Collection: Deaver, Michael: Files
Folder Title: March 1984 Incoming (6)
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THE WHITE HOUSE
WASHINGTON

Mr. Deaver:

This is scheduled for this Thursday at 4:00 p.m. in JAB's Office.

DB

8/12
Hold

3/22
4:00 p.m.
JAB's

THE WHITE HOUSE

WASHINGTON

March 15, 1984

JAB
Is this something you want to do?
3/19 MKD

Yes - I've told "B". JAB III

MEMORANDUM FOR JAMES A. BAKER, III
MICHAEL DEAVER

THRU: M. B. OGLESBY, JR. Bo

FROM: DENNIS THOMAS DT

Congressman Newt Gingrich (R-Georgia) has requested a meeting to discuss plans for the Republican Convention and activities relating to the President's call for tax simplification.

Gingrich and Congressman Vin Weber (R-Minnesota) are leaders in the House of an ad hoc group that has authored the "opportunity society" theme. They have been the catalyst for the recent school prayer initiatives, including the all-night vigil kicking off our efforts to secure passage of a Constitutional amendment.

If we are to be successful in securing House Republican support for our budget deficit reduction efforts, we will need to mute the opposition of Gingrich, Weber, and the other younger and more active House Republicans. In short, how helpful they will be will be directly determined by how much input they feel they will have in such activities as the Convention and tax simplification.

I would urge that we respond positively and quickly to their request for a meeting. In addition to yourselves, it would be helpful if the group could include Secretary Regan, Dave Stockman, and Dick Darman. The session would provide Gingrich and Weber an opportunity to outline their thoughts and recommendations.

Congressman Trent Lott (R-Mississippi), House Republican Whip, called this afternoon and strongly urged that we meet and reinforced the pivotal role they will play in the upcoming debate on the budget initiative.

THE WHITE HOUSE

WASHINGTON

March 20, 1984

MEMORANDUM FOR JAMES BAKER
MICHAEL DEAVER

THRU: M. B. OGLESBY

FROM: W. DENNIS THOMAS

SUBJECT: Meeting with Congressman Newt Gingrich (R-Georgia) and Vin Weber (R-Minnesota), March 22, 1984

Congressman Newt Gingrich (R-Georgia) requested a meeting with you to discuss his work on the Conservative Opportunity Society themes including recommendations for activities at the Republican Convention and tax simplification initiatives.

Congressman Gingrich and Congressman Vin Weber (R-Minnesota) are leaders of an ad hoc group formed to establish a positive conservative agenda. This group, known as the Conservative Opportunity Society (COS) has endeavored to further conservative goals through a series of issues and activities. In addition to their recent leadership in the school prayer issue, hearings with black athletes and the all night House session, they have developed a four point agenda:

1. A fairer and simpler tax system which further lowers marginal tax rates to increase incentives for labor and capital, while broadening the tax base and shrinking the underground economy.

2. Urban enterprise zones to help revitalize the nation's most economically depressed areas, creating jobs and entrepreneurial opportunities for minorities and the disadvantaged.

3. Spending strategy:

   a. Executive line-item veto to help get spending under control in a prudent manner.

   b. Limited executive authority to impound funds over the next two fiscal years, at least 25% from the defense budget.

4. Monetary policy reform. Long overdue reform of monetary policy to consolidate our progress in reducing inflation, and to help ensure long-term price stability, so interest rates can fall to their historical levels.

The attached outlines their proposal in more detail.

This meeting is to allow Gingrich and Weber an opportunity to discuss their legislative program and offer their thoughts on Republican Convention activities.

To: All Republicans
Fr: Reps. Lott, Kemp, Gingrich, Coats, Weber, Mack, Lungren, Walker, Vucanovich, Gregg, Hiler

Re: Working Draft of a Proposed Legislative Strategy for 1984 -- and Beyond

A REPUBLICAN AGENDA FOR FULL EMPLOYMENT WITHOUT INFLATION:
THE AMERICAN OPPORTUNITY SOCIETY

In 1984, we Republicans have both an unparalleled opportunity and an unparalleled challenge. Our opportunity is to build upon the Reagan "new beginning" we helped make just four years ago, and win a mandate from the American people to become once again the dominant political party in America, as we were from Lincoln to Coolidge. The challenge is to provide and implement the ideas which can come to grips with the social and economic problems which still must be conquered on behalf of Americans.

Becoming a governing majority doesn't mean just beating Democrats; it means providing superior leadership and ideas. Yet politics is a democratic and honorable means for seeking a better life for Americans. And the full fruition of our American renaissa[nce] can only be realized if there is a continued Republican Renaissanc[e] -- especially among House Republicans -- of ideas, energy, integri[ty] and bold leadership.

It is not enough for our Party to rest on the laurels of its accomplishments of the past four years or of Ronald Reagan's leadership: The control of inflation, the halving of interest rates, the beginning of sound recovery and the dramatic drop in unemployment. Continued progress requires constant effort and attention. And besides, the American people are by nature forward-looking. They are more interested in hearing our vision for the nation's future than in hearing what we have done for them in the past. By trying to run on past successes, the Republicans, incred[ibly] are in danger of being thrown on the defensive on issues like the deficit -- a new concern among Democrats -- in the midst of their patent success. The only way to remedy this is to put forward a positive, forward-looking vision of where the country should be headed, and an agenda for getting there.

For more than 200 years, Americans have shared in a unique effort to achieve within our midst a society of opportunity. In its broadest sense, this means a nation in which human beings are empowered to live life in its fullness at every level and in every aspect: a nation of free people under God, continuously pursuing liberty and justice for all. America still is, in our cherished phrase, "a city on a hill," which cannot be hidden: a beacon of hope to all the world if we succeed, and a warning and source of discouragement should we fail. Thus our nation, like our party, finds that its privilege is inseparable from its responsibility: to show that the dignity of human beings is an everyday reality, and not just an attractive philosophy. Yet the fact that we still fall short of the dream should only reinforce our determination to try harder.

A fundamental aspect of realizing such a society is achieving a socially responsible free-enterprise economy. This is not the onl_ part, nor even the most important part, because man does not live by bread alone. But man does live by bread, and material prosperity can help free mankind from servitude to external circumstances, and turn his attention to the higher things. So economic and material well-being is fundamental to achieving the abundance of life to which Americans aspire.

At the heart of the American opportunity society has always been the hope of new possibilities for ourselves and our children. America has been the one place on earth where you could climb as high or as far as your efforts and God-given talent could take you. Fulfillment in America is not reserved only to the winners. There is a kind of victory in good work, no matter how humble.

And opportunity means more than individual self-fulfillment: it means not only good work, but also good works. Wages and the saving of wages are not merely a means of amassing comforts for oneself. They mean being able to meet your obligations to your family, providing your children with greater hope for a better life, and passing on the fullness of life to others. They mean better homes -- and better family life; better schools -- and better education; loving your neighborhood -- and loving your neighbor.

Yet for many years now, economic opportunity in America has been caught up in a political dilemma. The Democratic and Republican parties found themselves impaled on the Phillips Curve, that false tradeoff between inflation and unemployment. Democrats have promoted spending schemes for stimulating the economy and redistribut income, but the result was higher inflation. Republicans too often replied with tax increases to match the Democratic spending increases, but the result was to push many Americans off the ladder of employment opportunity entirely.

Americans were often told to choose between inflated growth or no growth at all, and this Phillips-Curve economic tradeoff dominated the economic and political agenda. The central problem reached its crisis in the late 1970s when we began to suffer the logical outcome of this destructive political environment: a combination of rising prcies and stagnant economic growth, called "stagflation."

In 1980, our revolution began when we heeded Teddy Roosevelt's dictum that Democrats are the conservative party, but Republicans are the revolutionary party. In our platform and through Ronald Reagan's candidacy we Republicans adopted a new position, which even now seems radical to some. We said that non-inflationary economic growth is not only desirable; it is possible. We know it is possible because we have done it before in this country. We Republicans demolished the Keynesian demand-management consensus which drove most major economic decisions in both parties since the Second World War. While mistakes have been made, sometimes by erring on the side of timidity, our economic policies are leading the nation and the world to noninflationary recovery. It is critically important that this year the Republicans put forward an agenda which will consolidate our ultimate goal, an American society of equal opportunity and employment for all.

If we put forward such an agenda, and make it an integral part of the party's 1984 national platform, the 1984 elections will provide the Republican Party with a mandate for achieving that goal. Full employment without inflation was identified in our 1980 platform, but it cannot come to fruition without further effort. It not only remains our major economic goal; it is the way we can once and forever demolish the myth that our party believes that the well-being of some Americans must be sacrificed for that of others, through the inflation/unemployment tradeoff.

We must propose a bold agenda for the rest of the decade to implement our goal of full employment without inflation; a four part legislative initiative on tax, budget and monetary reform. This initiative should be the core of a 1984 legislative and political strategy. The four parts are integrally tied together. They are not separable, but rather simultaneous and mutually supporting. Taken together, they make up a comprehensive economic proposal of universal scope.

The components are:

1. A fairer and simpler tax system which further lowers marginal tax rates to increase incentives for labor and capital, while broadening the tax base and shrinking the underground economy.

2. Urban enterprise zones to help revitalize the nation's most economically depressed areas, creating jobs and entrepreneurial opportunities for minorities and the disadvantaged.

3. ~~Budget~~ Spend strategy:

A. Executive line-item veto to help get spending under control in a prudent manner.

B. Limited executive authority to impound funds over the next two fiscal years, at least 25% from the defense budget.

4. Long overdue reform of monetary policy to consolidate our progress in reducing inflation, and to help ensure long-term price stability, so interest rates can fall to their historical levels.

PART ONE: TAX REFORM

We offer comprehensive tax reform to meet the aim, expressed by President Reagan, of a fairer, simpler, more efficient tax system with greater economic incentives.

Politically, the Democrats have conceded the tax-incentive issue to President Reagan. Or rather, after having opposed his 25% across-the-board cut in marginal tax rates and other tax incentives, they are now trying to out-Reagan Reagan in broadening the tax base and lowering marginal tax rates.

For example, the Bradley-Gephardt plan is in many ways a vast improvement over former Democratic ideas on taxes of the past twenty years. In some ways, it is also a great improvement over current law. Where Democrats bitterly denounced President Reagan for cutting the top tax rate from 70% to 50%, the Bradley-Gephardt plan lowers that rate to 30%. Where Democrats complained that it was unfair to cut everyone's tax rates by the same percentage, Bradley-Gephardt is specifically designed to retain the post-Reagan distribution of the tax burden.

On the other hand, Bradley-Gephardt is still far too complex. There is one personal exemption for adults, and a different (smaller) one for families with children. While claiming to retain deductions for items like mortgage interest, property taxes, and charitable contributions, Bradley-Gephardt actually allows only partial deductions. Sometimes deductions depend on gross income, and at other times on taxable income -- effectively forcing people to figure out their taxes <u>twice</u>.

Bradley-Gephardt also repeals inflation-indexing of the tax code, which is unfair and hits lower- and middle-income taxpayers the hardest. This is especially a problem because, by retaining three progressive tax rates, Bradley-Gephardt would have considerable "bracket creep" under inflation.

In their effort to find new revenue, the authors have also worsened or introduced curious distortions to the tax code. Someone who invests for income can deduct interest costs, but someone who invests for capital gains effectively cannot. Moreover, the capital gains tax rate is raised by 50%, which would be a devastating blow to the stock market. Business investment is returned to a system which is even worse than the one replaced in 1981. And the double taxation of dividends is worsened by the changes in the tax base.

Our proposal for tax reform -- it is still a draft -- should appeal to families, to working men and women, to savers and investors, and to all who seek the American ladder of opportunity. It is provisionally called the "Fair and Simple Tax" (FAST). It is fairer, simpler, more incentive-oriented -- in a word, better -- than Bradley-Gephardt. The key elements are a flat tax rate, a broader and simpler tax base, generous allowances for families with children, and a special incentive for wage-earners.

1. A single flat tax rate, after allowances, of 25% for both individuals and businesses. (With the special provision for wage-earners, the rate would amount to 20% below $40,000.)

2. A broader and fairer tax base. The personal exemption is doubled to $2,000, and the standard deductions are increased. So a family of four would not pay tax on the first $11,500 of income -- compared with $7,400 today. For single taxpayers, the tax-exempt level would be increased by more than $1,000.

Most of the existing tax loopholes are eliminated. The major exceptions are:

- Charitable contributions
- Interest, including mortgage interest
- Real property taxes
- General-obligation tax-exempt bonds
- Current law on IRAs, pensions, and fringe benefits
- Indexing

Capital gains tax rates would be somewhat lower than today's 20% top rate, whereas Bradley-Gephardt would raise the capital gains tax rates by 50% and more.

3. A special incentive for wage-earners.

Unlike income from securities or physical capital (which receives special allowances for depreciation), wage and salary income is subject to the risks of the earner's health and age. A bond can't get sick, and a human being doesn't receive allowances for wear and tear.

Our system remedies this by permitting workers to exclude for tax purposes 20% of their wages and salaries on the first $40,000 of income. (This effectively lowers the marginal tax rate to 20%). The exclusion is phased out above $40,000, so that wages and salaries over $100,000 receive no exclusion. All income below $10,000 will be considered earned income.

This feature has two additional, unique advantages.

First, it removes an inequity from current law. Since Social Security taxes apply to approximately the first $40,000 of income, the combined Social Security and income tax rate can be up to 7 percentage points higher at lower incomes than at higher incomes. Because our earned income deduction is phased out at about $40,000, this plan would remove the problem. (However, because the connection between benefits and contributions is unchanged, this in no way constitutes "back door" general revenue financing of Social Security.)

Second, without such a provision, any flat-rate income tax -- even with generous allowances at the bottom -- would redistribute the tax burden from higher- to middle- or lower-income taxpayers if it raised the same revenue as current law. With our earned income exclusion and a flat tax rate, the distribution of the tax burden by income class remains very close to current law.

On the corporate side, a tax rate of about 30% is applied to a tax base from which most of the existing tax loopholes -- credits, exemptions, exclusions, deductions, etc. -- are removed. The major exceptions (in addition to those listed above, if applicable) are:

- Ordinary business expenses
- 1981-law ACRS
- Current-law treatment of foreign income

This plan is a considerable improvement over Bradley-Gephardt's horse-and-buggy depreciation schedules. Our top capital gains rate, at 20%, is one-third lower than Bradley-Gephardt's. Under our plan, American employees and businesses are at a considerable advantage in doing business abroad compared with Bradley-Gephardt, which puts them at a disadvantage.

In summary, then, our Fair and Simple Tax further increases incentives by cutting the top tax rate to 25%. But because of the way in which the tax base is broadened, the distribution of the tax burden does not shift, as with any other flat rate tax. Above all, families with children and wage-earners receive special protection. This is a tax plan which blue-collar working families across the country can embrace.

PART TWO: URBAN ENTERPRISE ZONES

Even with national economic recovery, we need special efforts to make sure that no-one, particularly minorities and the urban poor, is left behind. The chronically depressed areas of our nation need special compensatory incentives, and measures to encourage entrepreneurs who will create businesses, hire workers, and reduce the tragically high levels of poverty and unemployment.

On few other issues has a wider, more devoted and broad-based consensus emerged than on urban enterprise zones. Black, white, Hispanics, liberals, conservatives, Democrats and Republicans, big city mayors as well as suburban and rural areas, all support this constructive and progressive plan to help the economically disadvantaged. The legislation has already passed the Senate, is supported by the Administration, has 245 House co-sponsors including 18 Ways and Means Committee members, and has the endorsement of the Black Caucus.

For all its high intentions and great cost, the War on Poverty declared twenty years ago by President Johnson has in the cities resulted in a truce with poverty. Our inner city residents, many of them women and minorities, continue to be trapped in a cycle of poverty. They are desperate for the chance to make a better life for themselves and their children. They deserve better than to have their dreams thwarted because a handful of Democratic leaders in the House are bottling up the measure.

Current urban enterprise zones legislation provides a number of incentives for our economically depressed areas:

1. Establishes 25 zones a year for three years, upon competitive application by state and local governments. The process is designed to join the efforts of local governments and community organizations with the federal incentives.

The zones must be officially defined "pockets of poverty," with unemployment at least 1.5 times the national average, and poverty rates of at least 20% in each census tract. The zones must have a continuous boundary.

2. The bill provides a number of tax incentives for working, hiring, investing, and starting new businesses within the zones:

o An income tax credit of 5% on the first $10,500 of wages for all employees who work in the zones.

o An income tax credit for employers, equal to 10% of the wages of new employees hired, capped at wages of $17,500 per employee.

o A special credit for disadvantaged workers, defined as those earning no more than the combined AFDC/food stamps income level. The credit would equal 50% of wages, without cap, for the first three years, phased out in the next four years to 40%, 30%, 20%, and 10%. Qualifying workers would consist overwhelmingly of women and minority teenagers.

o Capital gains taxes are abolished on investment within the zones.

o Investment tax credits of 3%, 5%, and 10% on various kinds of property within the zones. The 10% credit is for new construction.

Further developments which are being considered are 1) increasing the number of zones from the currently proposed 75, and 2) permitting expensing of equity investments made in the zone.

The civil rights revolution opened doors that had been closed by law. It will not be complete, however, until America's doors of economic opportunity are fully opened and our minorities brought into the mainstream of the American economy with new jobs, higher incomes, and new enterprise.

The time has long since arrived to provide the inner city residents and minorities of this nation with the incentives they need to overcome the obstacles of poverty and urban decay. We Republicans should see to it that this program is passed. The party of Lincoln should take the lead in extending opportunities to those who are without them.

PART THREE: BUDGET STRATEGY

The best way to reduce the burden of government on the economy is to restrain the growth of government spending while increasing the size of the economy. As President Reagan has correctly pointed out, a tax increase serves neither purpose: it neither reduces the size of government nor increases the size of the economy. In fact, it works in the opposite direction, slowing down the economy and reducing the pressure for spending restraint. Raising taxes cannot reduce the government's crowding out of the private sector; it can only change the nature of the crowding out.

Moreover, it is easy to show that deficits are not caused by the undertaxation of the American people. Despite President Reagan's tax cuts, offsetting tax increases have meant that the tax burden on the economy has not declined; taxes still take 19% of GNP, which is almost exactly the postwar average. But spending has risen from 19% to 24% of GNP. That's where the deficit came from.

For all of these reasons, it is on spending that we must focus our efforts if we are truly concerned about Federal deficits or Federal pre-emption of private resources. This is the general thrust of President Reagan's economic program, and it is an effort that we Republicans and the majority of Americans join in supporting.

(A) LINE-ITEM VETO

Despite the clear mandate for spending restraint, Federal spending continues to rise, because Congress has not found itself capable, on its own, of slowing it. The problem is deep-seated and institutional in nature; it needs an institutional remedy.

We propose giving the Chief Executive a line-item veto over appropriations. The line-item veto is an indispensable tool for restraining unnecessary spending in a prudent, responsible way. Forty-three states have such a provision in their constitutions, giving their governors the power to reduce or veto individual spending items of appropriation. And it works. In fact, the very existence of the authority results in more prudent legislative decisions in the first place, when it is clear that the power will be used if responsible decisions are not forthcoming.

The line-item veto permits us to lighten the heavy burden of Federal spending without senselessly taking a meat-axe to the budget. If the President has this authority, he can prudently and methodically scale back Federal outlays in those areas where they are unnecessary, while leaving spending unchanged, or permitting Congress to increase it, where desirable. This means not only overall spending restraint, but also more efficient use of available resources, becuase appropriations would no longer have to be considered on a take-it-or-leave-it basis.

The mechanism would be relatively simple. The President would receive authority from Congress to veto or reduce specific items of appropriation sent for his approval, returning the measure to the House in which it originated. If both Houses nevertheless uphold the original measure by two-thirds majorities, it shall become law over the President's veto. Otherwise, the items will stand as the President decided.

(B) LIMITED IMPOUNDMENT AUTHORITY

The second part of our budget strategy is to restore, on a limited basis, the President's authority to impound funds which have been appropriated but the expenditure of which is not needed because of economic conditions which require further Federal deficit reductions.

This legislation would specifically provide for the following:

- Presidential authority to "permanently reserve from obligation and expenditure" any budget authority for Fiscal Years 1984 or 1985.

- No reduction of any appropriation account by more than ten percent.

- At least 25 percent of the total amount of the reservation shall be under the National Defense functional category.

- No Presidential reservation shall effect the elimination of any specifically authorized program.

- "To the extent feasible," the President shall reserve funding proportionately and reasonably among the major functional categories.

- No more than 20 billion dollars may be reserved for any fiscal year.

`No entitlement funding may be reserved.

`A message outlining amounts, percentages, and other considerations involved in proposed reservations must transmitted to Congress by the President.

`Congress may disapprove any reservation package within 60 days by adoption of a joint resolution under an expedited procedural mechanism.

`The Comptroller General is required to review all reservations to insure that they are in compliance with the Act.

PART FOUR: MONETARY REFORM

Reforming monetary policy can sound technical or philosophical, but our historical experience, from 1792 to the Civil War to 1896 to the 1930s to the 1970s, assures us that it translates into hard political reality. Honest money is a populist, blue-collar, middle-class, bread-and-butter concern.

If you are wealthy, you can protect yourself against the risk of bad money by speculating in bonds or real assets, or by hiring lawyers, accountants and brokers to figure out complicated schemes involving the tax laws and the futures markets. But the less savings you have, the more certain it is to be tied up in money which earns little interest because it must be turned over so often. You are more subject to the real loss caused by rising prices. Since only those poor enough to receive public aid are even partly protected against inflation by the government, the brunt of every major inflation falls on the working middle class -- the backbone of the American opportunity society.

None of our economic tasks is grater than to restore sound and honest money. The American people must have money which is dependable, since they entrust to it their jobs, their businesses, their lifetime savings, and their investment in the future of their families. Restoring honest money must be considered the centerpiece of an American opportunity society.

Republican platforms of the past have always recognized this fact. During the height of its dominance, the Republican Party was both the party of "the full dinner-pail" and of "honest money." The Republican Party platform of 1980 once again gave *full recognition to the historical dimensions of the problem:*

> Ultimately, inflation is a decline in the value of the dollar, the monetary standard, in terms of the goods it can buy. Until the decade of the 1970s, monetary policy was automatically linked to the overriding objective of maintainin a stable dollar value. The severing of the dollar's link

with real commodities in the 1960s and 1970s, in order to pursue economic goals other than dollar stability, has unleashed hyperinflationary forces at home and monetary disorder abroad, without bringing any of the desired economic benefits. One of the most urgent tasks in the period ahead will be the restoration of a dependable monetary standard -- that is, an end to inflation.

Without doubt, the Reagan budget and tax reforms have laid the foundation for the strong recovery of the U.S. economy which has already occurred. But proper fiscal policy alone is not sufficient to maintain a strong, noninflationary period of growth, or to return interest rates to their historical levels of 5 or 6 percent. This is true for two reasons. First, if inflation is a decline in the value of money, it can only be cured by monetary policy. Second, improper monetary policy can offset the good effects of proper fiscal policy, as we have seen in recent years.

Strangely enough, nowhere in the legislation authorizing the Federal Reserve is there any direction that the integrity of the currency is the central bank's primary goal. The original act speaks of accommodating the needs of business, while the 1946 Employment Act speaks of "maximum employment production, and purchasing power."

Moreover, price stability means preventing price swings in both directions -- inflationary as well as deflationary. Just as inflation unfairly benefits borrowers at the expense of lenders, deflation unfairly benefits lenders at the expense of borrowers. The goal of monetary policy must be a dollar which neither rises nor falls against the things money can buy. We need neither a rising nor a falling dollar, but a stable dollar.

This has not been the case in the past dozen years. Major falls in the dollar and rising inflation have been interspersed with equally staggering rises of the dollar and deflation. In effect, the supposed Phillips Curve tradeoff between inflation and unemployment has been compounded by a continual tradeoff between commodity-price inflation and deflation. Part of the problem is institutional in nature, but the other part is caused by misguided Federal Reserve policy.

Article 1 Section 8 of the Constitution gives Congress the power to "coin money and regulate the value thereof." The independence of the Federal Reserve, a creature of Congress, was established under this authority. It is a valuable heritage, designed precisely to protect the value of our monetary standard. That independence was in no way designed, however, to prevent any change in misguided policy which threatens our monetary stability.

There are several steps which can and must be taken right now to minimize the disruption of the American and world economy by our misguided, uncertain and changing Federal Reserve policy, while substantially preserving the independence of the central bank. These we now propose.

1. For the first time, Congress must clearly state that the overriding goal of Federal Reserve policy shall be the integrity of the dollar, which necessarily means long-term price stability.

2. As its intermediate target for conducting this policy, the Treasury Secretary and Chairman of the Federal Reserve Board shall devise an index of prices for use as its intermediate monetary target. The commodity or commodities contained in the index shall be chosen for their sensitivity to long-term trends rather than transitory or cylical price movements. Once established, a falling of the index below its target range shall signal the central bank to ease policy, and a rise in the index above its target range shall signal a need to tighten policy.

3. It shall be the policy of the Federal Reserve to keep interest rates as low and exchange rates as stable, and to encourage encourage economic growth, as far as such policy is consistent with long-term price stability.

4. To increase the accountability of the Federal Reserve Board, and to improve co-ordination of monetary and fiscal policies, the Secretary of the Treasury shall once again be made an *ex officio* member of the Board of Governors of the Federal Reserve System, as under the original law.

5. To reduce uncertainty and speculation about Federal Reserve policy, the Federal Open Market Committee shall publish policy decisions on the day the decisions are adopted.

6. In order to lay the groundwork for later domestic and international monetary reform, the Secretary of the Treasury is directed to seek the establishment of a permanent advisory task force, and ultimately an international monetary conference, made up of representatives of the major industrial nations. The purpose of both is to explore reforms which would improve world-wide price stability, stability of currency exchange rates, and the conditions for strong, noninflationary economic growth and liberal international trade.

Such a combination of policies would have prevented the wild swings in prices, interest rates, world monetary reserves, and economic growth from which Americans and our trading partners have suffered over the past dozen years. It would have checked the wild fall of the dollar of the Carter years and the debilitating rise since 1980 which has hurt U.S. industries relying on exports or competing with foreign imports. And such a policy will lay the foundation for making honest money a permanent feature of the domestic and international monetary system.

III. CONCLUSION

The proposed program is ambitious -- but no more ambitious than our remaining economic problems call for. Many of the problems were created by 50 years of ill-conceived Democratic policies. If we succeed in implementing a legislative program of the kind we have outlined, the society of equal opportunity, long awaited by generations of Americans, will be close to fruition, and the Republican vision of the nation's future can be achieved.

When Thomas Jefferson wrote in our nation's founding document that the self-evident truth that God's gift to all human beings includes the natural rights to life, liberty and the pursuit of happiness, America embarked on a venture which was unique in history. The seeds of the American opportunity society were sown. Not coincidentally, Jefferson's party dominated American politics for decades.

When Abraham Lincoln concluded from Jefferson that legitimate government is of the people, by the people, and for the people -- all the people -- the idea of equal opportunity began to flower. Not coincidentally, Lincoln's party -- the party of equal rights, the full dinner-pail, and honest money -- dominated American politics for decades.

Now, as we end the twentieth century, we have a comprehensive conservative vision of economic growth, full employment, long-term price stability, and the fulfillment of human potential. These are lofty, universal goals. But they will not happen on their own. Their realization right now requires the re-election of Ronald Reagan and a majority of Republicans in both the House and the Senate.

In fact, if our program can be enacted, and the American opportunity society reaches a new maturity, we conservative Republicans will reassume our place as the majority party long into the twenty-first century.

THE WHITE HOUSE
WASHINGTON

MKD

per G. Fuller office
attached is the list
for womens lunch next Fri

BS

pls get me
agenda of
press plan for
meeting

Jim Sanders

(Becky Norton Dunlop)(T)
(Carolyn Gray)(T)

PRESIDENT'S ADVISORY COMMITTEE ON WOMEN'S BUSINESS OWNERSHIP

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INTERNATIONAL FRANCHISE ASSOCIATION

March 26, 1984

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

Dear Mr. Deaver:

I noted in a recent edition of The Washington Post a story regarding the many contributions Mrs. Faith Ryan Whittlesey is making to the President and the entire administration. Let me say straight away that the 480 members of the International Franchise Association consider her a personal friend and support those efforts. She is a champion for free enterprise and has made franchising a priority topic in the public liaison office and the White House.

Prior to Mrs. Whittlesey's appointment, franchising was given little or no attention by the White House staff, although it employs five million people and is responsible for 32 percent of our nation's total sales and services.

She took a leadership position and initiated informal meetings with franchise executives to learn and share ideas. This initiative has proved to be highly beneficial not only to franchising but also the administration. Franchising continues to support the President's recovery program. We are employing new people at the rate of nearly 300,000 per year.

Our commitment is to assist the office of public liaison, Mrs. Whittlesey and the President because through her constant concern and consideration for franchising we are no longer simply beating at the door of the White House, we are inside and allowed to provide viable support at a time when such support is critical to our nation's future.

1025 CONNECTICUT AVENUE, N.W.
SUITE 707
WASHINGTON, D.C. 20036
202-659-0790
TELECOPIER 202-457-6573
TWX 710-8229772
CABLE ADDRESS CAVEAT-WSH.

If a portion of her responsibilities is to communicate with key constituent groups, rest assured she is doing just that and we applaud her efforts in such regard. Franchising much appreciates her support and in turn supports her. After all, the important thing is getting the job done. For franchising, she is doing just that and the President can be very proud of her actions on his behalf.

Sincerely,

Jerry C. Wilkerson
Director of Public Affairs

JCW/lk

COUNCIL OF 100

AN ORGANIZATION OF BLACK REPUBLICANS

1523 L Street, NW, Seventh Floor
Washington, D.C. 20005

Telephone: (202) 628-2216

March 26, 1984

Honorable William Bradford Reynolds
Assistant Attorney General
Civil Rights Division
U.S. Department of Justice
Room 5643
Washington, D. C. 20530

Dear Brad:

The ad hoc committee of the Council of 100 appreciated the opportunity to have a dialogue with you concerning the Dade County matter. There will be coming to you a review of what we think we heard and the most recent reaction generally to the matter.

We propose that we keep the door open to talk with you frequently so that issues within a Civil Rights context have a chance to be shared with you. Some do not think that we can turn around the exceedingly negative way in which you or your office is viewed. Some of us think that if there is a very conscious effort on your part to understand the concerns of black Americans we might help to turn the views at least away from a hue and cry to replace you.

There is certainly a strong feeling that President Reagan not be blamed for positions that are not his view nor actions that he has not known about and was therefore not given an opportunity to look at the total picture. He is, after all, President of all the people.

In addition, some of the observations about the Justice Department include:

(1) Lack of black professionals appointed to the agency (attorneys) or consultants.

Honorable William Bradford Reynolds
Assistant Attorney General
Civil Rights Division
U.S. Department of Justice

(2) No black assistant to you who has a Civil Rights background or expertise.

We will be interested in your views on how best to correct these voids.

Please let us keep our dialogue going with your office. Frequently, much can be accomplished with friendly but opposing stances in place working together for a common purpose.

Sincerely,

Elaine

Elaine B. Jenkins
Chairperson

EBJ/cdd

cc: Steve Rhodes
Melvin Bradley
Trudi Morrison
LeGree Daniels

THE WHITE HOUSE
WASHINGTON

Mr. Deaver:

Do you want me to schedule this for you?

YES ______

NO ______

Is this still on?

DB

yes

3/22

JAMES S. DWIGHT, JR.
METROPOLITAN SQUARE
SUITE 700
655 FIFTEENTH STREET, N. W.
WASHINGTON, D. C. 20005

March 15, 1984

Dear Mike:

As you know from our discussion the week before last regarding the reception for Ed Meese, we tried to anticipate the demands of your calendar. Ed & Ursula particularly wanted you to be with us, therefore, we have scheduled the reception for the evening of March 26 in order to accommodate your calendar.

I hope it is already on your calendar as a result of our phone call earlier this week. As of this writing, Ed and Ursula are spending the week in R & R. The vote, together with reopening the hearing, remains very fluid. At least we can be comfortable with the proposition that only his friends will be with him the evening of the 26th.

The reception will be held in Deloitte Haskins & Sells' National Conference Center at Metropolitan Square, 7th floor, 15th and G Streets (enter on G Street) from 5:30 to 7:30 P.M.

Please let either myself (626-1980) or Jack Svahn (456-6515) know that you can attend. Jack has assumed the responsibility of keeping tabs on the California Alumni Group for the White House.

Yours very truly,

Jim

THE MADISON
FIFTEENTH & M STREETS NORTHWEST · WASHINGTON, D. C. 20005 · (202) 862-1600

March 20, 1984

Office of the Proprietor
Marshall B. Coyne

File

Dear Mike:

It is always a thrill going to the White House, and I enjoyed lunch with you today very much.

I know your trip to China will be successful.

The next lunch will be at the Madison as well as a Chinese dinner at my home I hope soon.

Best regards,

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

Leslie C. Dutton & Associates

Governmental/Industrial Affairs

2210 Wilshire Boulevard
Suite 174
Santa Monica, California 90403

213 / 395-0244

March 23, 1984

Mr. Michael K. Deaver
Deputy Chief of Staff
The White House
1600 Pennsylvania Ave. N.W.
Washington, D.C. 20500

Dear Mike,

A few weeks ago I met with the President and Craig Fuller in the Oval office and at that time we discussed the possibility of my serving on a Presidential Board or Commission. Since then I have met with members of the staff and identified the President's Commission for Executive Exchange as an ideal area where my talents and background can be put to work. The Commission is comprised of primarily male executives and with the departure of Helene von Damm, would be better balanced with the addition of a woman executive to the membership. Two of the last appointments were blacks and one was a woman.

Now that I am more familiar with the work of the Executive Exchange program, I am very enthusiastic about the prospect of serving in this area. I assume that Craig Fuller is moving this along. But in the meantime I have prepared a one-page resume and have taken the liberty of listing your name as a reference, since you more than most, know of my political background as a supporter of the President.

It is my understanding that June Walker, Executive Director of the Commission will also need to approve the appointment and since I do not know her, your recommendation will be very much appreciated.

I hope that this letter finds you in good health and spirits, ready for spring. The temperature here in Santa Monica today is 80°. I should be on the beach.

Warm regards,

Leslie

Leslie C. Dutton

enc: (1)

LESLIE CAROL DUTTON

2210 Wilshire Blvd.
Suite #174
Santa Monica, CA 90403

Telephone:
(213) 395-0244

PRESIDENT and Chief Executive Officer of Leslie C. Dutton and Associates Governmental/Industrial Affairs, specializing in corporate projects of a national and international nature. The firm was formed in September 1983.

VICE PRESIDENT and Senior Account Executive with The Hannaford Company, Public Relations/Public Affairs, Los Angeles. Specializing in national and international corporate and political projects. Client responsibility included New York Stock Exchange President, John J. Phelan, Jr., American Medical International (Governmenal Affairs), Citicorp, U.S.A. (Western Division), Committee for Fair Insurance Rates (Washington D.C.), Tosco Oil Corporation (Governmental Affairs), Baltic American Freedom League (Washington, D.C. and Los Angeles)

CAMPAIGN MANAGEMENT As an independent contractor and community leader managed campaigns for candidates and issues.among them; 1977-179 Santa Monica City Council races, 1978 Statewide Initiative for Judicial Reform (Southern Calif.) 1973 Ronald Reagan's Proposition One (Los Angeles-Westside Co-ordinator), 1974 Brian Van Camp (Secretary of State-California),1978 Southern California Initiative Co-ordinator to Ban Public Employee Strikes, 1972 Re-elect the President, Santa Monica)

POLITICAL Elected member of Los Angeles County Republican Central Committee, Appointed member State Republican Party, 1976 Regular Delegate to GOP National Convention for Ronald Reagan), Founder, past President and Chief Operating Officer of the Westside Republican Council. 1972-1975 GOP Precinct Chairman, West Los Angeles Assembly Districts., 1975 Grassroots Tribute to Ronald Reagan-Chairman, Campaign-community co-ordinator for L.A. County Supervisor James Hayes (1972-74), U.S. Congressman Alphonzo Bell (1972-74), Senator S. I. Hayakawa 1976, Dr. Earl Brian for U.S. Senate 1974.

MEMBERSHIPS California Yacht Club, since 1966 active in Pacific Handicapped Racing Fleet and Women's Auxiliary program. Co-ordinated media relations for California Cup Race-1975. Children's Home Society of California, Los Angeles County Membership Chairman 1981, World Affairs Council, since 1974 active in State Department visitors program .

ADMINISTRATION AND PERSONAL REFERENCES President Ronald Reagan, Nancy Reagan, Edwin Meese III, Michael K. Deaver, Helene von Damm, Craig Fuller, Lyn Nofziger, Jack Courtemanche, Elaine Crispen, Rose Marie Monk, Bay Buchanan Jackson, Lynn Ross Wood, Dodie Livingston.

THE WHITE HOUSE
WASHINGTON

Mr. Deaver:

Do you want to take any further action on this request?

no

file

CAMBRIAN ENERGY SYSTEMS, INC.

One Wilshire Building • Suite 2920
624 South Grand Avenue • Los Angeles, California 90017
(213) 628-8312

July 29, 1983

Mr. Frederick J. Ryan, Jr.
Director, Presidential
Appointments and Scheduling
The White House
Washington, DC 20500

Dear Mr. Ryan:

Following up your letter to me dated July 11, I tried calling you, but evidently my messages did not reach you. We were not looking to have the President at a dedication in August, rather at the end of the year or even in the first quarter of 1984.

We would appreciate your reconsidering our request in my letter of April 19. Our facility in Oxnard, California, is minutes south of Highway 101 at the Santa Clara offramp. It is about 45 minutes from the President's ranch in Santa Barbara.

The executives at Pacific Lighting Corporation who have been friends and supporters of the President for a long time would be pleased to host the President at the event. Our project would be a good time for the President to make a statement about his concern for the environment and about the positive role private enterprise is taking to help the cities, the environment, and the energy supply situation in the United States.

We would appreciate your efforts to reconsider our request.

Sincerely,

CAMBRIAN ENERGY SYSTEMS, INC.

By Robert Hatch
R. F. Hatch
Executive Vice President

RFH:hap

cc Mr. Michael Deaver
Deputy Chief of Staff
The White House

Thanks for your support + interest in this Mike —

Bob

THE WHITE HOUSE

WASHINGTON

July 11, 1983

Dear Mr. Hatch:

Mike Deaver forwarded your April 19 letter inviting the President's participation at the dedication of the Oxnard project in August.

Although the President is most appreciative of your interest and thoughtful suggestion, regrettably the developments in his August schedule are such that it will not be possible for him to join you on this very special occasion.

In sending his regrets, the President has asked me to convey his warmest wishes.

Sincerely,

Frederick J. Ryan, Jr.

FREDERICK J. RYAN, JR.
Director, Presidential
Appointments and Scheduling

Mr. Robert F. Hatch
Executive Vice President
Cambrian Energy Systems, Inc.
Suite 2920
One Wilshire Building
624 South Grand Avenue
Los Angeles, CA 90017