

# Ronald Reagan Presidential Library

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*Last Updated: 01/30/2025*

(ROBINSON/GILDER)

The President has seen

JUNE 27, 1985

32495850

MC003

DROPBY BRIEFING FOR STATE  
AND LOCAL OFFICIALS

GOOD MORNING AND WELCOME TO THE WHITE  
HOUSE. IT'S AN HONOR TO WELCOME HERE TODAY  
SO MANY STATE LEGISLATORS, MAYORS, AND LOCAL  
OFFICIALS. SOMETIMES I CAN'T HELP THINKING  
OF PEOPLE LIKE YOU AS EMISSARIES FROM THE  
REAL WORLD. (THAT GREAT LAND THAT LIES  
BEYOND THE POTOMAC,) WHERE A SPECIAL INTEREST  
IS A HOBBY LIKE FISHING AND A LOBBYIST IS  
SOMEONE WHO HANGS AROUND IN HOTELS.

NOW, I KNOW THAT YOU'VE ALREADY BEEN  
BRIEFED ON A NUMBER OF SPECIFIC ASPECTS OF  
OUR PROPOSAL FOR ALL AMERICANS TO PAY  
THEIR FAIR SHARE OF TAXES, AND NO MORE.  
PERMIT ME, THEN, TO GIVE YOU AN OVERVIEW OF  
WHY I BELIEVE THIS PLAN IS SO IMPORTANT AND  
HOW IT WILL AFFECT YOU IN THOSE VERY  
DIFFICULT JOBS THAT YOU HAVE TO PERFORM IN  
YOUR STATES AND LOCALITIES.

WHEN THE INCOME TAX FIRST BECAME LAW  
BACK IN 1913, THE TAX CODE AMOUNTED TO JUST  
15 PAGES. TODAY, IT RUNS 4 VOLUMES AND THE  
NUMBER OF PAGES ADDS UP TO MORE THAN 4,000.

THE COMPLEXITY ALONE IS STAGGERING.

BUT WORSE IS THE UNFAIRNESS, THE SIMPLE  
INJUSTICE, THAT SUCH COMPLEXITY ENGENDERS.

YOU JUST KNOW THAT WITH A TAX CODE THAT  
COMPLICATED, THERE ARE GOING TO BE  
ACCOUNTANTS AND LAWYERS WHO KNOW HOW TO MAKE  
IT WORK TO THEIR ADVANTAGE AND TO THE  
ADVANTAGE OF THEIR CLIENTS, AND THAT  
ORDINARY AMERICANS WHO CAN'T AFFORD SUCH  
HIGH-PAID PROFESSIONAL HELP WILL END UP  
PAYING FOR IT WITH HIGHER TAXES. WHEN IT  
COMES TO TAXES, ONE MAN'S LOOPHOLE IS  
ANOTHER MAN'S NOOSE.

MANY AMERICANS -- (INDIVIDUALS AND  
FAMILIES) -- PAID A HIGHER TAX RATE LAST YEAR  
THAN THE GIGANTIC CORPORATIONS THEY WORK  
FOR.

AND WELL-TO-DO INDIVIDUALS ARE ABLE TO TAKE  
SO-CALLED "EDUCATIONAL" OCEAN LUXURY CRUISES /  
OR BUY SKY BOXES AT SPORTING EVENTS /  
AND WRITE IT ALL OFF IN BUSINESS EXPENSES.

NOW, I'M CERTAINLY NOT AGAINST BIG BUSINESS  
OR BUSINESSMEN. THESE ARE THE PEOPLE WHO  
PROVIDE MANY OF OUR JOBS AND CREATE MUCH OF  
AMERICA'S WEALTH. WHAT I AM AGAINST IS THE  
UNFAIR TAX SYSTEM THAT ALLOWS THEM TO TAKE  
PERFECTLY LEGAL DEDUCTIONS THAT /  
BY VIRTUALLY ANY STANDARDS OF FAIRNESS /  
ARE LUDICROUS.

THE KEY IDEA IN OUR PROPOSAL IS THAT BY  
IRONING OUT THE COMPLEXITIES AND CLOSING  
UNFAIR LOOPHOLES / BY MAKING EVERYONE PAY  
THEIR FAIR SHARE / WE CAN MAKE THE SYSTEM  
MORE EQUITABLE AND DRAMATICALLY LOWER  
MARGINAL TAX RATES WITHOUT A LOSS IN  
REVENUE.

LOWER MARGINAL RATES -- (FOR BOTH INDIVIDUALS AND CORPORATIONS) -- WILL MEAN A GREATER REWARD FOR WORK, SAVING, AND RISK-TAKING; MORE EFFICIENT USE OF SCARCE CAPITAL AND A STRONGER AND HEALTHIER ECONOMY. IN OTHER WORDS, OUR FAIR SHARE PLAN IS ALSO A PRO-GROWTH TAX PLAN.

ANOTHER KEY COMPONENT OF OUR PROPOSAL IS TO PROVIDE AMERICA'S FAMILIES WITH A LONG-OVERDUE BREAK BY PRACTICALLY DOUBLING THE PERSONAL EXEMPTION. INDEED, OUR PLAN WOULD DROP VIRTUALLY EVERY POOR FAMILY IN AMERICA OFF THE TAX ROLLS ALTOGETHER, AND A WORKING FAMILY WITH TWO OR THREE CHILDREN WOULD PAY LESS THAN A 10-PERCENT INCOME TAX ON ITS EARNINGS WELL INTO THE \$25 TO \$30,000 RANGE.

NOW, I KNOW THAT MANY ARE CONCERNED ABOUT OUR PROPOSED ELIMINATION OF THE STATE AND LOCAL TAX DEDUCTION.

WELL, THE FIRST POINT TO MAKE HERE IS AN ARGUMENT FOR FAIRNESS. ONLY ABOUT ONE IN THREE ITEMIZE THEIR DEDUCTIONS AND GET THE BENEFIT OF THIS DEDUCTION. THERE CAN BE NO JUSTIFICATION FOR A PREFERENCE THAT GIVES THE WEALTHIEST ONE TAXPAYER IN THREE A REBATE ON LOCAL TAXES / WHILE HIS LESS FORTUNATE NEIGHBORS PAY A FULL DOLLAR LOCALLY / PLUS HIGHER FEDERAL TAXES IN ORDER TO FUND THAT REBATE.

RECENTLY, TOO, I HEARD SOME GOOD NEWS FROM MY HOME STATE OF CALIFORNIA.

NOW, CALIFORNIA IS GENERALLY CONSIDERED ONE OF THE HIGH TAX STATES AND, (SO ACCORDING TO THE PREVAILING WISDOM,) WOULD HAVE MOST TO LOSE FROM THE LOSS OF DEDUCTIBILITY.

THE LOS ANGELES TIMES REPORTED, HOWEVER, THAT THE STATE FRANCHISE TAX BOARD HAS COMPLETED A STUDY FINDING THAT CALIFORNIANS WOULD DRAMATICALLY BENEFIT UNDER OUR PLAN.

- 6 -

IN THE END, ALL AMERICA WILL BENEFIT  
FROM THIS FAIRER, PRO-GROWTH TAX PLAN.

IN THE WORDS OF DEMOCRATIC GOVERNOR MICHAEL  
DUKAKIS OF MASSACHUSETTS, "IF MY TAXPAYERS  
ARE BETTER OFF ~~FOR~~ PARTICULARLY MY  
MIDDLE-INCOME TAXPAYERS ARE BETTER OFF ~~FOR~~  
(UNDER THIS PLAN)..THAT'S REALLY THE ISSUE,  
ISN'T IT?"

LOWER TAX RATES, DOUBLING THE PERSONAL  
EXEMPTION, AN END TO LOOPHOLES ~~FOR~~ IT ALL  
ADDS UP TO FAIRNESS, MORE GROWTH, MORE JOBS,  
AND RENEWED HOPE FOR OUR FUTURE. AND MY  
FRIENDS, ISN'T THAT WHY WE'RE ALL IN  
GOVERNMENT IN THE FIRST PLACE?

THANK YOU, AND GOD BLESS YOU ALL.

# # #

The President has seen

3253785C

(GILDER)

JUNE 28, 1985

SP979

TAX PLAN RALLY AT BLOOM HIGH SCHOOL  
CHICAGO HEIGHTS, ILLINOIS

THANK YOU, GOVERNOR THOMPSON AND  
MAYOR (PUH-NEE-CHI). IT'S GREAT TO BE  
HERE WITH YOUR SENIOR SENATOR ALAN DIXON/  
AND WITH THREE OF ILLINOIS' FINEST  
REPRESENTATIVES, YOUR OWN GEORGE O'BRIEN;  
AND JOHN GROTBERG AND PHIL CRANE. & ST. DEN

DEANGELIS I CAME TO TALK ABOUT TAX FAIRNESS AND  
SIMPLIFICATION, BUT FIRST I WANT TO SAY A  
FEW WORDS ABOUT A SUBJECT THAT IS ON ALL  
OF OUR MINDS / THE OUTRAGE OF INTERNATIONAL  
TERRORISM. WHEN TERRORISM STRIKES,  
CIVILIZATION ITSELF IS UNDER ATTACK. NO  
NATION IS IMMUNE. THERE IS NO SAFETY IN  
SILENCE OR NEUTRALITY.



-1A-

IF WE PERMIT TERRORISM TO SUCCEED ANYWHERE/ IT WILL SPREAD LIKE A CANCER/ EATING AWAY AT CIVILIZED SOCIETIES AND SOWING FEAR AND CHAOS EVERYWHERE. THIS BARBARISM IS ABHORRENT/ AND ALL THOSE WHO SUPPORT IT/ ENCOURAGE IT/ AND PROFIT FROM IT ARE ABHORRENT.

IN A DIFFERENT AGE/ THE CIVILIZED WORLD FACED THE BLOODY SCOURGE OF PIRACY. IT WAS A LONG FIGHT AGAINST A GREAT BUT DIFFUSE EVIL/ BUT IT WAS WON IN THE END BECAUSE CIVILIZED NATIONS REFUSED TO SUCCUMB AND MISSED NO OPPORTUNITY TO STAMP IT OUT. THE UNITED STATES CAN BE PROUD OF THE ROLE IT PLAYED IN THAT STRUGGLE/ A ROLE OUR MARINES STILL SING ABOUT IN THEIR ANTHEM.

-1B-

IN OUR TIME, IT IS TERRORISM THAT  
MUST BE OVERCOME. WE CANNOT ACCEPT THESE  
REPEATED AND VICIOUS ATTACKS AGAINST OUR  
NATION AND ITS CITIZENS. TERRORISTS AND  
THOSE WHO SUPPORT THEM MUST--(AND WILL)--  
BE HELD TO ACCOUNT.

NOW, ON TO A BRIGHTER SUBJECT, ONE THAT  
IS VERY CLOSE TO YOUR FAMILIES AND AMERICA'S  
FUTURE. THAT'S OUR PLAN TO COMPLETELY  
OVERHAUL OUR TAX SYSTEM. WE'RE GOING TO  
JUNK THE PRESENT CODE WITH ITS LOOPHOLES  
AND SHELTERS AND THE SPECIAL INTEREST  
PROVISIONS AND REPLACE IT WITH A FAIRER,  
SIMPLER PLAN WRITTEN WITH THE AVERAGE  
AMERICAN IN MIND -- A PLAN THAT REWARDS  
HARD WORK, SUPPORTS OUR FAMILIES, PROTECTS  
THE OLD AND THE POOR, AND GIVES THE  
U.S. ECONOMY A POWERFUL BOOST AHEAD OF  
THE WORLD COMPETITION.

TODAY, I'M BRINGING YOU A MESSAGE OF HOPE AND OPPORTUNITY / AND A CALL TO ACTION. / AMERICA IS THE GREATEST COUNTRY ON THIS EARTH, / BUT OUR TAX SYSTEM IS A DISGRACE. / OURS IS A GOVERNMENT OF THE PEOPLE, / BUT OUR TAX CODE SEEMS DESIGNED OF, BY, AND FOR THE TAX LAWYERS. / THE TIME FOR EXCUSES HAS PASSED, / LET'S TURN THE YEARS OF BITTERNESS, / FRUSTRATION, / AND ANGER AT PAYING UNFAIR AND WASTEFUL TAXES INTO A GROUNDSWELL OF SUPPORT FOR CHANGE.

I KNOW SOME PEOPLE ARE SKEPTICAL /- TOO OFTEN BEFORE THEY'VE SEEN AMERICA'S HOPES FOR TAX FAIRNESS SHOT DOWN BY THE SPECIAL INTERESTS. / WELL, THE LOBBYISTS ARE OUT IN FORCE AGAIN. / THEY'RE DUG IN AROUND THE CAPITOL BUILDING IN WASHINGTON, / TRYING TO KEEP THE SPECIAL INTERESTS IN AND THE PEOPLE'S INTEREST OUT. / BUT THEY'VE FORGOTTEN ONE THING.

THIS TIME THEY'RE GOING TO HAVE TO CONTEND WITH THE ALLIED FORCES OF THE PRESIDENT AND CHICAGO'S OWN DAN ROSTENKOWSKI / CHAIRMAN OF THE HOUSE WAYS AND MEANS COMMITTEE. / AND IF THEY THINK THINGS HAVE BEEN HOT SO FAR, / RON AND "ROSTY" HAVE GOT NEWS FOR THEM / YOU AIN'T SEEN NOTHIN' YET.

THIS ISSUE GOES BEYOND DEMOCRAT OR REPUBLICAN / IT'S SIMPLY A MATTER OF DOING WHAT'S RIGHT FOR AMERICA. / AND IF WE WORK TOGETHER WITH GOOD FAITH AND DETERMINATION, / THE PEOPLE CAN WIN THIS TIME / AND THEY WILL WIN.

IN THE PAST, / POSITIVE CHANGE HAS BEEN DAUNTED BY THE SHEER SIZE AND COMPLEXITY OF THE TAX CODE. / ORDINARY PEOPLE COULDN'T EVEN HOPE TO UNDERSTAND IT / SO TAXES BECAME THE SPECIALTY OF THE HIGH-PRICED TAX CONSULTANTS / WHO SPEND THEIR WHOLE LIVES MASTERING ITS INTRICACIES AND MANIPULATING THE CODE FOR THE BENEFIT OF THEIR PRIVILEGED CLIENTS.

THE RESULT IS THAT WORKERS SOMETIMES FIND THEMSELVES PAYING HIGHER TAXES THAN THE GIANT CORPORATIONS THEY WORK FOR, AND HARDWORKING FAMILIES HAVE TO STRUGGLE UNDER A GROWING TAX BURDEN WHILE THE SPECIAL INTERESTS GET A FREE RIDE. WE'RE NOT AGAINST BIG CORPORATIONS, THEY PROVIDE MANY OF THE JOBS, GOODS, AND SERVICES THAT KEEP AMERICA STRONG. IT'S THE SYSTEM THAT'S UNFAIR, AND THAT'S WHAT WE'RE GOING TO CHANGE.

IT STANDS TO REASON THAT THE MORE COMPLEX OUR TAX CODE, THE MORE OPEN IT IS TO ABUSE. SO WE'RE MAKING IT SIMPLE TO MAKE IT FAIR. AMERICA'S TAX PLAN WILL DO AWAY WITH SPECIAL BREAKS FOR A FEW SO WE CAN LOWER TAX RATES FOR ALL. OUR SIMPLER, 3-BRACKET DESIGN WILL ASSURE THAT NO AMERICAN PAYS ONE PENNY MORE THAN HIS FAIR SHARE.

SINCE WE UNVEILED OUR PLAN/  
I'VE RECEIVED A LOT OF MAIL FROM PEOPLE WHO/  
EVEN THOUGH THEY PRESENTLY MAKE USE OF THE  
SPECIAL BREAKS IN THE TAX CODE/SUPPORT  
CHANGE FOR FAIRNESS. ONE MAN WHO WORKS IN  
THE ADVERTISING BUSINESS WROTE, "WE CAN NO  
LONGER GO ON ASKING MIDDLE AMERICA TO  
FINANCE SPECIAL INTEREST TAX SHELTERS."

ANOTHER WROTE AND DESCRIBED HIMSELF AS ONE  
OF THE "FAVORED FEW" WHO HAS THE FINANCIAL  
RESOURCES TO TAKE ADVANTAGE OF THE TAX LAWS/  
BUT HE SAID, "...IT IS WRONG FOR THIS  
COUNTRY TO SUBSIDIZE THOSE OF US WHO ARE  
TRULY WEALTHY AND PAY NO FEDERAL INCOME  
TAX." WHEN IT COMES TO MAKING OUR TAX  
SYSTEM FAIRER, HE SAID, QUOTE, "RIGHT IS  
RIGHT" AND "...I PUT ON MY AMERICAN CITIZEN  
HAT AND SET ASIDE MY PARTISAN POSITION."

RIGHT IS RIGHT, / AND FAIR IS FAIR, /  
AND IT'S TIME FOR ALL OF US TO PUT ON OUR  
AMERICAN CITIZEN HATS AND DO THE RIGHT THING  
FOR AMERICA. / BY CLOSING THE LOOPHOLES WE  
CAN BRING TAX RATES DOWN FOR THE VAST  
MAJORITY OF AMERICANS. / OUR TAX PROPOSAL IS  
THE OPPOSITE OF TRICKLE DOWN; IT'S BUBBLE  
UP.

MOST IMPORTANT OF ALL / AMERICA'S  
LONG-SUFFERING FAMILIES WILL GET DRAMATIC  
TAX RELIEF. / THE FAIR SHARE PLAN GIVES ALL  
OF AMERICA'S FAMILIES A MUCH-NEEDED BREAK BY  
LOWERING TAX RATES / INCREASING THE STANDARD  
DEDUCTION / MAKING TAX DEDUCTIBLE I.R.A.'S  
EQUALLY AVAILABLE TO HOMEMAKERS / AND BEST  
OF ALL / NEARLY DOUBLING THE PERSONAL  
EXEMPTION SO THAT YOU CAN DEDUCT \$2,000 FOR  
YOURSELF AND EVERY ONE OF YOUR DEPENDENTS.

IN OUR VIEW, NEARLY DOUBLING THE PERSONAL  
EXEMPTION MAKES OUR TAX PROPOSAL TWICE AS  
GOOD.

I'VE OFTEN SAID THAT THOSE PEOPLE WHO SAY THERE ARE NO MORE HEROES JUST DON'T KNOW WHERE TO LOOK. YOU SEE THEM IN COMMUNITIES LIKE THIS ONE EVERY DAY / THE WAGE EARNER CHECKING IN AT SUNRISE AT THE FACTORY GATE / THE HOMEMAKER DOING THE WORK OF TEN TO KEEP THE HOUSE RUNNING / THE PARENTS WHO SAVE AND SACRIFICE AND DO WITHOUT SO THAT THEY CAN PROVIDE THEIR CHILDREN WITH THE THINGS THEY NEED. IT'S THEIR HARD WORK, DEDICATION, AND FAITH THAT KEEP THE AMERICAN DREAM ALIVE. ARE WE PRO-FAMILY? YOU BET WE ARE. IN FACT, YOU MIGHT SAY THAT THE FAMILY IS THE ONE SHELTER WE APPROVE OF.

WE'RE ALSO COMPLETELY EXEMPTING THE LOW-INCOME ELDERLY FROM TAXATION / WE THINK THEY'VE WORKED HARD ENOUGH ALL THEIR LIVES / AND THEY SHOULDN'T HAVE TO CARRY THE I.R.S. ON THEIR BACKS INTO RETIREMENT. AND WE'RE DROPPING THE STRUGGLING, LOW-INCOME FAMILIES FROM THE TAX ROLLS ALTOGETHER.



GIVING A LEG UP ON THE LADDER UP, THAT'S  
WHAT AMERICA IS ALL ABOUT.

THIS IS A TAX PLAN FOR A GROWING,  
DYNAMIC AMERICA. LOWER, FLATTER TAX RATES  
WILL GIVE AMERICANS MORE CONFIDENCE IN THE  
FUTURE. IT WILL MEAN IF YOU WORK OVERTIME/  
OR GET A RAISE OR A PROMOTION/OR IF YOU  
HAVE A SMALL BUSINESS AND ARE ABLE TO TURN A  
PROFIT/MORE OF THAT EXTRA INCOME WILL END  
UP WHERE IT BELONGS / IN YOUR WALLETS/  
NOT IN UNCLE SAM'S POCKETS.

WITH LOWER PERSONAL AND CORPORATE  
RATES/ AND ANOTHER CAPITAL GAINS TAX CUT/  
SMALL AND ENTREPRENEURIAL BUSINESSES WILL  
TAKE OFF. AMERICANS WILL HAVE AN OPEN FIELD  
TO TEST THEIR DREAMS AND CHALLENGE THEIR  
IMAGINATIONS / AND THE NEXT DECADE WILL  
BECOME KNOWN AS THE AGE OF OPPORTUNITY.

AMERICAN INDUSTRY WILL BENEFIT TOO, /  
BECAUSE THE BILLIONS THAT ARE PRESENTLY  
BEING SQUANDERED ON TAX LOOPHOLES /  
THINGS LIKE "[HO-HO-BAH] BEAN SHELTERS," /  
"RACE HORSE WRITE-OFFS," / "WINDMILL FARMS," /  
AND LUXURY LUNCHES FOR BUSINESS  
EXECUTIVES / WILL BE RE-INVESTED IN THE  
PRODUCTIVE ECONOMY / WHERE IT WILL BUILD NEW  
FACTORIES AND BUSINESSES / CREATE NEW JOBS /  
AND FINANCE THE NEW INVENTIONS THAT WILL  
KEEP AMERICA NUMBER ONE IN THE WORLD MARKET.

THE ECONOMIC MISUSE OF THE REAL ESTATE  
PROVISIONS IN OUR TAX CODE ALONE IS  
MIND-BOGGLING. / SOME BUSINESS DISTRICTS LOOK  
MORE LIKE GHOST TOWNS / WITH BUILDING AFTER  
BUILDING CONSTRUCTED PRIMARILY FOR TAX  
REASONS AND NEVER OCCUPIED. / TAX WASTE, WE  
SHOULD CALL IT. / IT'S HUGE, REACHING INTO  
THE MULTI-BILLIONS / AND YOU, THE AMERICAN  
PEOPLE, / ARE PAYING FOR IT WITH HIGHER TAXES  
AND LOWER ECONOMIC GROWTH.

IT'S TIME WE PULLED OUR MONEY OUT OF THE TAX SHELTERS AND INVESTED IT IN AMERICA'S FUTURE.

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YOU CAN GET A FEELING FOR HOW GOOD OUR TAX PROPOSAL WILL BE FOR OUR ECONOMY.

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IN THE MONTH SINCE WE ANNOUNCED IT, /  
THE FINANCIAL MARKETS HAVE BEEN SMILING /-  
INTEREST RATES HAVE BEEN FALLING AND THE  
STOCK MARKET HAS BEEN RISING / BOTH SIGNS OF  
CONFIDENCE IN THE FUTURE / AND INFLATION  
STILL LIES DORMANT.

---

IN THAT TIME WE'VE ALSO SEEN THE  
SPECIAL INTERESTS FIRE THEIR FIRST VOLLEY TO  
SHOOT DOWN AMERICA'S FAIR SHARE PLAN /  
BUT SO FAR THEY HAVEN'T EVEN MADE A DENT.

---

OUR TAX PLAN IS STRONG AND SOLID BECAUSE  
IT'S FAIR / AND WE'RE GOING TO MAKE SURE IT  
STAYS THAT WAY.

---

THE OPPONENTS OF OUR FAIR SHARE PLAN  
HAVE ONE STRATEGY / TO FILIBUSTER IT TO  
DEATH / TO DELAY / PUT OFF, / AND  
PROCRASTINATE. / THEY'LL THINK OF A MILLION  
EXCUSES FOR INACTION. / THEY'LL STUDY,  
AND DEBATE, / AND MEET IN COMMITTEE,  
THEY'LL NIBBLE AT IT ALL SUMMER AND THEN TRY  
TO BURY IT DEEP IN THE BOWELS OF THE NEXT  
SESSION OF CONGRESS. / BUT IF WE WAIT, / IF WE  
LET THEM DELAY / THEN WE MIGHT AS WELL KISS  
TAX FAIRNESS GOODBYE. / THAT'S WHY WE'VE GOT  
TO SET A DATE / A VOTE UP OR DOWN ON THE  
FAIR SHARE PLAN THIS YEAR, IN 1985.

THAT MEANS WE HAVE TO START PUTTING A  
GRASSROOTS COALITION TOGETHER NOW / SO THAT  
WE MAKE SURE THE CONGRESS WILL HEAR THE  
VOICE OF THE PEOPLE OVER THE PLEADINGS OF  
THE SPECIAL INTERESTS. / WE HAVE TO BE READY  
TO MOVE OUT THIS FALL WITH A PEOPLE'S  
CRUSADE FOR OUR PRO-FAMILY / PRO-FAIRNESS, /  
PRO-FUTURE TAX PLAN.

WHEN CONGRESS GETS BACK TO TOWN AFTER SUMMER  
VACATION / I'M HEADING OUT INTO THE  
COUNTRY / I'M GOING TO CAMPAIGN ALL ACROSS  
THE NATION THROUGHOUT THE FALL FOR TAX  
FAIRNESS. / WE'RE GOING TO TAKE IT TO THE  
PEOPLE / WE'RE GOING TO WIN ONE FOR  
AMERICA.

AND I'M GOING TO BE LOOKING TO  
ALAN DIXON / GEORGE O'BRIEN / PHIL CRANE /  
AND JOHN GROTBERG TO HELP US MARSHAL THE  
PRO-FAIRNESS / PRO-GROWTH FORCES IN THE  
CONGRESS. / IF WE MAKE THE COMMITMENT NOW /  
WE CAN WORK TOGETHER TO GET THE FAIRNESS  
BILL THROUGH THE HOUSE AND THE SENATE BY  
THANKSGIVING. / WE'RE GOING TO KEEP THIS  
HISTORIC REFORM ABOVE POLITICS / SO THAT IT  
WILL TRULY BE AN AMERICAN VICTORY /  
AND THEN WHEN OUR NATION COMES TOGETHER TO  
CELEBRATE THANKSGIVING / WE'LL HAVE SOMETHING  
TO BE EXTRA THANKFUL FOR.

THEN THERE WILL BE ONE MORE STEP/  
FOR THE HOUSE AND THE SENATE TO AGREE ON THE  
FINAL VERSION IN CONFERENCE ~~A~~ AND THAT WILL  
BE THE BEST CHRISTMAS PRESENT AMERICA HAS  
EVER HAD.

---

WE'RE ASKING FOR YOUR HELP ~~A~~  
KEEP THOSE CARDS AND LETTERS COMING IN/  
START BUILDING THOSE GRASSROOTS  
ORGANIZATIONS/  
STAND UP, BE COUNTED/  
AND JOIN THE PEOPLE'S CRUSADE TO MAKE 1985  
THE YEAR THAT THE PEOPLE WON A BIG ONE FOR  
FAIRNESS AND JUSTICE. } IN OTHER WORDS,  
AMERICA, GO FOR IT!

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THANK YOU/  
THIS IS MY KIND OF TOWN/  
AND YOU'RE MY KIND OF PEOPLE./ GOD BLESS YOU  
ALL.

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# # #

(GILDER)

JUNE 28, 1985

TAX PLAN RALLY AT BLOOM HIGH SCHOOL  
CHICAGO HEIGHTS, ILLINOIS

THANK YOU, GOVERNOR THOMPSON AND  
MAYOR [PUH-NEE-CHI]. IT'S GREAT TO BE HERE  
WITH YOUR SENIOR SENATOR ALAN DIXON/  
AND WITH THREE OF ILLINOIS' FINEST  
REPRESENTATIVES / YOUR OWN GEORGE O'BRIEN /  
AND JOHN GROTEBERG AND PHIL CRANE. ~~11/11/85~~

I'VE COME TO TALK ABOUT A SUBJECT THAT  
IS VERY CLOSE TO OUR HEARTS / AND VERY  
CLOSE TO YOUR FAMILIES AND AMERICA'S FUTURE.

THAT'S OUR PLAN TO COMPLETELY OVERHAUL OUR  
TAX SYSTEM. WE'RE GOING TO JUNK THE PRESENT  
CODE WITH ITS LOOPHOLES AND SHELTERS AND THE  
SPECIAL INTEREST PROVISIONS / AND REPLACE IT  
WITH A FAIRER / SIMPLER PLAN WRITTEN WITH THE  
AVERAGE AMERICAN IN MIND / - A PLAN THAT  
REWARDS HARD WORK / SUPPORTS OUR FAMILIES /  
PROTECTS THE OLD AND THE POOR / AND GIVES THE  
U.S. ECONOMY A POWERFUL BOOST AHEAD OF THE  
WORLD COMPETITION.

(PJB EDITS)

JUNE 28, 1985

INSERT FOR TAX RALLY IN CHICAGO

BEFORE I GET INTO MY REMARKS, I WANT YOU TO KNOW THAT I'VE JUST MET WITH THE FAMILIES OF OUR FELLOW AMERICANS BEING HELD AS PRISONERS IN BEIRUT. THEY ARE BEARING UP WELL, AND I ASSURED THEM THAT WE WILL NOT REST UNTIL THEIR LOVED ONES ARE FREE AND SAFE AGAIN.

YOU KNOW, WHEN TERRORISM STRIKES, CIVILIZATION ITSELF IS UNDER ATTACK. NO NATION IS IMMUNE. THERE IS NO SAFETY IN NEUTRALITY.

IF WE PERMIT TERRORISM TO SUCCEED ANYWHERE, IT WILL SPREAD LIKE CANCER / EATING AWAY AT CIVILIZED SOCIETIES / SOWING FEAR AND CHAOS EVERYWHERE. THIS BARBARISM IS ABHORRENT / AND THOSE WHO SUPPORT IT / ENCOURAGE IT / AND PROFIT FROM IT ARE ABHORRENT.



INSERT - PAGE 2

IN A DIFFERENT AGE, THE CIVILIZED WORLD  
FACED THE SCOURGE OF PIRACY. IT WAS

A LONG FIGHT AGAINST A GREAT BUT DIFFUSE  
EVIL, BUT IT WAS WON IN THE END BECAUSE  
CIVILIZED NATIONS REFUSED TO SUCCUMB AND  
MISSED NO OPPORTUNITY TO STAMP IT OUT.

THE UNITED STATES CAN BE PROUD OF THE ROLE  
IT PLAYED IN THAT STRUGGLE, A ROLE OUR  
MARINES STILL SING ABOUT IN THEIR ANTHEM.

IN OUR TIME, IT IS TERRORISM THAT MUST  
BE OVERCOME. WE CANNOT ACCEPT THESE  
REPEATED AND VICIOUS ATTACKS AGAINST OUR  
CITIZENS AND OUR INTERESTS. TERRORISTS AND  
THOSE WHO SUPPORT THEM MUST AND WILL BE HELD  
TO ACCOUNT.

# # #

The President has seen\_\_\_\_\_

(Gilder/BE)  
June 26, 1985  
6:00 p.m.

PRESIDENTIAL ADDRESS: TAX PLAN RALLY AT CHICAGO HEIGHTS  
CHICAGO, ILLINOIS  
FRIDAY, JUNE 28, 1985

Thank you, Governor Thompson and Mayor Panici. It's great to be here with your senior Senator Alan Dixon; with your fine Congressman, George O'Brien; Chicago's own Dan Rostenkowski, Chairman of the House Ways and Means Committee; and with another excellent son of Illinois, Congressman John Grotberg.

I've come to talk about a subject that is very close to our hearts -- and very close to your families and America's future. That's our plan to completely overhaul our tax system. We're going to junk the present code with its loopholes and shelters and the special interest provisions, and replace it with a fairer, simpler plan written with the average American in mind -- a plan that rewards hard work, supports our families, protects the old and the poor, and gives the U.S. economy a powerful boost ahead of the world competition.

Today, I'm bringing you a message of hope and opportunity -- and a call to action. America is the greatest country on this Earth, but our tax system is a disgrace. Ours is a Government of the people, but our tax code seems designed of, by, and for the tax lawyers. The time for excuses has passed. Let's turn the years of bitterness, frustration, and anger at paying unfair and wasteful taxes into a groundswell of support for change.

I know some people are skeptical -- too often before they've seen America's hopes for tax fairness shot down by the special interests. Well, the lobbyists are out in force again. They're

dug in around the Capitol building in Washington, trying to keep the special interests in and the people's interest out. But they've forgotten one thing. This time they're going to have to contend with the allied forces of Ron and Rosty. And if they think things have been hot so far, we've got news for them -- you ain't seen nothin' yet.

This issue goes beyond Democrat or Republican -- it's simply a matter of doing what's right for America. And if we work together with good faith and determination, the people can win this time -- and they will win.

In the past, positive change has been daunted by the sheer size and complexity of the tax code. Ordinary people couldn't even hope to understand it -- so taxes became the specialty of the high-priced tax ~~lawyers~~ and consultants who spend their whole lives mastering its intricacies and manipulating the code for the benefit of their privileged clients. The result is that workers sometimes find themselves paying higher taxes than the giant corporations they work for, and hardworking families have to struggle under a growing tax burden while the special interests get a free ride. We're not against big corporations, they provide many of the jobs, goods, and services that keep America strong. It's the system that's unfair, and that's what we're going to change.

It stands to reason that the more complex our tax code, the more open it is to abuse. So we're making it simple to make it fair. America's Tax Plan will do away with special breaks for a few so we can lower tax rates for all. Our simpler, 3-bracket

design will assure that no American pays one penny more than his fair share.

I've received truckloads of mail since we unveiled our plan, a lot of it from people who, even though they presently make use of the special breaks in the tax code, support change for fairness. One man who works in an advertising agency wrote, "We can no longer go on asking middle America to finance special interest tax shelters." Another wrote and described himself as one of the "favored few" who has the financial resources to take advantage of the tax laws, but he said, ". . . it is wrong for this country to subsidize those of us who are truly wealthy and pay no federal income tax." When it comes to making our tax system fairer, he said, quote, "right is right" and ". . . I put on my American citizen hat and set aside my partisan position."

Right is right, and fair is fair, and it's time for all of us to put on our American citizen hats and do the right thing for America. By closing the loopholes we can bring tax rates down for the vast majority of Americans. Here in Illinois, the two-thirds of all taxpayers who don't itemize will get the biggest benefits. A median-income, two-earner family of four, for instance, would pay \$836 less in taxes. If there were only one earner in the family, the tax reduction would be even greater. Among itemizers, a two-earner family at the median-income level would still save \$179 in taxes, and a one-earner family \$412.

Our tax proposal is the opposite of trickle down, it's bubble up. Some people have attacked it for favoring the

traditional family, but as these figures show, the fair share plan gives all of America's families a much-needed break by lowering tax rates, increasing the standard deduction, making I.R.A.'s equally available to homemakers, and most important of all, nearly doubling the personal exemption so that you can deduct \$2,000 for yourself and every one of your dependents. In our view, nearly doubling the personal exemption makes our tax proposal twice as good.

I've often said that those people who say there are no more heroes just don't know where to look. You see them in communities like this one every day -- the wage earner checking in at sunrise at the factory gates, the homemaker doing the work of ten to keep the house running, the parents who save and sacrifice and do without so that they can provide their children with the things they need. It's their hard work, dedication, and faith that keep the American Dream alive. Are we pro-family? You bet we are. In fact, you might say that the family is the one shelter we approve of.

We're also completely exempting the low-income elderly from taxation -- we think they've worked hard enough all their lives and they shouldn't have to carry the I.R.S. on their backs into retirement. And we're dropping the struggling, low-income families from the tax rolls altogether. Giving a leg up on the ladder up, that's what America is all about.

This is a tax plan for a growing, dynamic America. Lower, flatter tax rates will make it easier to plan ahead and give Americans more confidence in the future. It will mean if you

work overtime, or get a raise or a promotion, or if you have a small business and are able to turn a profit, more of that extra income will end up where it belongs -- in your wallets, not in Uncle Sam's pockets.

With lower personal and corporate rates, and another capital gains tax cut, small and entrepreneurial businesses will take off. Americans will have an open field to test their dreams and challenge their imaginations -- the next decade will become known as the Age of Opportunity.

American industry will benefit too, because the billions that are presently being squandered on tax loopholes -- things like "jojoba [ho-HO-bah] bean shelters," "race horse write-offs," "windmill farms," and luxury lunches for business executives -- will be re-invested in the productive economy, where it will build new factories and businesses, create new jobs, and finance the new inventions that will keep America Number One in the world market.

The economic misuse in the real estate provisions of our tax code alone is mind-boggling. Some business districts look more like ghost towns, with building after building constructed primarily for tax reasons and never occupied. Tax waste, we should call it. It's huge, reaching into the multi-billions, and you, the American people, are being forced to pay for it. It's time we pulled our money out of the tax shelters and invested it in America's future.

You can get a feeling for how good our tax proposal will be for our economy. In the month since we announced it, the

financial markets have been smiling -- interest rates have been falling and the stock market has been rising, both signs of confidence in the future, and inflation still lies dormant.

In that time we've also seen the special interests fire their first volley to shoot down America's fair share plan -- but so far they haven't even made a dent. Our tax plan is strong and solid because it's fair -- and we're going to make sure it stays that way.

The opponents of our fair share plan have one strategy, to filibuster it to death -- to delay, put off, and procrastinate. They'll think of a million excuses for inaction. They'll study, and debate, and meet in committee, they'll nibble at it all summer and then try to bury it deep in the bowels of the next *SESSION OF* Congress. But if we wait, if we let them delay, then we might as well kiss tax fairness goodbye. That's why we've got to set a date -- a vote up or down on the fair share plan this year, in 1985.

That means we have to start putting a grassroots coalition together now, so that we make sure the Congress will hear the voice of the people over the pleadings of the special interests. We have to be ready to move out this fall with a people's crusade for our pro-family, pro-fairness, pro-future tax plan. When Congress gets back to town after summer vacation, I'm heading out into the country -- I'm going to campaign all across the Nation throughout the fall for tax fairness. I'm going to campaign like I've never campaigned before -- America is going to win this one.

And I'm going to be looking to Alan Dixon, George O'Brien, John Grotberg, and, of course, "Rosty" to help us marshal the pro-fairness forces in the Congress. If we make the commitment now, we can work together to get the fairness bill through the House and the Senate by Thanksgiving. We're going to keep this historic reform above politics, so that it will truly be an American Victory -- and then when our Nation comes together to celebrate Thanksgiving, we'll have something to be extra thankful for.

Then there will be one more step, for the House and the Senate to agree on the final version in conference -- and that will be the best Christmas present we've ever had.

We're asking for your help -- to keep those cards and letters coming in; to start building those grassroots organizations; to stand up, be counted, and join the people's crusade to make 1985 the year that the people won a big one for fairness and justice. In other words, America, go for it!

Thank you. This is my kind of town, and you're my kind of people. God bless you all.



The President has seen \_\_\_\_\_

(Elliott)

June 29, 1985

10:00 a.m.

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PRESIDENTIAL RADIO TALK: ESPIONAGE  
SATURDAY, JUNE 29, 1985

My fellow Americans, we continue to work for the release of the American hostages held in Lebanon. This terrorism reminds us of the threat posed to open societies, and of the great challenges we face in a world where many disdain our values and seek to harm us and our way of life.

One of those challenges is our need to counter the rash of spy activities that threaten ~~and damage~~ our security and interests at home and abroad, and to improve our own intelligence-gathering capabilities.

The number and sophistication of Soviet bloc and other hostile intelligence service activities have been <sup>INCREASING IN</sup> ~~rising in~~ recent years. ~~Let's face facts.~~ The Soviet Union is a closed society whose rulers fear the intoxication of freedom; indeed, fear it so much they forbid their people to compete freely with us in the great race to create and invent our future for the 21st century.

As the West pulled ahead, the Soviets embarked <sup>ON</sup> ~~upon~~ a major effort to catch up by stealing or buying what they need -- from classified information on American satellites, reports on future weapons systems, including our combat aircraft bombers, to our most advanced technologies from high-tech areas like Silicon Valley in California.

Besides espionage against our most sensitive secrets, theft and ~~diversion~~ of the high technology upon which our defense depends, the Soviets have intensified what they call "active measures": propaganda and disinformation meant to mislead Western governments and their citizens, subversion, forgeries, and covert action.

For example, while American officials and other proponents of freedom are systematically excluded from Soviet radio or T.V., hardly a week goes by without a so-called Soviet journalist or scholar on our own airwaves. These men and women should at least be identified for what they are -- ~~Soviet~~ propagandists whose appearances and statements are totally controlled by the Communist party. ✓

The Soviets, <sup>COMMUNIST</sup> ~~and their~~ bloc nations and surrogates elsewhere rely on a huge apparatus, including the KGB, to spy on us and influence our public opinion. To equate the KGB with the CIA is an injustice to the CIA and a grave mistake. Far more than an intelligence service, the KGB is a political police operation; as its motto says, the sword and shield of the Communist Party of the USSR.

The KGB mission, to shield the rigid Soviet dictatorship from any internal challenge, to weaken and discredit the U.S. and the various alliances we have built up, particularly the NATO Alliance, and to advance the Soviet quest for power to destroy freedom, make it unique in the world.

What can be done? Well, we can counter this hostile threat and still remain true to our values. We don't need to fight

repression by becoming repressive ourselves, by adopting such restrictions as internal passports for our citizens. But we need to put our cleverness and determination to work, and we need to deal severely with those who betray our country. ✓

We should begin ~~with education~~ <sup>BY</sup>, recognizing that ~~espionage~~ <sup>SPYING</sup> is a fact of life, and that all of us need to be better informed about the unchanging realities of the Soviet system. We are in a long twilight struggle with an implacable foe of freedom.

Next, we need to reduce the size of the hostile intelligence threat we are up against in this country. Some 30 to 40 percent of the ~~over~~ <sup>MORE THAN</sup> 2,500 Soviet bloc officials in this country are known or suspected intelligence officers, and all can be called upon by the KGB. We need to bring the number of their intelligence officers to a more manageable number. We need a balance between the size of the Soviet diplomatic presence in the U.S. and the U.S. presence in the Soviet Union. The Soviets currently have a huge advantage. ~~We intend to take steps to accomplish this. And~~ ~~We~~ need to better control foreign intelligence agents working at the U.N., who have utilized that organization as a spy-nest. ✓

Another priority is to improve our own counter-intelligence. During the ~~1970s~~ <sup>70s</sup> we began cutting back our manpower and resources and imposed ~~some~~ unnecessary restrictions on our ~~dedicated~~ security and counter-intelligence officials. With help from Congress, we've begun to rebuild, but we must persevere. ~~As~~ ~~was~~ ~~do~~, ~~We~~ we must work for better coordination between counter-intelligence agencies, better analysis of hostile

threats, and ~~we must~~ learn from the mistakes of past restrictions which unduly hampered us.

There is ~~no one solution~~, no quick fix to this problem. ~~many~~ ~~actions are needed~~. Without hysteria, ~~without~~ <sup>or</sup> finger-pointing, let us move calmly and deliberately together to protect freedom. We have developed a list of things to be accomplished in the counter-intelligence, ~~counter-measures~~, and security areas. ~~We~~ ~~need to move now, so~~ I'm tasking ~~my~~ Cabinet officers to implement the improvements and reforms in every one of these areas on a priority basis.

Until next week, thanks for listening and God bless you.