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Date: 10/22/98

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. memo 2. memo 3. Memo	William Casey to Pres. Reagan re Progress, 4p P, 6/27/00 NISF98-010 #2 Don Regan to Pres. Reagan re Meetings, 3p Regan to Pres re: Schmidt. Voset	5/6/81 5/19/81 5//4/8/	P1 P1
	3p.		
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RESTRICTION CODES

- Presidential Records Act [44 U.S.C. 2204(a)]
 P-1 National security classified information [(a)(1) of the PRA].
 P-2 Relating to appointment to Federal office [(a)(2) of the PRA].
 P-3 Release would violate a Federal statute [(a)(3) of the PRA].
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].
- Release would disclose uses secrets or commontal solutions of the PRA].

 Release would disclose confidential advice between the President and his advisors, or between such advisors ((a)(5) of the PRA].

 Release would constitute a clearly unwarranted invasion of personal privacy ((a)(6) of
- C. Closed in accordance with restrictions contained in donor's deed of gift.

- Freedom of Information Act [5 U.S.C. 852(b)]
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 F-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIAL
- F-3 Release would violate a Federal statue [(b)(3) of the FOIA].
 F-4 Release would disclose trade secrets or confidential commercial or financial information (b)(4) of the FOIA]. Release would cons
- se would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the
- FOIA].
 F-7 Release would disclose information compiled for law enforcement purposes ((b)(7) of
- Release would disclose information concerning the regulation of financial institutions
- [(b)(6) of the FOIA].

 Referse would disclose geological or geophysical information concerning wells ((b)(9) of

MEMORANDUM

NATIONAL SECURITY COUNCIL

2045 add-on

May 4, 1981

MEMORANDUM FOR ANNE HIGGINS

FROM:

ALLEN J. LENZ

SUBJECT:

President's Letter to Governors

on the National Guard

Secretary of Defense Weinberger suggested that the President send a letter to all the governors stressing the importance of quality leadership in the National Guard (Tab A). The President reviewed this letter, made some changes, and approved its dispatch. The amended letter is at Tab B.

Request that you prepare and dispatch the letter at Tab B to all the governors.

Attachments a/s

Latters - 023920 Memo - 01904855

THE WHITE HOUSE

WASHINGTON April 29, 1981

MEMORANDUM FOR THE HONORABLE CASPAR WEINBERGER Secretary of Defense

SUBJECT:

National Guard Leadership

Thank you for your memorandum of April 11 on the subject of leadership in the National Guard.

I entirely agree that the appointment of senior leadership within the Guard should be based exclusively on military merit and effectiveness. Accordingly, I agree with your recommendation, and I have signed letters to the Governors on this subject.

NATIONAL SECURITY COUNCIL

2045 add-on

May 4, 1981

MEMORANDUM FOR:

ALLEN J. LENZ

1,05

THROUGH:

ROBERT SCHWEITZER

FROM:

CHRIS SHOEMAKER

SUBJECT:

President's Letter to Governors

on the National Guard

At Caspar Weinberger's suggestion, we submitted to the President a draft letter for dispatch to the governors urging them to appoint qualified leaders for the National Guard. The President approved the letter with some changes. These changes have now been made, and we should proceed to send the letter to the governors.

The memo at Tab I forwards the letter to Anne Higgins for dispatch.

RECOMMENDATION: That you sign the memo at Tab I.

Attachments a/s

THE WHITE HOUSE

WASHINGTON

ACTION

April 21, 1981

MEMORANDUM FOR THE PRESIDENT

FROM:

RICHARD V. ALLEN

SUBJECT:

National Guard Leadership

Cap Weinberger has written to you recommending that you send a letter to all the Governors, urging them to appoint top quality people to leadership positions in the National Guard (Tab A). A draft letter to this effect is at Tab B.

I share Secretary Weinberger's concern that our National Guard leadership is uneven across the states and in some cases, as he points out, below active duty Army standards. In an age when our security may be severely tested, and the Guard mobilized for an immediate combat mission, the absence of the highest standards for all of the National Guard senior leadership is undesirable. A letter from you to the Governors on this subject would do much to ensure that the needed leadership in the National Guard is provided.

Recommendation

That you approve the draft letter at Tab B and sign the memo to Cap at Tab C.

Approve ____ Disapprove

Ed Meese

Jim Baker Mike Deaver

cc: The Vice-President Herrs, at tal B & Tal D. Die marde

minor changes to soften what were Doying a bit. Either one (as changed)

is O.K. with me.

RR

Dear Governor :

I am committed to improving the Nation's defenses. The National Guard, in its Federal role, is an important element of those defenses. In its State role, the National Guard is essential to allow you to respond effectively to natural disasters, civil disorders, and other emergencies. The Army National Guard and the Air National Guard must be manned, equipped, and ready to perform when you or I call upon them.

Ensuring the readiness of the National Guard is, of course, a partnership. The Federal Government and the State Governments share the costs and the responsibility for training and instructing the National Guard. I can assure you that my Administration will do its share to provide resources and training support for your troops.

Top quality leadership is just as important as resources and training support in assuring a strong and effective Guard. Without good leadership, we cannot achieve a fully capable National Guard. Regardless of what is done in other areas, you bear principal responsibility for top quality leadership. The Constitution provides that the Governors shall appoint the officers of the National Guard.

The Governors shall appoint the officers of the National Guard.

The Governors shall appoint the officers of the National Guard.

The Governors shall appoint the officers of the National Guard.

The Governors shall appoint the officers of the National Guard.

The Governors shall appoint the officers of the National Guard.

The Highest standards of military excellence when you appoint colonels and general officers. These senior officers set the tone for the entire officer corps. Their ability, integrity, and dedication are the model for the junior officers to emulate. The leaders you appoint will be the ones the Nation will have to depend on in the early days of a conflict. We will have no time to change top leadership during a crisis. We must

be certain that only those officers who can perform their duties effectively under the stress of wartime combat conditions be appointed.

As a former Governor, I know that attaining and maintaining an effective National Guard is a demanding task. As President, I will do what I can to help you in this task.

Sincerely,



WASHINGTON, D.C. 20301

11 APR 1981

MEMORANDUM FOR THE PRESIDENT

SUBJECT: National Guard Leadership

You will recall that you spoke to me after a recent National Security Council meeting about the points made to you by Governor Fob James of Alabama, concerning National Guard leadership, and how well you solved those problems in California by naming good military leaders rather than following the prior practice of making purely political appointments.

We have looked into the matter of National Guard leadership now, and I am told that of the 53 Adjutants General most are considered to be good military leaders, some are outstanding, but about 6 to 8 are considered "below standard." The same comments apply to National Guard division, brigade, and wing commanders. These would be fully as important in any mobilization as the Adjutants General. Overall, we consider the senior leadership (colonels and generals) of the National Guard to be excellent and greatly improved in recent years.

It seems to me, nevertheless, that a letter from you as President to all the Governors, urging appointment of high quality senior officers in the National Guard, would be very helpful. Obviously, such a letter has to be phrased with some delicacy because we would not want to offend Governors who already have chosen excellent National Guard leaders. I am attaching a possible letter which urges governors to appoint high quality officers.

I would be glad to discuss this matter further with you if you wish. Otherwise, my recommendation would be that the attached letter be sent to each of the governors.

Attachment

MEMORANDUM

2045

NATIONAL SECURITY COUNCIL

ACTION

April 15, 1981

MEMORANDUM FOR RICHARD V. ALLEN

THROUGH:

ROBERT SCHWEITZER LIS

FROM:

CHRIS SHOEMAKER

SUBJECT:

Appointment of National Guard Leaders

Secretary Weinberger has proposed that the President send a letter to all the governors urging them to appoint National Guard leaders based on military effectiveness criteria rather than for political reasons (Tab B). He has also provided a draft letter to this effect (Tab D).

We agree entirely with the sentiments Secretary Weinberger expresses in his letter and which are contained in the draft. However, the draft itself is rather inelegantly constructed. Attached is an alternative which reflects the same message and which has been cleared by the speechwriters (Tab A). A memorandum from the President to Secretary Weinberger is also attached (Tab C) which acknowledges the Secretary's letter and approves his recommended course of action.

Recommendation

That you sign the memorandum to the President at Tab I and forward it along with Tabs A, B, and C.

Approve	Disapprove
L L	

NB: This action is more needed than you might think. I sat on promotion boards up to the month before I came here for National Guard general officers to two star positions. Only one of the candidates we voted on would have made Major in the Regular Army let alone Major General; none would have gone to Colonel. There were many who were weak in education (some with no college), physical condition, leadership, and performance as reflected in efficiency reports. Yet we felt constrained to grant them federal recognition because their governors had already promoted them.

RLS

NB 2 - Suspense to us was 15 April and although received on 14 Apr that threw us off. We will make all of there of the three hour mark with some response. In this case our delay -- unintended -- gives you a complete action.

Dear Governor :

Through vigorous budgetary proposals and other actions, this Administration has begun to make substantial progress in improving our national defense. One important dimension of national security in which you play a major role is the readiness of the National Guard. The National Guard serves critically important functions both in its federal role, when it may be called on to augment our standing armed forces, and in its State role, when it is used to respond with flexibility to natural disasters, civil disorders and other emergencies. The National Guard must be manned, equipped and trained to respond rapidly and effectively in both these missions.

One very important dimension in establishing and maintaining standards in the National Guard is the senior leadership within the Guard itself. Without the highest quality leadership in the Guard, we cannot hope to achieve essential standards of readiness, training, morale, and discipline.

Showing you are very much away of this would continue therefore urge you to make senior appointments in the

National Guard based exclusively on the criterion of military excellence. I believe you would agree that the senior leadership in the National Guard which you appoint now will be that leadership which will carry the Guard into battle should the world situation so require. There will be no cadre of well trained senior officers to replace inept or militarily incompetent leaders should a war erupt, nor will there be time to effect extensive additional training.

As a former governor I know that there are many pressures relating to the appointment of senior Guard officer. I would be you however, to make appointments primarily on the basis of military effectivenss. Only then can we maintain the sort of National Guard upon which we can rely in the years of great uncertainty ahead.

Sincerely,

End Case File

The President has seen

The Director of Central Intelligence

Washington, D. C. 20505

6 May 1981

MEMORANDUM FOR: The President

FROM:

William J. Casey

SUBJECT:

Progress at the CIA



I would like to tell you about some personnel, organizational and conceptual changes I've made or am in the progress of making at the CIA. It is a good outfit, composed of dedicated people with good spirit, but it has been permitted to run down and get too thin in top level people and capabilities. It survived the kicking around from the press and the Congress and from Admiral Turner's wholesale firings better than it has survived the paycap. That is largely because the operational personnel, in recognition that they are committing themselves to a particularly difficult and demanding career when they join up, have the privilege of resigning at 50. So in a way it's surprising that we have so many good officers in their 50's and early 60's who have given up the opportunity for a second career to continue serving at the same pay which people, coming into the service ten years before them, receive for carrying much less responsibility.

There are four major components of the CIA. The largest unit provides Administrative support, communications, information management, training, security services, etc., for the entire organization and, particularly in the case of communications, for much of the foreign apparatus serving our whole government.

The Analytical unit assesses and analyzes all information available and prepares national estimates. The fourth, the Science and Technology unit, develops and utilizes photographic, Signals, electronic and a wide variety of technological meansto collect and piece together information.

As I size up things, the Analytical and Operations units are most in need of improvement and rebuilding. The analysis has been academic, soft, not sufficiently relevant and realistic. I ahve switched John McMahon, who is generally recognized to be the best manager here, from directing the Operations unit to directing the Analytical unit. I have frequently found that I get better intelligence judgments from the streetwise, on the ground Operations staff than I get from the more academic Analytical staff in Washington.

> Orig Cl By 008074 * Rvw 6 May 1987

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NARA, Date 4/27/00

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McMahon has experience in HUMINT, SIGINT and PHOTINT and is thus well prepared to see that the analysts are used to focus collection efforts on those missing elements needed to round out the intelligence picture and that their estimates fully reflect the contribution which all collection sources can make.

I spent much of the last three weeks talking to all the operational

people and carefully sizing up all the activities of the Operations unit. It quickly became clear to me that there were too many components for any one man to manage adequately. The ongoing worldwide intelligence-gathering apparatus with its continuing flow of messages and activity will leave the person running it little time to give to other components responsible for maintaining support capabilities ____ REDACTED--REDACTED--REDACTED-ICTED-REDACTED-----REDACTED-----REDACTED-(CTED------REDACTED-----I, therefore, determined to reorganize the Operations unit into tow sections with an overall chief supported by two deputies, one who would run the worldwide clandestine service responsible for all intelligence and other operations, the other responsible for support activities, ----REDACTED-—REDACTED— ----REDACTED- I had a tough bullet to bite in deciding who to put in overall charge of this new structure.

knowledge and experience which made me confident that he could impart the kind of thrust and drive that the necessary rebuilding will require is Max Hugel.

I brought Hugel into your campaign at the California headquarters in March of 1980 and told him to start identifying leaders and activating special voter groups across the whole American ethnic, religious, occupational and social spectrum. Four months later at the convention in Detroit he had gathered close to 40-odd groups--Slavs and Orientals, Blacks and Hispanics, Catholics and Jews, youth and senior citizens, doctors and door-to-door salesmen, you name it and he had it along--with operational plans and proposed budgets for each. I believe this produced by far the most comprehensive and effective national campaign ever conducted along voter group lines and I give Hugel very high marks for that performance.

Hugel started his career in military intelligence in Japan for four years. He then formed a partnership with a large Japanese corporation to bring the typewriters and sewing machines it made into the world market. In very short order he had highly successful assembly plants and marketing operations established in the United States and Europe. After selling his interest in this venture back to the Japanese corporation he, with some others, formed what has become the leading manufacturer of computer printout equipment supplying the IBMs of the world. He resigned as Executive Vice President of this company to go to work full-time as a volunteer with me in our campaign. Two months ago I appointed him Director of the Administrative unit here, the largest of our components. In that short time he has gone through that farflung operation, determined what needs to be done, gotten it moving again and won the respect of everybody here.

I concluded that he's the best bet to provide the leadership needed to revitalize the clandestine service and rebuild the support capabilities it needs. I knew I'd be criticized for putting someone in charge of the Operations unit who lacks long years of experience in this work. Indeed, I was criticized in the press during the campaign on the basis that Hugel had no political experience. I believe the experience requirement will be covered by the twenty years of experience which the head of each of the geographic divisions gives to the operations they conduct and by the two men I am appointing within the Operations unit to run the clandestine service and the operational support services. What is needed at the top is someone with the brain power to lay out what is needed to do the necessary rebuilding and the thrust and the drive to get it done. This is the third time someone has been brought in from outside the Operations unit to head it up and the first time for somebody to move into that position so quickly. Once I concluded appointing Hugel was the best thing to do. I felt I had to bite the bullet and take the flak. I'm confident it was the right thing to do.

Another personnel decision which has attracted press attention was Stan Sporkin as General Counsel. He is widely recognized as one of the outstanding people in the Federal Government. In 1977, he was one of five finalists in the nationwide search for FBI Director. Last year he received the Annual Award for the most outstanding career persons in the Federal service, usually presented by the President, this time boycotted by Jimmy Carter because Sporkin persisted in pursuing the Lance case. Sporkin runs a large and aggressive enforcement staff at the SEC and worked for me when I was Chairman. He is one of the most resourceful and creative men I have ever met. Because his job requires him to investigate and pursue people in the corporate and financial community who may have violated the law or failed to disclose information to investors, he is in some quarters perceived to be anti-business and an advocate of openness in government. The fact is he is a Republican, a firm believer in the business system and a sworn enemy of the Freedom of Information Act. I believe he has the background and the talent to make a distinct intelligence contribution, particularly in applying his investigative experience to the huge Soviet espionage effort and widespread theft of critical technology with which we must deal. Again, I know my man here. He is leaving the SEC to come over to the CIA, where he will have a lot less clout and get a lot less public acclaim, because he is a patriot and wants to work for our national security.

Admiral Inman is a great help. I am pleased and hopeful that the personnel and organizational changes we have made will lay the groundwork for good results. We have worked a new Executive Order through all elements of the Intelligence Community and sent it to the NSC. We are working on squeezing down on less essential functions to build up the elements needed to cope with a Soviet service which outnumbers us by three to one around the world.

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THE VICE PRESIDENT WASHINGTON

C313

May 7, 1981

MEMORANDUM FOR THE PRESIDENT

FROM:

The Vice President

SUBJECT:

Ottawa Economic Summit Preparations

The second preparatory meeting of Ottawa Economic Summit country representatives took place in Paris April (Incidentally, the representatives are called "Sherpas" after the Tibetans that frequently act as porters for expeditions to Himalayan mountain summits.) Overall, the meeting went well. Mike Rashish, Under Secretary of State for Economic Affairs, is our Sherpa, and he gave a detailed debrief to my staff, which I would like to pass along to you.

The Ottawa Summit will start Sunday evening, July 19, with a private dinner for the heads of state/ government, and then meetings will follow through Tuesday afternoon, July 21. We have been pressing to have the Sunday evening session set aside for general discussions so that you could present the allies with your broad domestic and foreign policy views. This idea was well received at Paris; the allies are very interested in having your thoughts first-hand. Al Haig will draft and coordinate a politically oriented talker for the first evening which will allow you to lay out our new policies and set the tone for the rest of the conference. If necessary, discussions on political issues could be continued the next morning, and also at lunch and dinner Monday.

There was interest in macroeconomic issues, and growing support (especially among the British, Japanese, and Italians) for your supply side economics. Murray Weidenbaum is working on a macroeconomics paper which will present our approach. East-West economic relations issues were not discussed in depth, but we did outline our ideas.

Al Haig and others will continue to discuss those ideas with the allies over the next several weeks, and we will provide a formal paper before the next Sherpa meeting June 4-6.

The most contentious issue was the Canadian North-South paper. We do not want this issue to be polemical or overly focused on aid. The Canadian paper puts the emphasis on the responsibility of developed countries to foster development through foreign aid. We resisted that view strongly at Paris, with British and some French support. The other allies appear to be somewhere between us and the Canadians. We will continue to work for a consensus on our position.

All in all, I think preparations are going fine, though much work remains to be done. Agreement is developing to keep the focus general, and on the issues of principal importance to us. You and the other leaders will have ample opportunity to exchange your broad views, which is our primary goal.

End Case File

THE WHITE HOUSE

WASHINGTON

May 7, 1981

OW

MEMORANDUM FOR THE PRESIDENT

FROM:

RICHARD V. ALLEN

SUBJECT:

Statement of Michael Novak

Michael Novak is United States Representative to the U.N. Human Rights Commission. A choice of Jeane Kirkpatrick. Novak was a left-liberal theologian for many years. He eased toward the center, gradually, and wound up as a "Reaganaut" in 1980.

He is an eloquent, urbane and courageous man. As your representative to the Human Rights Commission, he utters statements there such as this one, which he asked be brought to your attention:

My government and my delegation feel privileged to share in this work, this duty, this noble task. As President Reagan said yesterday, no work on which this Administration is engaged, no negotiation into which we enter, is ever far removed from the memory of the persecuted all around the world. We intend never to forget -- in any negotiations in which we are engaged -- those who suffer in the night. It is our sacred duty under this Administration to reduce at least by a little the number of those who suffer. The strategies for achieving this are many. The purpose one.

CC: The Vice President
Ed Meese
Jim Baker
Mike Deaver
Larry Speakes

The President has seen

THE WHITE HOUSE

WASHINGTON

May 8, 1981

01927655 F6066-01

MEMORANDUM FOR THE PRESIDENT

FROM:

Max L. Friedersdorf W.

I thought you would be interested in seeing the attached letter which I recently received from Trueman Rembusch.

Trueman T. Rembusch 551/2 EAST COURT STREET FRANKLIN, INDIANA 46131

April 27, 1981

PERSONAL

Mr. Max Friedersdorf, Chief of Congressional Relations for the White House Washington, D. C.

Dear Max:

Attached is a clipping from the Indianapolis Star which may not have reached your attention. It is most reassuring that you are manning a key spot on the President's team.

Back in 1952 it was my good fortune to serve on the Council of Motion Picture Organizations' committee with President Reagan and George Murphy. These gentlemen were then officers of the Screen Actors' Guild and working with them gave me a great admiration for their talents. Little known by the public was the ability of these gentlemen in ridding the Actors' Guild of 'Commies'. This was a period when Commies had infiltrated many of the Hollywood Guilds and the President proved then he was well qualified to deal with them. This fact should be most reassuring to Americans that the President is qualified to successfully meet the present Commie threat to world freedom.

On the wall of our den for years we have proudly exhibited an 8 x 10 picture of my Mary Agnes, Nancy and the President - taken just before their marriage. The occasion was a meeting of the Council of Motion Picture Organizations and the picture is one of our family treasures.

When the terrible attack occurred on the President and members of his retinue, we were watching CNN at our quarters in Marco Island, Florida. Aggie and I immediately added our prayers to our many countrymen's prayers for the survival and healing of all persons so wastefully attacked.

The President's economic program, from my contacts with public opinion, is receiving wide electorate support. It is most reassuring to me that you occupy a key post in this effort.

Thank you for your continuing fine service in behalf of our country.

Kindest regards,

rueman T. Rembusch

TTR:DW

enc.

case

THE WHITE HOUSE

Date: 5/11/81

FOR:

DAVE FISCHER

FROM:

RICHARD G. DARMAN

FYI ()

Comment:

RECOMMENDED PHONE CALL:

The President read the attached and told Jim Baker he (the President) wished to call Wiesel (and Korn?). Will you please Thank you.

Re: Commemoration of the Holocaust (Rres called Mr. Horn)

PROOF OF HUDISAGO



DEPARTMENT OF STATE

Washington, D.C. 20520

1981 many porter to the second of the second

Dear Mr. President:

I was very happy to see you at the White House during the commemoration of the Holocaust. Congratulations on your speedy recovery.

Mr. President, today I have witnessed a historic event. In 205 years of our history, never before have the Jewish people been part of America as they were today. You made them part of your Presidency in this great country of ours.

My wife and I are Holocaust victims and lost over 35 immediate family members during that period. We are proud to have you, a great human being, as an American and our President.

Sincerely,

David Korn

Special Assistant to the Secretary of State

The President, The White House.



Office of the Chairman

United States Holocaust Memorial Council

May 4, 1981 May 4, 1981

Dear Mr. President:

On behalf of the United States Holocaust Memorial Council, I write to express our deep appreciation for your gracious approval of our request to conduct the national Days of Remembrance commemoration in the White House, and for your warm and moving participation in the ceremony.

Your presence at the commemoration -- so soon after the terrible injury inflicted upon you and the surgery you were compelled to undergo -- was in itself a manifestation of your commitment to the work of the Holocaust Memorial Council. But those who were honored to be at the ceremony were conscious of more than your presence. What we saw and heard was a man of eloquence, of dignity, and of humanity. Your words came so clearly from your heart, that they touched all of us in our hearts.

As our nation's leader, you have our profound respect. As a man, you have earned our gratitude and our affection.

The Honorable Ronald W. Reagan The President of the United States Washington, D.C. 20500

THE CHAIRMAN OF THE COUNCIL OF ECONOMIC ADVISERS WASHINGTON, D.C. 20506

May 29, 1981



MEMORANDUM FOR THE PRESIDENT

FROM: Murray L. Weidenbaum

Subject: The Economy -- Late May 1981

The past two weeks have given us an above-average period for economic news, with the leading indicators, GNP, consumer prices, housing starts, and capacity utilization data all coming forth. What does it all mean?

Where Are We? The data, taken together, suggest that business is not too bad. Although statistical quirks helped inflate first quarter real GNP growth to an 8.4 percent annual rate, the growth was spread across the economy fairly evenly. Business investment, consumer spending, and exports were all stronger than generally anticipated. Even the homebuilding industry, while still substantially down from peak levels, is by no means out of action. New starts in April were at a 1.3 million unit annual rate. Prices, as measured by the CPI, are behaving better but April was still 10 percent ahead of a year earlier.

The thrift industry, of course, continues to labor under heavy weather. Short-and long-term interest rates have remained at historically high levels over the past several weeks, offering little near-term relief. The prime rate moved to 20-1/2 percent, just 1 percent short of the record reached last December. In the last day or two, however, short term rates have begun to fall back to early May levels. The Federal Reserve, quite properly, is unlikely to relax in its current efforts to eliminate April's bulge in money supply growth. But most industries, including housing, have shown a surprising ability to obtain funds necessary for their current levels of activity.

An important ingredient in the current and prospective trend of business activity is the expectations and sentiment of consumers, businessmen, and investors. Surveys suggest that people do feel better about the future than they have for some time. In the absence of offsetting influences, this factor can make a difference in willingness to spend, invest, and borrow.

Where Are We Going? Our CEA-OMB-Treasury forecasting team is hard at work, and I await their results with interest. However, it is safe to say that 1981 as a whole is going to turn out somewhat better than had been forecast at the beginning of your Administration. Inflation, output, and the unemployment rate are all likely to do better on an annual average basis. The leading indicators as released today (up 0.4 percent) are consistent with this view.

However, the crystal ball for 1982 is cloudy. The effort to continue bringing inflation down may imply a somewhat higher cost in terms of business activity (and employment) than previously anticipated and thus next year may not live up to our original expectation. Future actions by Congress and the Federal Reserve, as well as public responses to government policy, will be important elements in determining the economic outlook.

My best guess at this time is that by the close of 1982 the economy will be at roughly the same point we have been forecasting all along, but that we are going to get there by a slightly different route.

End case File

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THE WHITE HOUSE

WASHINGTON

May 15, 1981

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MEMORANDUM TO THE PRESIDENT

FROM:

Max L. Friedersdorf M. 6

SUBJECT:

Representative Dan Rostenkowski/Tax Reduction Bill

Chairman Rostenkowski called me from Chicago today to discuss the tax bill. He said he had just given a speech in Chicago and wanted me to convey to the President that he had expressed his willingness and strong desire to cooperate with the President in attaining passage of a tax reduction bill that would be acceptable to all concerned.

He said he has an honest difference of opinion with the President over some of the provisions of such a bill, but these differences in no way diminish or reduce his regard or respect for the President, and what the President is trying to do to restore the economy.

He recalled to the audience the circumstances of his early meeting with the President and the very courteous and friendly way the President had treated him.

He also commented that he doesn't want "to blow myself out of the water like Jim Jones did by getting into a fight with President Reagan."

He claimed he is doing everything possible to avoid getting into a fight with the President, but the press is constantly trying to draw him into a confrontation.

Chairman Rostenkowski said he had no pride of authorship concerning a tax bill and doesn't care whether it is a Democratic bill or a Republican bill, so long as it can pass the House and Senate and enjoy the support of the President.

Chairman Rostenkowski said that he has told the press that he cannot say with certainty that he can deliver the votes to kill Kemp-Roth and that the President might well be able to pass something less than the 36 months, but very close to it.

Rostenkowski added that he has told Barber Conable that he would be elated if he could pass something that the President could sign. He also wants the President to know that he believes the President will have more trouble in the Senate than in the House, and that he was going to try at all costs to avoid a conflict with the President concerning passage of the bill in the House.

Rostenkowski said that his goal is a consensus bill acceptable to the President and that "I am not looking for victory or defeat, just a bill that will help the economy."

Finally, the Chairman expressed his unqualified willingness to meet with the President and discuss the tax bill at the President's convenience.

THE WHITE HOUSE WASHINGTON

May 15, 1981

MR. PRESIDENT:

Attached is a note from Max
Friedersdorf on his conversation
with Rostenkowski. Secretary Regan
has also talked with Rostenkowski.
Rostenkowski and Regan are scheduled
to talk further (strictly privately)
when Regan returns from Saudi Arabia -on Tuesday morning.

The results of these and related conversations will be considered by the Legislative Strategy Group on Tuesday afternoon. Shortly thereafter, I would expect the group's judgment concerning appropriate next steps to be presented to you for your consideration.

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Richard G. Darman

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THE CHAIRMAN OF THE COUNCIL OF ECONOMIC ADVISERS WASHINGTON, D.C. 20506

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June 4, 1981

MEMORANDUM FOR THE PRESIDENT

FROM: Murray L. Weidenbaum

Subject: Employment and Prices in May

Tomorrow morning, at 9:00 a.m. BLS will announce that unemployment is up and inflation is down.

On the employment front, May's unemployment rate was up 0.3 percent to 7.6 percent, taking it back up to last October's level. While total employment rose slightly, the labor force expanded even more rapidly, with a resulting rise in the unemployment rate.

The May producer price index for finished goods will show a modest rise of 4.6 percent (annual rate) over April, the lowest monthly increase since last December. Compared to a year earlier, the index was up 10.5 percent.

We continue to be helped by softness in food prices (down 0.5 percent) and continuing good news on energy, where gasoline prices (again, at the producer level) declined at an annual rate of 19.3 percent.

The overall picture is that of a "soft" economy, unlikely to repeat the first quarter's strong performance. At the same time, thanks in part to your decontrol order of last January and weakness in world oil markets, we continue to have significant moderation in energy prices. Along with our good luck in the food area, this has helped to slow the overall pace of price advances.

While I am moderately optimistic that the overall trend of prices in the months ahead will continue to be downward, May's performance will be difficult to repeat on a consistent basis.

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THE WHITE HOUSE WASHINGTON

Date: 6/1/81

NOTE FOR:

RICHARD V. ALLEN

The President has

seen ____

acted upon xx

the attached; and it is forwarded to you for your information.

Richard G. Darman
Deputy Assistant to the President
and Staff Secretary
(X2702)

cc:

Sen Kannedy feels That P. W. Thather comes ease the situation in the feriums by moderating the general treatment. He claims to agree that you can't call the law brokens pal, prisoners. He did however mention such things as bettingall the prisoners were their own clother etc.

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He says (+ disappears) of the d.R.a. though contributions. The amount has sincered feariby brance of the factory deaths.

MEMORANDUM

THE WHITE HOUSE WASHINGTON

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM:

RICHARD V. ALLEN

SUBJECT:

Your Meeting with Senator Kennedy Monday, June 1, 1981, 10:45 a.m.

If the subject of Northern Ireland comes up in your meeting with Senator Kennedy this morning, the following points may be useful:

- -- The solution to the problems of Northern Ireland must eventually be found by those who live there. The Administration urges the parties to come together for a just and peaceful solution.
- -- The Administration regrets the deaths of the hunger strikers, and especially the deaths of innocent bystanders in the violence that has arisen in conjunction with the hunger strikes. We have condemned publicly all acts of terror and violence.
- -- (For information). On May 6 Senator Kennedy along with Congressmen O'Neill, Senator Moynihan and Governor Carey (The "Four Housemen"), sent Prime Minister Thatcher a letter urging her to "show more flexibility" in dealing with the hunger strikers. On May 14 she replied, saying she could never agree to the hunger strikers' demand of political prisoner status, since this would give recognition and encouragement to the IRA's acts of terror and violence.
- Concerning the sale of American weapons to the Royal Ulster Constabulary (RUC), this Administration, responding to Congressional interest, has continued to review the export license applications. No licenses have been approved since July, 1979.
- -- In the Presidential Proclamation on St. Patrick's Day, all Americans were urged to, "question closely any appeal for financial or other aid from groups involved in this conflict to ensure that contributions do not end up in the hands of those who perpetuate violence, either directly or indirectly."

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THE WHITE HOUSE WASHINGTON

Date: _______

NOTE FOR:

MAX FRIEDERSDORF

The President has

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acted upon xx

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Richard G. Darman
Deputy Assistant to the President
and Staff Secretary
(X2702)

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May 25, 1981

Dear Mr. President,

In Rockville Centre, on May 7, 1981 it was Peter Sweeney Day. When I went to N.B.C. I went in a limousine. I got a ton of letters like you always do. I have a plaque from the Board of Education and an award from Mayor Sandel. I have two records "Stand up and Cheer for Ronald Reagan." But you must have them all ready.

This all happened once you read my letter. My mom and dad are going to frame your the letter that you wrote to me. Everyone was very excited that you phoned our home. Thank you very much.

Sincerely,

Peter Sweeney

169 South Park Avenue
Rockville Centre, N.Y. 11570

1 . . .

169,5, Park Ave Rockville Centre Dear Mr. President, In Rockville Centre Cate i Sweeney Day When I went to N. R.C went in a limousine ta ton of letters like you playing from the Board of Education, and an have two records costand have them all ready. Into all happened once you read my letter. y man and ctad are 10 frame your the letter that you wrote to me tvervone was very excited that you phoned our home I hank Sincerely, peter Sweeney

THE WHITE HOUSE WASHINGTON

TO: The President

FROM:

MICHAEL K. DEAVER

Assistant to the President Deputy Chief of Staff

Information

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Parade Publications, Inc. • 212-573-7000 750 Third Avenue, New York, New York 10017 Writer's Direct Dial No. 212-573-7168

May 20, 1981

We born

The President 1600 Pennsylvania Avenue, N.W. Washington, D.C. 20500

Dear Mr. President:

Your Fourth of July message to Parade's readers is a tender, stirring, powerful declaration of love. It is inspired writing.

Thank you for responding to the idea, for giving of your time and energy, for your sensitive thought and hard work, which will, I'm convinced, be warmly received and sincerely appreciated by scores of millions of your fellow Americans.

And a Happy Fourth of July to you, Mr. President.

Sincerely,

Walter Anderson

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Department Commander Charles Pat Smith requests the honor of your presence at the dedication ceremony of The American Legion Memorial Tower at the

United States Air Force Academy Colorado Springs, Colorado

on

Saturday, May 30, 1981 1:30 P.M.

R.S.V.P. by May 1

The American Legion Department Headquarters 3003 Tejon Denver, Colorado 80211

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June 1, 1981

Dear Bob:

Nancy and I are delighted to send our warm greetings to you and all the participants in this year's Bob Hope British Classic.

I am proud to support the worthy purpose of this event. As a program designed to help handicapped children, the Classic is truly in the best humanitarian spirit. All Americans join me in congratulating you on this endeavor.

You have my best wishes for a successful and enjoyable Classic.

Sincerely,

RON A

Mr. Bob Hope Bob Hope British Classic Suite 1800 10880 Wilshire Boulevard Los Angeles, California 90024

Sent to:

Mr. Edward L. Barner
Bob Hope British Classic
Suite 1800
10880 Wilshire Boulevard
Los Angeles, California 90024

RR:Wells:vcs:keb cc: H.vonDamm/Wells EVENT: Due June 1

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THE WHITE HOUSE

WASHINGTON

STAFFING MEMORANDUM

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THE WHITE HOUSE WASHINGTON

STAFFING MEMORANDUM

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emarks:

Richard G. Darman
Deputy Assistant to the President
and Staff Secretary
(x-2702)

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