff foresees a modest surplus even if spending on Vietnam rises somewhat beyond the President's budget forecast of last January.

What has led to all this is high prosperity, with high individual and business incomes on which taxes are collected.

The prediction of a surplus next year is considered overoptimistic by many close observers of the budget.

Expenditures, the record shows, have increased almost as rapidly as revenues.

In the year that ended in mid-1962, budget spending was at 87.8 billion dollars. It is expected to reach 106.4 billion in this year that ends June 30 and more than 112.8 billion in the following year. With stepped-up spending on war in Vietnam, the total could be several billion more than that.

There also is this to note: Spending increases that already have occurred are only a part of the commitment that has been written into the budget for years just ahead.

Typically, the "Great Society" programs have been started in low gear, fueled with a few million or a few hundred million dollars. But many have been planned from the start to pyramid into much more impressive figures.

The tax outlook. Still, even the approach that now is being made to a budget balance is being interpreted as meaning two things.

Advocates of the "new economics" are taking the steep rise in revenues to mean that they were correct in pushing for major tax cuts. It was tax relief, they say, that gave business activity the fillip that was needed to boost the economy to levels required to generate budget-balancing revenues.

Talk of a budget balance, at the same time, has all but scotched any serious discussion of a tax increase to head off inflation. In recent months, the tax-increase issue has been one of the most hotly debated in Washington.

Now, as business indicators point to some slowing of the boom and revenue trends point ahead toward a budget balance, the steam is going out of the drive for inflation-curbing tax increases.

(Another Finance Week article, p. 104)

TAXES DOWN, $

Federal tax cuts of the last 4 years add up to an annual $20 billion.

Yet: Revenue has gone up, not down.
Revenue 4 years ago—year ended in mid-1962: $81.4 billion.
Revenue now—latest estimate for year ending in mid-1966: $103.9 billion.
Gain in annual revenue: $22.5 billion.

Main reason: High and rising prosperity, meaning more and more personal income and business profits on which to collect taxes.

For the coming year, starting July 1, a staff report to Congress predicts another big jump in revenue, to $116.2 billion. If so, says the report, this could mean a balanced budget—the first one in 7 years—even though spending, like revenue, has been climbing year after year.

Note: Revenue for this year and next is estimated by the staff of Congress's Joint Committee on Internal Revenue Taxation. Figures are on a regular-budget basis, omitting Social Security and other federal trust funds.

THE WHITE HOUSE

WASHINGTON

February 9, 1983

Dear Mr. Palmquist:

Thank you for your letter about the Lou Harris speech. I enjoyed your comments about politics in general and am most pleased that you took the time to share your thoughts with me.

With best wishes.

Sincerely,

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

Mr. Roy A. Palmquist
4525 Manchester Drive
Omaha, Nebraska 68152

Mr. [redacted]. Roy A. Palmquist
4525 Manchester Drive
Omaha, Nebraska 68152
1-402-455-3405

2-4-1983

Mr. Deaver
% White House
Washington, D.C. - 20500

Re - Louis Harris's talks and articles re - polls, published in various newspapers throughout the country -

Louis Harris was a word man at the Omaha Chamber of Commerce luncheon at 12:00 Noon, Wednesday, in Omaha, Nebraska - A doom & gloom caller, that all local radio & TV news broadcast to high heaven - Thanks to the Omaha World Herald they didn't mention his talk, but on following published Louis Harris Poll - copy enclosed for your eagle eye - I may be able to get a cassette tape of his talk Wed. at Chamber of Commerce luncheon, if I do - will mail it to you - The Cox cable broadcasting it tonight - We live outside of Omaha limits, so don't have cable yet - but a friend will tape it - on Channel 9 @ 9:00 P.M. -

Re - article re Harris Poll on Recovery etc - the survey sample comprised 1254 - when you considered almost 87,000,000 voted in 1980, and in 1984 it will be about 90,000,000 people voting, The 1254 = about 1/70,000 = How can you predict anything with such a small figure. How can the average citizen predict recovery when expert economist can't -

Louis Harris missed the boat in 1980 when he said Carter would have a hairline victory - I picked a landslide victory after the Democratic Convention in August 1980 - as soon as Carter was nominated - he was beat. Ted Kennedy was the man the convention wanted - Reagan would have won in 1980, but it would have been a hairline victory -

Cordially yours, Roy

P.S. — from

Mr. ~~& Mrs.~~ Roy A.Palmquist
4525 Manchester Drive
Omaha, Nebraska 68152
1-402-455-3405

If our population is now near 235,000,000 — and adding the armed forces in work force — 1,700,000 persons, does that make about ~~$~~ 101,200,000 working?? as past month listed 99,500,000 working.

Today it was announced as 10.2% with armed forces included, or 10.4% without it — Last month 10.8% was listed as unemployment figure — ~~was~~ (over).

Does that make those out -

of work around 12,000,000 plus =

You may recall my Aug - 1980
Presidential Prediction - Reagan 39
states, 420+ electoral votes -
of course my prediction a little
conservative in light of actual
results - 489 electoral votes and 44
states -

I had a simple formula: I took
1976 Final Presidential Results furnished by
the Clerk of the House - I gave Reagan the
26 States Ford won in 1976, then I took the
seven states Carter barely won in 1976, and
gave those to Reagan = 33 States - Now I
considered 12 or 13 Southern States, I gave
Reagan 6 - hence 39 States - my electoral
vote varied, due to juggling various southern
states for Reagan such as Texas - I have predicted
every presidential winner since Nov - 1928. That
is over 52 years, will be 54 years when 1984 rolls around
my experience I will pick winner for 1984 after Conventions -

Majority in Poll Indicated Recovery Is Not for 1983

By Louis Harris
The Chicago Tribune

Harris Poll

2-4-83

A 55-38 majority of those surveyed in a Harris Survey indicated that they didn't foresee a recovery for the economy from now through January 1984.

However, a 53-41 percent majority indicated that lower mortgage rates in the year ahead would result in more housing being available. New housing starts have risen over the past few months, as interest rates have declined.

Among those survyed, a 48-41 plurality indicated that they doubted that the sustained lower rate of inflation would continue "to remain well below 10 percent." In late November, a 50-39 percent plurality indicated that inflation was under control.

The survey polled 1,254 adults nationwide and was taken by telephone from Jan. 2 to Jan. 5.

In a sample this size, one can say with 95 percent certainty that the results were within plus or minus three percentage points of what they would have been if the entire adult population had been polled.

For the first time since August, those surveyed indicated that they were pessimistic about the rate of inflation.

Other survey results:

—A 53-40 percent majority indicated that they were not convinced that the next year would see interest rates go down sharply.

—A 48-47 percent plurality said they did not believe that "unemployment will be reduced to below where it is now."

—A 64-32 percent majority indicated that they thought the next 12 months would see more people losing homes and farms because they couldn't meet mortgage payments.

—A 53-44 percent majority said they expected that "more people will be going hungry" in the next 12 months.

—A 66-32 percent majority of those surveyed said they believed the country was in a depression, not just a deep recession.

—A 65-29 percent majority indicated that "the rich and big business will be much better off" in 1983.

THE WHITE HOUSE

WASHINGTON

February 9, 1983

Dear Mr. Keegan:

Thanks for letting me know about the January 27th meeting in New Jersey. My special thanks, too, to Denise O'Leary and Charles H. Hardwick for outstanding efforts in bringing about this fundraising activity in New Jersey.

I'm a big booster of the ACYPL program. Thanks again for your contribution.

Sincerely,

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

Mr. Philip M. Keegan
Kupper Associates
15 Stelton Road
Piscataway, N.J. 08854

KUPPER ASSOCIATES
15 Stelton Road, Piscataway, N.J. 08854 • (201) 752-5600

January 31, 1983

Thank

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

Re: American Council of Young Political Leaders

Dear Mr. Deaver:

I would like to take this opportunity to congratulate Denise O'Leary for pursuing many of us in fund raising activities for ACYPL since, through her outstanding efforts, a meeting took place in New Jersey on January 27th which might never have come about.

On January 27th, Denise O'Leary and I met with Speaker of the General Assembly, Alan J. Karcher, Assemblymen John Doyle and Charles L. Hardwick. This meeting produced a viable list of corporations in the State of New Jersey which we are going to solicit for donations to the ACYPL. Denise is going to coordinate the first phase of this project which will be the general mailing, and also participate from that point on with various meetings that we will conduct in New Jersey, with numerous corporations, on individuals or collective bases. I have personally contacted former delegates of our exchange program and they are anxious to help us in our fund raising.

Again, I would like to state that it was through Denise's efforts that we were able to hold this meeting. I would also like to acknowledge the efforts of Charles H. Hardwick, who has been a true asset in pursuing fund raising activities in New Jersey.

Very truly yours,

KUPPER ASSOCIATES

Philip M. Keegan

Philip M. Keegan
Vice President

PMK/pd
cc: All Members - ACYPL Bd. of Trustees

THE WHITE HOUSE

WASHINGTON

February 9, 1983

Dear Bill:

Thanks so much for sending along the letter from Owen Butler to Congressman Gradison. I appreciate your letting me know about this, and will pass it along.

Sincerely,

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

Mr. C. William Verity, Jr.
600 Thorn Hill Lane
Middletown, Ohio 45042

C. WILLIAM VERITY, JR.
Middletown, Ohio 45043

Dear Mike

I'm attaching a letter from one of our Directors to Congressman Bill Gradison. He is urging Bill to have Congress join the Social Security system.

I would urge you to have the President say that he believes all Americans should belong to Social Security - and that he and his entire staff are joining up. It would be a great coup for him

Best wishes

Bill

1/31/83

OWEN BRADFORD BUTLER
4346-S, STATE ROUTE 123
MORROW, OHIO 45152

January 26, 1983

The Honorable W. D. Gradison, Jr.
2311 Rayburn House Office Building
Washington, D.C. 20515

Dear Bill:

It is indeed difficult for me to find temperate words with which to express my shock and dismay at the course on which Congress appears to be embarked as it addresses Social Security "reform".

Let me say at the outset that I endorse most of the recommendations of the bipartisan commission. As one who worked long and hard on the CED's study of retirement policy, I believe that most, if not all, of the recommendations should be adopted.

My concern, indeed my outrage, is directed at the absence of what should have been the first recommendation -- specifically, that Congress and the Administration have an absolute obligation to immediately include every member of the Administration, every member of Congress and every member of Administration or Congressional staff in the Social Security system. You know, as well as I, that Social Security is not a savings plan. Individual benefits have only the vaguest kind of relationship to individual payments into the plan. The Social Security system is essentially a tax on working individuals to generate revenues which are paid to present retirees. It is unthinkable that the very individuals who impose this severe tax (and it is one of the severest taxes on most of our working people) should continue to exempt themselves (and almost no one else) from the payment of that tax.

I urge you and your fellow members of Congress to display some leadership in the effort to restore some degree of public confidence in the equity of the Social Security system. There simply is no better way to restore that confidence than to have the members of the Administration and Congress proclaim that their first order of business will be to include themselves in the system. I and the other 40,000 U.S. employees of our company have a right to expect that of you!

I urge you to take a prominent personal role in calling for this kind of leadership by the members of Congress. What you and your associates do will clearly set an example. It is up to you to decide whether that will be a very bad example or a very good example.

Sincerely,

O.B. Butler

OBB:nc

cc: Mr. William R. Burleigh
Mr. George R. Blake