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Last Updated: 06/03/2025

THE WHITE HOUSE

WASHINGTON

July 9, 1981

Dear Fob:

As a follow-up to my letter of June 18 regarding the National Guard:

I am informed that most of the Guard and Reserve units have been assigned wartime missions by the Department of Defense and are an intrinsic part of the nation's contingency plans. The strength levels and combat readiness of these units must be based on their deployment/employment schedules. I am committed to bringing those units scheduled to face an enemy first to the highest readiness levels. I know that means the commitment of large amounts of resources to the solution of existing personnel and equipment shortages.

Secretary of Defense Weinberger has established a Military Manpower Task Force to address issues such as these on a priority basis. He assures me that the issues you mentioned will be addressed by the Task Force and, where appropriate, Issue Papers will be prepared and forwarded to me.

I deeply appreciate your continuing interest in, and support of, the National Guard and Reserve forces, and your understandable and justified pride in the units and members of the Alabama National Guard.

Roused Reagon

The Honorable Fob James Governor of Alabama Montgomery, Alabama 36130

THE WHITE HOUSE

WASHINGTON

July 7, 1981

MEMORANDUM FOR THE HONORABLE CASPAR WEINBERGER The Secretary of Defense

SUBJECT:

The President's Letter to Governor Fob James

The President has used the draft letter which accompanied your memorandum of 27 June as the basis for a follow-up letter to Fob James, on the National Guard.

I am enclosing a copy of the President's latest letter.

FOR THE PRESIDENT:

Richard V. Allen

Assistant to the President for

National Security Affairs

Attachment

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

ACTION

July 1, 1981

MEMORANDUM FOR THE PRESIDENT

FROM:

RICHARD V. ALLEN

SUBJECT:

National Guard and Reserve Readiness

Issues (U)

Cap Weinberger has written you (Tab B) in response to your memorandum of June 18 on the readiness of the National Guard and Reserve.

In his memo, he assures you that DOD is actively planning the integration of the National Guard and Reserve into the active forces. He also identifies readiness and manpower issues the Guard and Reserve are facing.

Cap further proposes a letter from you to Governor Fob James on this issue. However, as you will recall, you have already sent a very similar letter. The memorandum at Tab A thanks Cap for his memo.

RECOMMENDATION

That you sign the memorandum to Secretary Weinberger at Tab A.

Attachments

Tab A

cc:

Tab B

Memorandum for Secretary Weinberger of an change.

Memorandum from the Secretary

The Vice President

Ed Meese

Jim Baker

Jim Baker

(-12/81)

MEMORANDUM

NATIONAL SECURITY COUNCIL

add-on

ACTION

July 6, 1981

MEMORANDUM FOR RICHARD V. ALLEN

THROUGH:

ROBERT SCHWEITZER

FROM:

CHRIS SHOEMAKER CS

SUBJECT:

Letter to Governor Fob James

In his note on our memo of July 1 (Tab II), the President indicated that he wanted to send a second letter to Governor James on the National Guard issues that the Governor raised in his earlier letter to the President (Tab II-A). The President marked up the draft letter himself and signed it. He also asked that a copy of this newest letter be forwarded to Secretary Weinberger.

The memorandum at Tab I accomplishes this latter purpose.

RECOMMENDATION

Tab II

	- That you approve the letter to Governor James at Tab I-A and that we have the autopen sign it, since the Presiden has already approved.
	Approve Disapprove
	- That you sign the memorandum at Tab I to Secretary Weinberger, forwarding a copy of the signed Presidential letter (Tab I-A).
	Approve Disapprove
Λtι	RVA 1/1
Tab	I Memorandum for the SecDef

A . New letter to Governor James for signature

The earlier letter of Governor James

Our memo of July 1

THE WHITE HOUSE

WASHINGTON

July 2, 1981

MEMORANDUM FOR THE HONORABLE CASPAR WEINBERGER
The Secretary of Defense

SUBJECT:

National Guard and Reserve Readiness

Issues (U)

Thank you for your memorandum of June 26. I am gratified by the action you have taken in addressing key National Guard and Reserve issues and urge you to continue to emphasize them in the future.

I attach a copy of the letter I sent Fob James on 18 June. .

Attachment

Ra

3352 add-on ()

MEMORANDUM

NATIONAL SECURITY COUNCIL

ACTION

June 29, 1981

MEMORANDUM	FOR	RICHARD	V.	ALLEN
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THROUGH:

ROBERT SCHWEITZER

FROM:

CHRIS SHOEMAKER

SUBJECT:

National Guard and Reserve Readiness

Issues (U)

Secretary Weinberger has responded to the President's memorandum of June 18 in which the President urged DOD to pay close attention to National Guard and Reserve readiness issues.

Secretary Weinberger in his memo (Tab B) assures the President that such planning is underway and has directed his Military Manpower Task Force to consider the Guard and Reserve roles in contributing to force readiness.

He also attaches a proposed response to Governor Fob James. The President, however, has already responded on 18 June.

RECOMMENDATION

That you forward the memorandum at Tab I to the President.

Approve	Disapprove
 T T	- L

Attachments

Tab I Memorandum to the President

A Memorandum for SecDef with attachment

B Memorandum from SecDef

THE SECRETARY OF DEFENSE



WASHINGTON, D.C. 20301

27 JUN 1981

MEMORANDUM FOR THE PRESIDENT

The National Guard and Reserve readiness issues that Governor Fob James of Alabama raised in his recent letter to you are of serious, continuous concern to the Department of Defense.

I can assure you that plans exist for the integration of the National Guard and Reserve into the Active forces in time of need. Plans referred to as the gaining command program are based upon the expressed requirements of the various Military Services. The Navy and Air Force have utilized the gaining command concept for several years while the Army completed its assignment of most Guard and Reserve units to a wartime chain of command within the last eighteen months.

The combat readiness of our Guard and Reserve units should be directly related to their wartime deployment/employment schedules. Those which are to be placed in combat first should be maintained at the highest degree of readiness. However, to achieve this goal will require the continuation and possible increase of current personnel incentives and the dedication of additional resources to the acquisition of large quantities of military equipment.

I have not wavered in my view that the Guard and Reserve are crucial ingredients in our overall force structure and in our conventional deterrent posture. In addition to the constant and increasing attention being given to these matters by all elements of the Department of Defense, I am directing the Military Manpower Task Force to consider these issues on a priority basis. The efforts of the Task Force will culminate in the preparation of appropriate Issue Papers on these subjects for your consideration.

Attached is a proposed letter from you to Governor James informing him of the situation and your actions to address the matters he brought to your attention.

Honorable Fob James Governor of Alabama Montgomery, Alabama 36130

Dear Governor James: Fol-

Thank you for your recent letter of concern about the state of planning for the utilization of units of the National Guard and the Reserve.

I am delighted to hear of the high level of readiness of the Alabama National Guard. I am convinced that the units and individual members of the National Guard and the Reserve are crucial ingredients in our overall force structure as well as in our conventional determent posture. I agree that it is essential to plan in peacetime to transition during hostilities into an organizational structure that fully integrates the Guard and Reserve assets into the Active force.

I am informed that most of the Guard and Reserve units have been assigned wartime missions by the Department of Defense and are an intrinsic part of the nation's contingency plans. The strength levels and combat readiness of these units must be based on their deployment/employment schedules. I am committed to bringing those units scheduled to face an enemy first to the highest readiness levels.

I am aware that achievement of that goal requires the commitment of large amounts of resources to the solution of existing personnel and equipment shortages.

In addition to the continuous attention devoted to these matters by the Department of Defense, Secretary of Defense Weinberger has, at my direction, established a Military Manpower Task Force to

assured by Secretary Weinberger that the issues you have communicated to me will be addressed by the Task Force and, where appropriate, Issue Papers will be prepared and forwarded to me.

I deeply appreciate your continuing interest in, and support of, the National Guard and Reserve forces, and your understandable and justified pride in the units and members of the Alabama National Guard.

Sincerely,

THE WHITE HOUSE WASHINGTON

June 18, 1981

Dear Governor Jemes: 7

Thank you for your letter of May 25 and your excellent work with the Alabama Guard. Vigorous action such as you have taken in Alabama is exactly what is needed in order to build and maintain a truly effective National Guard.

I have conveyed to Cap Weinberger your concern with the current planning for the Guard and Reserve units and have urged him to review this planning in detail.

Thank you again for your letter, and I hope that other Governors will take as direct and personal an interest in the Guard as you have.

Sincerely,

The Honorable Fob James Governor of Alabama Montgomery, Alabama 36130



STATE OF ALABAMA

GOVERNOR'S OFFICE

MONTGOMERY 36130

FOB JAMES

May 25, 1981

The President
The White House
Washington, D.C. 20515

Dear Mr. President:

Your letter of May 6, concerning the National Guard, is right on target. I am pleased to report the Alabama Guard was totally depoliticized the first 90 days of this administration in 1979. Since then our authorized strength has held at 100 percent. Our combined troop strength is 22,123—the largest in the country. In Alabama .057 percent of our 3.9 million people are in the Guard. If this ratio were applied nationally, Guard units would number 1,291,077 troops.

I believe the Alabama Guard has reached a good level of military effectiveness and is well prepared to support our armed forces should any need arise. I attribute our improved situation solely to competent military leadership, which your letter recognizes as germane to overall military strength. Sir, the subject of a well-trained cadre of officers and non-commissioned officers cannot be addressed in this one letter, but I am relieved to know you personally have focused on its full meaning in the scope of our ultimate capacity to win wars.

Your concept to enlarge and broaden responsibilities of Guard and Reserve Units has great merit. If developed to its full potential, you may solve our military manpower problem without a draft or reduce its magnitude to solution by a very limited draft. We have found our Guard can attract citizens with critical skills ranging from that of mechanic to computer technician to doctor; that you can bring mainstream America, with all its talent and spirit into uniform, provided they understand their mission and are challenged to be good soldiers. If this is done well, an excellent esprit de corps can be maintained.

The President Page Two May 25, 1981

However, the role of Combat Guard/Reserve Units has not been clearly defined by the Pentagon. Neither do we have, to my knowledge, a federal plan for total deployment of all Guard/Reservist Units and a consistent method to judge our ability to respond in terms of manpower, equipment, degree of training, transportation, cadre, etc. It seems to me the central question, unanswered, is what acceptable levels of strength and combat readiness should be demanded from Guard/Reserve Units. I personally think these critical levels need to be raised and raised substantially. If this is accomplished, you have taken a mjaor step in strengthening our overall military capacity. Further, the economics of an expanded Guard and Reserve appear excellent, as the cost of maintaining an enlisted man averages \$2,888 per year compared to \$15,526 per year in our standing armed forces.

If you recall, we had a short discussion of these matters in your office several weeks ago. I hope you instruct your Secretary of Defense to develop and enforce a plan for full utilization of our Guard and Reserve Units. I believe your concept will be highly successful, provided its implementation does not bog down in Pentagon or state politics.

Mr. President, your instincts as to the direction the country should move are exactly right. As the days go by, tremendous pressures will develop from within your own staff and party and, of course, externally, to persuade you to change, temper or modify your basic philosophical beliefs. I trust you will hold a steady course as set forth in your campaign and in your administration to date.

Please know I stand ready to support you anywhere, anyway, and anytime, upon call.

Sincerely,

FJ:rw

Fud case File

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Southwest Investment and Trust

6560 N. Scottsdale Rd. Bldg. J Suite 202 Scottsdale, Arizona 85253

July 21, 1981 port fine for the series of th

President Ronald Reagan Attention: 16991 The White House Washington, D.C.

Dear Ron:

Enclosed please find R. E. White's card from Honduras. Pay no attention to what he says in print. He makes a Socialist look like Karl Marx.

Did you ever get the film I sent you on fifty years of Rancheros? Usually you acknowledge receipt of whatever I send in. Oversight? Too busy? Or did you not receive it? If you didn't receive it then the S.S. boys got it. I'll just use Billy Wilson as a carrier from now on. I used the Box Number 16991. Does that still get it to you? Please reply. I don't want our films floating around.

Have a super summer at the Ranch. Our best to Nancy.

As always,
Thomas M. O'Brien

TMO'B/jj Enclosed

2

THE WHITE HOUSE WASHINGTON

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July 9, 1981

TO: SECRETARY SCHWEIKER

FROM: CRAIG L. FULLER

FYI

) Comment

The President wanted you to have this. As his note indicates, it was given to him by one of the disabled Mt. Ranier climbers.

VINLAND NATIONAL CENTER agriculture of the Market of the M

The Vinland National Center is a worthwhile project that has been under development since 1976. It is based on a concept developed in Norway which utilizes sports and fitness training in association with other health-related personal development training as a major addition to the existing rehabilitation system. The overall concept has considerable support from experts in the fields of preventative medicine, rehabilitation, recreation and leisure, vocational and social services.

Vinland is now at a critical stage in its growth, and warrants immediate attention for the following reasons:

- * This is the United Nations "International Year of Disabled Persons";
- * This is an ideal opportunity for the Federal government to show a longterm, visual commitment to the improvement of present rehabilitative measures.
- * The Vinland National Center's concept of "HEALTHsports" was first presented at the White House on July 2, 1976, to a select audience, invited by Dr. Theodore Marrs, Special Advisor to President Ford;
- * On the day of the White House Conference, President Ford accepted, from Crown Prince Harald of the Kingdom of Norway \$1 million kroner as a bicentennial gift to begin the development of a HEALTH sports Center in Minnesota, later to be known as "Vinland National Center";
- * In July 1977, the State of Minnesota awarded a grant of \$200,000 to match the Norwegian gift and to support Vinland program planning operation;
- * In July 1978, the Vinland/HEALTHsports concept was the focus of the "First International Conference on Lifestyle and Health", co-sponsored by the Beitostølen HEALTHsports Center in Norway and the University of Minnesota;
- * In October 1978, a construction planning grant of \$600,000 was awarded by the Rehabilitation Services Administration to develop construction plans for the Vinland National Center;
- * In January 1980, Vinland acquired a 175-acre building site located 25 miles west of Minneapolis which is ideally suited for HEALTHsports training.
- * In October 1980, a grant of \$140,000 was awarded by Human Development Services Administration to conduct a series of workshops for disabled persons and their families regarding the Vinland/HEALTHsports concepts;

* In February 1981, the Stordahl Conference Center, which stands on the Vinland site was dedicated at a ceremony attended by representatives of both Federal and State governments.

All indications are that the "Vinland" approach to serving disabled persons will, in the long run be highly cost effective in that it will improve health status, enhance employability, and facilitate the use by disabled people of existing community resources.

Land has been acquired, and the schematic and design portions of planning have been completed, and programs have been defined and implemented through a national network consisting of thousands of dedicated persons standing ready to cooperate in their community with "Vinland".

What is needed now are funds to construct and initially operate this most worthwhile project.

End case File

THE WHITE HOUSE

WASHINGTON

June 30, 1981

MEMORANDUM FOR THE PRESIDENT

FROM:

MAX L. FRIEDERSDORF //

SUBJECT:

House Republican Leader Bob Michel

Bob Michel tried to call the President yesterday to follow up on a previous conversation concerning Catepillar pipe layers.

Bob understands a decision whether or not to sell these pipe layers will be made this week. He wanted to point out to the President that if the United States does not sell pipe layers to the USSR, Japan will.

I recommend that the President return Mr. Michel's telephone call.

He can be reached through his District office at: 309/673-6358.

Max
- Bolo made a posty good faith

12 The selling of these pape layers

nather than giving Japan the sale. I know

The said mysle we shouldn't sale them

amything but we are so -?? Catarpillar

has had it's 1st in hit wal layobe

of employees.

Peles

THE WHITE HOUSE WASHINGTON

Date: 7/2/81

NOTE FOR: MAX FRIEDERSDORF

The President has

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: Dick Allen

End case File

4029

THE WHITE HOUSE

WASHINGTON

The President has seen

July 13, 1981

appr

MEMORANDUM FOR THE PRESIDENT

FROM:

RICHARD V. ALLEN

SUBJECT:

Remarks by Premier Vere Bird of Antigua

Gil Robinson has relayed to me a synopsis of remarks made by Premier of Antigua, Vere Bird, at a recent luncheon.

Antigua is about to achieve independence, and will be one of the staunch supporters of the U.S. in the Caribbean. (Bird himself was re-elected in 1980).

Premier Bird also expects some leadership from us as well. To quote him:

We look to you for leadership. "We admire you" and "we respect you." It is "your duty to lead," especially in this hemisphere! You should not be deterred from protecting democracy by hypocrites who preach values they will not practice. If you will not help the Caribbean nations protect themselves, if you will not provide arms for defense, soon others will.

Look at Nicaragua. You would not send weapons, but now the Soviet Union and Cuba are.

We know how much the citizens of the United States love their freedom. Americans would not tolerate for one minute any attempt to take away their right to vote. This is the way to protect democracy. You must prevent its subversion; not wait until it is too late to correct the situation. Democracy cannot be protected once it has been allowed to disappear. The people in Grenada no longer have the right to vote, and they shall not see it again in their lifetime. It is for this reason that we appreciate the way the FBI took preventive action to end the attempt to overthrow the government of Dominica.

We look forward to independence and to the United States for the leadership of those nations which share democratic values. We look forward to exercising the right to vote, and to help from the United States in protecting that right. Most of all, we look forward to a close and cooperative friendship with the United States.

cc: The Vice President
Ed Meese
James Baker
Michael Deaver

RVA HAS SEEN 4029

NATIONAL SECURITY COUNCIL

July 8, 1981

ACTION

- MEMORANDUM FOR RICHARD V. ALLEN

FROM:

ROGER FONTAINE R

SUBJECT:

Remarks by Premier Vere Bird of Antigua

At your request, a memo to the President outlining Premier of Antigua, Vere Bird's recent remarks about the U.S. and its role in the Caribbean is at Tab I.

RECOMMENDATION

That you sign the memo to the President at Tab I.

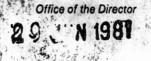
Approve		Disapprove *	
PPLOVO	· · · · · ·	DIDUPPLOVE	

Attachment

Tab I - Memo for signature to the President, Tab I A - Incoming correspondence

Anted States of America

Washington, D. C. 20547





June 25, 1981

Dear Dick:

Last Friday, I hosted a luncheon for Vere Bird, the Premier of Antigua. During the luncheon Premier Bird discussed Antigua's move towards independence from Great Britain, and he said he looks forward to a close relationship with the United States. He expressed his admiration and respect for our country and said Antigua would look to the United States for leadership.

I believe the President will be very pleased that Premier Bird shares his feelings regarding our relationship with Antigua, and I feel Premier Bird would be a great asset for our country as a speaker at the United Nations and elsewhere.

Enclosed is a copy of Premier Bird's paraphrased remarks which I thought you would be interested in seeing.

With warm regards.

Sincerely,

Gilbert A. Robinson Acting Director

The Honorable
Richard V. Allen
Assistant to the President
for National Security Affairs
The White House

REMARKS BY PREMIER VERE BIRD OF ANTIGUA AT LUNCHEON HOSTED BY GILBERT A. ROBINSON ON JUNE 19

After thanking his guests for a cordial reception and their warm hospitality, Premier Bird made some remarks concerning his country's move toward independence, relations with the United States, and the leadership role the United States has in the Caribbean. Premier Bird spoke for 10-15 minutes with obvious intensity. His remarks are paraphrased below:

As Antigua moves toward independence, we are watching events in the Caribbean very closely, and with great interest. Great Britain is no longer as powerful as it used to be, and it is natural that we should look forward to a close relationship with the United States. The "democratic way of life" and "individual rights" are as important to us as they are to you. Because Antigua and the United States respect the same values, we have a foundation for friendship and cooperation.

We look to you for leadership. "We admire you" and "we respect you." It is "your duty to lead," especially in this hemisphere! You should not be deterred from protecting democracy by hypocrites who preach values they will not practice. If you will not help the Caribbean nations protect themselves, if you will not provide arms for defense, soon others will. Look at Nicaragua. You would not send weapons, but now the Soviet Union and Cuba are.

We know how much the citizens of the United States love their freedom. Americans would not tolerate for one minute any attempt to take away their right to vote. This is the way to protect democracy. You must prevent its subversion; not wait until it is too late to correct the situation. Democracy cannot be protected once it has been allowed to disappear. The people in Grenada no longer have the right to vote, and they shall not see it again in their lifetime. It is for this reason that we appreciate the way the FBI took preventive action to end the attempt to overthrow the government of Dominica.

We look forward to independence and to the United States for the leadership of those nations which share democratic values. We look forward to exercising the right to vote, and to help from the United States in protecting that right. Most of all, we look forward to a close and cooperative friendship with the United States.

Thank you very much.

RECEIVED 09 JUL 81 15

FROM ROBINSON, G

DOCDATE 25 JUN 81

FONTAINE

08'JUL 81

KEYWORDS: ANTIGUA

CARIBBEAN

BIRD, VERE

SUBJECT: REMARKS BY PREMIER BIRD OF ANTIGUA RE US IN CARIBBEAN

ACTION: FWD TO PRES FOR INFO DUE: 10 JUL 81 STATUS X FILES

FOR ACTION

FOR COMMENT

FOR INFO

ALLEN

BAILEY

COMMENTS

REF#

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(H/)

ACTION OFFICER (S) ASSIGNED

ACTION REQUIRED DUE COPIES TO

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MEMORANDUM

The President has seen____

washington
July 13, 1981

THE WHITE HOUSE

MEMORANDUM FOR:

DAVID FISCHER

FROM:

SUBJECT:

JACK BURGESS
OFFICE OF PUBLIC LIAISON

OFFICE OF

MEETING WITH POLISH AMERICAN LEADERS

The President meets this morning at 11:00 with leaders of the Polish American community.

A new issue that may be raised is the one discussed on the front page of this morning's <u>Washington Post</u>, concerning the sale of feed corn to Poland. Congressman Ed Derwinski of Illinois has taken the lead on this issue and is pushing for increased sales to shore up Poland's economy. (400,000 tons of corn worth \$80 million.)

If the question is brought up, I suggest the President reply that the issue is being looked at by the White House, Department of Agriculture, and Department of State. No decision has yet been made, but we are cognizant of Poland's needs and will do our best to be supportive.

cc: Elizabeth Dole

invasion chased him from he Khmer Rouge still do not fundamental Vietnamese of Cambodia, the sources

me, the Vietnamese war efears to be having increasingis repercussions. There are a small but spreading curntiwar sentiment, especially he young men of southern who make up much of the in force in Cambodia.

proponents here of Vietz-year-old communist govblame the war in large part country's severe economic s. However, there is no n that this linkage is made /IETNAM, A15, Col. 1



In summertime, generations of the 12-square-block Little Italy gather on their front steps each evening

for conversation. It is a part of the rhythm of life here, like going to mass at St. Leo's every Sunday morning.

and the brickyard and the construction pits around 3:30 p.m. The women have dinner on the table at 5 or 5:30, the local news is done at 6:30, the national an hour later.

And then, on those summer nights when the breeze comes up from the harbor, rustling the Bradford pear trees on Stiles Street, spinning the big yellow sunflowershaped pinwheel on John Pente's rooftop terrace, sending the wonderful smells of Little Italy's restaurants all over the neighborhood, life moves out of doors, to the front stoops.

Conversation floats through the night, a hundred conversations become one sound, the sound of summer in the city, as constant and as familiar as the clicking of the crickets in the country. Only rarely does the drone of air-conditioning, or TV intrude, though on some nights, if Pompei Apicella

See STOOPS, A2, Col. 1

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stakes in what has bethe Du Pont Co. for mpany. Under the new .77 billion in cash for of \$3 billion in cash and outlay by Seagram will remains to be seen.

olagued transportation Secretary Drew Lewis get his airport policy week, would limit the ould use National Air-

ness



REP. EDWARD J. DERWINSKI
... sees issue as signal of U.S. attitude

Corn Deal Key to Future of U.S. Aid to Poland

By Murrey Marder Washington Post Staff Writer

On the eve of a crucial Communist Party congress in Poland, some senior officials in the Reagan administration are attempting to initiate new support for that nation's precarious experiment in democratization.

But it is not any threat of Soviet military intervention that preoccupies American policymakers. Instead, what is unfolding today in Washington as a counterpoint to what is unfolding in Poland is literally at the "chicken feed" level.

Several senior administration officials are scheduled to discuss one of Poland's most tangible needs more food — with a congressman never ranked anywhere near the center of geopolitical thought: Edward J. Derwinski, a burly, conservative Republican representative from Illinois' 4th Congressional District.

Derwinski is noted in and outside his home base in Cook County for loud sports coats, a dry wit, fluent Polish and ardent Roman Catholicism, as well as his positions as ranking Republican on the House Post Office and Civil Service Committee and second-ranking Republican on the House Foreign Affairs Committee. When John Paul II became the first pope to visit the White House in 1979, Derwinski, then-Sen. Edmund S. Muskie (D-Maine) and House Foreign Affairs Committee Chairman Clement J. Zablocki

(D-Wis.) were an impromptu trio on the South Lawn, singing, in Polish, "Sto Lat" — live a hundred years.

Now Derwinski is a leading figure in determining whether Poland will receive in the next few months about 400,000 tons of American corn, worth about \$80 million, to feed chickens that it otherwise would have to slaughter in huge numbers. This issue, Derwinski maintains—and many State Department specialists agree—will be construed in Poland as a new signal of U.S. willingness or unwillingness to help Poland's reformers, as one senior offi-

See DEBT, A4, Col. 1

Poles expect no Soviet interference in their congress. Page A4

COCCORDANAMENT OF THE STATE OF



THE VICE PRESIDENT WASHINGTON

July 10, 1981

MEMORANDUM FOR THE PRESIDENT

FROM:

The Vice President

SUBJECT:

Ottawa Economic Summit

After extensive and in-depth interagency coordination, the Cabinet-level task force you asked me to chair completed our Ottawa Economic Summit preparations and provided briefing and background books to your staff June 26. Your staff is now putting the final touches on the materials and ensuring they are in a form which meets your desires. You should receive the package and the schedule shortly. The original books were lengthy but included some excellent back-up material, some of which I hope you will have a chance to read.

As you know, the Summit will address a wide range of important economic matters, including macroeconomic policy, energy, trade, North-South issues, and East-West economic relations. There will also be substantive political talks on some critical issues of concern to us and our Summit partners. Developing options and positions on this broad agenda for your decision has proved to be a demanding but rewarding task. Many of the issues have been contentious, but all of the agencies and departments involved in our preparations have cooperated and assisted extraordinarily well. We used a number of mechanisms to coordinate policy, including several Cabinet Councils, the NSC, Interdepartmental Groups, meetings of the Summit country Personal Representatives ("Sherpas"), and informal meetings between my staff, yours, the NSC staff, and members of the Cabinet departments. All in all, interagency coordination has been extremely smooth and effective. The result has been, in my view, a set of sound and well-considered proposals for your consideration.

The luncheon briefing meetings Dick Allen is setting up next Thursday and Friday will give you a chance to go over the issues in depth and to make any revisions you want.

Although my formal part of the preparations is completed, I will continue to monitor the progress. I'll be glad to help in any way I can.

End Case File

End case File

July 15, 1981

MEMORANDUM FOR THE SECRETARY OF HEALTH AND HUMAN SERVICES

FROM:

CRAIG L. FULLER

DIRECTOR

OFFICE OF CABINET ADMINISTRATION

SUBJECT:

Social Security

The President asked that I forward to you the attached article on social security which he thought would be of interest.

Attachment -

BARRON'S PY

Memo to Young Workers

The Burdens of Social Security Now Greatly Exceed the Benefits

BY SHIRLEY SCHEIBLA

WASHINGTON — Late last month, the House of Representatives passed HR 1, which President Nixon has described as "the most important social legislation in 35 years." The Senate Finance Committee will open hearings on it this month. Numbering 687 pages, HR 1 combines a multitude of Social Security increases and welfare "reforms." The latter, including the federalizing of welfare and a guaranteed annual wage of \$2400 for a family of four, are so highly controversial that the public spetlight has focused on them, giving only passing notice to provisions for a 5% increase in Social Security cash benefit payments, plus automatic escalation based on the cost of living.

The tremendous impact of the Social Security provisions became apparent only during the House debate. Rep. Wilbur D. Mills (D., Ark.), Chairman of the Ways and Means Committee, told his colleagues: "Let me just tell you, it contains 43 separate amendments to the provisions of the act relating to the Social Security cash benefit program. The Social Security amendments alone in the bill are equivalent in cost to a 19% across-the-board increase in benefits, according to the estimates of the staff of the Committee on Ways and Means, or 21% according to a former Secretary of Health, Education and Welfare, who is quite an authority himself."

Complex Affair

As Rep. William L. Scott (R., Va.) declared on the House floor: "Certainly it is too large and too complicated a bill for the members of the House who do not serve on the committee to understand fully." Far too complex to describe here, those 43 amendments liberalize qualifications for benefits and extend coverage for new groups ranging from firemen in Idaho to members of religious groups who have token vows of poverty.

Igious groups who have token vows of poverty.

The cost of living escalation would be financed by automatic rises in the base, which, without such hikes, would go from \$7,800 at the present time to \$10,200 in 1972. (Current law would raise the base to \$9,000 in January.) The contribution rate, now a combined 9.2'c on employer and employe, and scheduled to go to 10.3'c in 1976, would go up to 12.2'c in 1977 under HR 1, with an additional 2.6'c for hospital insurance. According to the U.S. Chamber of Commerce, "Preliminary estimates show a projected taxable wage base of \$14,700 in 1980, for a combined tax of \$2,175.60."

The 5'c increase in benefits bare-

The 5'c increase in benefits barely got out of committee. After being assured by an official of the Social Security Administration that President Nixon opposed it, all 10 Republican members voted against it on the first vote. This produced a tie of 12-12, with one Democrat absent. "You'd be amazed at the horse trading that went on in committee," one member told Barron's. A second vote mustered enough votes to report out the 5'c by a bare majority. The Republicans reportedly were

"The (Social Security) tax increases we have enacted in recent years and are recommending in this bill (HR 1) make (Social Security) payroll taxes a heavier burden for most taxpayers than the income tax... We simply must give as much attention to the burden we are imposing as to the benefits we are dispensing... I believe we have gone about as far as we can or ought to go in imposing payroll tax burdens... We simply must remember that the income that a worker can currently devote to future contingencies is limited by his ability to meet the immediate needs of his family. If the cost of Social Security cuts too deeply into daily living requirements, people will begin to make unfavorable comparisons between current costs and distant benefits. If the time ever comes that current workers are unwilling to bear the cost of providing benefits to current retirees, the Social Security system will be in real danger...."

Rep. John W. Byrnes (R., Wis.) ranking minority member of the Ways and Means Committee during House debate on HR 1.

preparing to file dessenting views, when President Nixon publicly congratulated the committee for its action. "We felt as if the rug had been pulled out from under us," one Congressman complained. The form in which the bill left the committee was unusually important since the House considered the measure under a closed rule permitting no changes on the floor.

Pell-mell expansion of Social Security has caused even long-time friends of the program to voice reservations and doubts, notably as to whether young breadwinners can ever get their money's worth in retirement benefits after contributing at the highest rates in history. Those expressing concern include several Congressmen: Robert J. Myers, actuary for the Social Security Administration (SSA) since its beginnings (until he resigned last year); Young Americans for Freedom; the Morgan Guaranty Survey; and columnist Sylvia Porter, who, in 1965, was defending the equity of Social Security for all.

Voices also are being raised against the use of general funds of the Treasury and automatic escalation. In a separate statement filed with the 1971 Report of the Advisory Council on Social Security, Gabriel Hauge warned: "The adoption of an 'escalator clause' for Social Security payments would give additional support to the already insistent demands for inflation protection through escalation in a whole range of other private contracts. I do not see how we, as a nation, can wage a successful battle against inflation by automatically adjusting to it."

Working Man's Burden

Opposing the use of general funds of the Treasury, Morgan Guaranty Survey declared: "People need regularly to be reminded, by the squeeze on their pocketbooks, that a lavish hand with pension checks for the retired will mean a heavier burden for everyone who works."

squeeze on their pocketbooks, that a lavish hand with pension checks for the retired will mean a heavier burden for everyone who works."

Mr. Myers, another foe of general revenue financing, added that if the views of the "expansionists" are followed, it will become inevitable; "present direct payroll taxes are already scheduled to go to levels that create dissatisfaction among active workers."

These "expansionists," he explained, believe that private pension plans, savings, life insurance and investments are largely unnecessary, and that the federal government instead should provide virtually everybody with adequate retirement and/or disability benefits. Mr. Myers went on to say that the expansionists include the two top officials in the Social Security Administration, Commissioner Robert M. Ball and Denuty Commissioner Robert E. Hess. Both are Democratic political appointees held over by President Nixon. According to Mr. Myers, Ball and Hess are not supporting the Administration position on Social Security and are failing in their duty to point out the dangers of the present course, Indeed, when he said as much a year ago, in three speeches which he made against the advice of SSA, his resignation was abruptly accepted.

Winding Up in Hole

It appears likely that future contributors will have to finance about half a trillion dollars in Social Security obligations already incurred. Whatever the precise figure, under either existing law of HR 1, it is certain that contributions by the young will exceed what they ever can hope to receive in benefits. According to SSA, under present law maximum old age and survivors contributions by a person now 18 years old will come to \$19,270 for his working life of 46 years. But the total fails to include the interest which the money could earn if not pre-empted by Social Security. Including interest, calculated at a modest 51.27, the 18-year-old's contributions alone come to \$85,724. Since his employer matches them, the total comes to \$171,448. With that sum he could buy a private annuity to pay him \$17,316 a year, or \$224,-242 over the life expectancy calculated by SSA.

The agency, however, says that the maximum benefits he can expect from the government come to \$80,888, including benefits for a wife and widow. Even that figure may be high, however, since SSA assumes he will live to 79, whereas the Internal Revenue Service actuarial table puts his life expectancy at only 71.9 years.

The SSA holds that an employer's contributions should not be part of the calculation. However, most economists view the employer's contribution as a form of wages, which otherwise might be paid directly to the worker. Hence, in effect, the employer's contribution comes out of the employe's pocket. But even doing it SSA's way, and counting only the 18-year-old's contributions, he still would wind up \$4,836 in the hole.

Higher Mathematics

Under HR 1, now pending, the situation for the 18-year-old worsens. SSA calculates his maximum contributions at \$24,273. With interest at 51.2%, that comes to \$107,933. Matched by his employer, the sum grows to \$215,966. For that amount, the worker could buy a private annuity to pay \$21,804 a year, or \$282,-362 over the life expectancy calculated by SSA. The agency figures his benefits under Social Security at \$94,904, which is \$13,079 less than his contributions with interest, not counting those of his employer.

This is a far cry from the modest beginnings of Social Security. The law was enacted in 1935, and payroll deductions under it began in 1937. Until 1950 they remained at 1% each for employers and employes on a

after deductions started, the first benefits were paid. Small wonder that the program won overnight popularity. For the early retirees, it was a windfull.

it was a windfull.

Even today, to one has contributed his full share feward Social Security. SSA furres a person working life at 46 years. Since the system began in 137, simple arithmetic shows that it will be 1981 before anybody will have contributed all his working life.

Nevertheless, the Constant clamp

Nevertheless, the constant clams or for more indicates hat few are satisfied with what they get. No one can deny that inflation is eating away at benefits. With their rolls continually growing however, recipients constitute a fermidable constituency (now numbe. bg 26.9 million), which has been ab a to obtain benefit increases in excess of the rise in the cost of living.

the rise in the cost of living.

While Congress has raised benefits 45% since mid-1965, the vonsumer Price Index has gone up 26.9%. Earlier this year Congrevaised benefits 10%, although the Administration, arguing that 6% would fully compensate for higher living costs, urged the lower figure. Now Congress is likely to raise benefits again under HR 1, which calls for another 5% boost as well as automatic escalation in line with rises in the Consumer Price Index.

According to Mr. Myers, Messrs. Ball and Hess proposed a tax base of \$15,000, but were turned down at the White House and Congress. Expansionists, Mr. Myers says, also

Continued on Page 10

Sec. Dick Schniber

Dide mie Soc. Sec. is stil mith us thought this 1975 prices month be of interest & you.

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MEMO TO YOUNG WORKERS

Continued from Page 5

have suggested that an employer should pay a Social Security tax on his entire payroll. This not only would require him to give a disproportionately higher contribution, but it also would promote SSA's idea that "Social Security is a social equity rather than an individual equity system."

To this idea, Mr. Myers responds that "many people don't realize that the employer is going to pass on the increase in his costs, either in the form of lower wages or higher prices."

"Pay-as-you-go"

Politics explains why Congress hasn't raised Social Security taxes enough to fund the obligations incurred under new benefits, even though, as noted, all contributions and wage bases are rising inexorably. The system now is run on what is called "pay-as-yougo." That means Social Security trust fund receipts are supposed to balance outgo in any one year, with anything over and above that deemed surplus. Ever since the socalled "uniform" federal budget was adopted in 1969, it has even been counted as a surplus to offset deficits in the federal budget. That year, when President Johnson predicted a budget surplus of \$3.5 billion, he was counting on a Social Security "surplus" of \$7 billion, according to Mr. Myers. For fiscal 1972, the "surplus" is estimated at \$8.6 billion.

Nevertheless, staggering unfunded obligations are piling up which must be met in future. SSA has not calculated this debt since 1962, when it was put at \$321 billion. After making a ball park estimate of \$500 billion, Barron's consulted Mr. Myers, who said: "It does not sound unreasonable." If Congress passes HR 1, the debt will be even larger.

While the Ways and Means Committee held only closed hearings on HR 1, Rep. Joel T. Broyhill (R. Va.) told Barron's that it did not consider the unfunded obligations.

"Future Commitments"

In a separate statement in the 1971 Report of the Advisory Council on Social Security, Messrs. Charles A. Siegfried, Robert C. Tyson and Dwight L. Wilbur declared: "We are concerned that many people, including some in the Congress, appear not to be cognizant of the extent of the existing future commitment of resources under Social Security and the extent to which this commitment is increased when the program is expanded. Maximum attention should be given to exist-

ing commitments in evaluating the present program and proposals for changes in it."

In response to the re-port's recommendations for further expansion of Social Security, including automatic cost of living increases in benefits, Messrs. Siegfried, Tyson and Wilbur commented that it "ignores the total tax burden placed on the average taxpayer by Social Security plus other federal, state and local federal, state and local taxes. It tends to ignore the long-held premise that the responsibility primary take care of himself and his family rests with the individ-ual and not with other tax-payers. We believe the recommended expansions constitute further encroachment on the functions presently performed by private retirement plans, individual sav-ings, and other efforts by or on behalf of the individual and that these encroachments will reduce the ability and incentive to save and invest—thus further curtailing individual responsibility."

Formula for Success

The three advisors observed: "The ultimate success of any security program—public or private—depends upon three interrelated factors: first, private invest-

ment to create self-sustaining employment opportunities; second, economic growth and prosperity to provide high standards of living; third, a stable economy which will not suffer the ravages of inflation and so will protect the value of savings. . . .

ings....
"It would be much more in the public interest to encourage the growth and soundness of private retirement plans rather than restricting and hampering such plans." They went on to explain that the frequent changes in Social Security in recent years have made it impossible to integrate private plans with it.

The trio added: "Private plans are an important source of savings for developing the job-creating tools of production, whereas Social Security provides no capital formation."

According to Mr. Myers, "expansionists" within SSA are leading the system into socialism. He told Barron's: "I think SSA has purposely obscured from Congress the real and tremendous impact on the social and economic fabric of the country of the new benefits Congress already has and is about to legislate."

STATISTICS DON'T LIE

Continued from Page 9

tiating team in Paris. However, we feel that 1970 new sales and redemptions of existing funds just about broke

For the first quarter this year (taking out the Lord Abbett Bond Debenture Fund) redemptions amounted to 90% of new sales. However, even these figures are fudged, since the ICI counts reinvested capital gains distributions as new sales. Consequently, for the last 15 months (taking out new funds offered) net new sales and redemptions have just about matched.

The May figures just released could not show anything but net redemptions, for the first time (under the ICI system) in 31 years. A lot of reasons were given. Normally small investors sell out on any rally after a bear market, and May is supposed to be an off month. However, probably the most important reason would be the large number of formerly affluent mutual fund salesmen who have gone into other lines of endeavor. The funds covered by the ICI are predominantly the ones that are sold, not bought. In any case, redemptions exceeded sales by \$121 million, and mutual fund cash was reduced to \$2.6 bil-

In the past, when pressured, we could list five or six "unexpected events" that might bring about the long awaited correction. Mutual fund net redemptions was not one of them. While this factor does have large psychological significance, unless the trend accelerates it is not that important, in our opinion.

Mutual fund assets account for roughly 15% of total institutional holdings of securities. Their actions are well publicized, but they are still only a small part of the total. True, most of their ammunition is depleted as a renewed bull market propellant, and relatively larger amounts of cash will have to be retained should net redemptions continue.

We do not view these developments as a change in the basic trend. We have stated that the first stage of a bull market goes further and lasts longer than most people expect. At some point the market gets ahend of the economy and, following some unexpected development, a correction sets in. The correction currently underway following a genuinely unexpected development should have further to go. However, we would view this reaction as a normal correction in a bull market.

Fud cyse File



THE VICE PRESIDENT WASHINGTON

MEMORANDUM TO: THE PRESIDENT

July 28, 1981

FROM:

THE VICE PRESIDENT

Given some of the problems facing us, I thought you might be interested in the attached letter from Paul Findley. Findley is very anti-Begin, but his letter contains some interesting history.

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HOUSE OF REPRESENTATIVES WASHINGTON, D. C. 20515

PAUL FINDLEY
TWENTIETH DISTRICT

July 23, 1981

The Honorable George Bush The Vice President Executive Office Building Washington, D.C. 20501

Dear George:

As a follow-up to my letter of yesterday enclosing the account you requested of President Carter's dealings with Prime Minister Begin, I have now learned of yet another such incident, this one in 1978. You will recall that during the Lebanese civil war that year, Israel invaded Lebanon with U.S.-supplied tanks, armored personal carriers and artillery. This, of course, violated U.S. law and President Carter promptly called upon Israel to remove the U.S.-supplied equipment. Israel did remove some of it, but not all, as U.S. intelligence was able to confirm. As a consequence, President Carter gave Prime Minister Begin an ultimatum that he either withdraw the remaining U.S.-supplied equipment or the President would cut off all military supplies as the Arms Export Control Act requires. Begin fumed, but he also immediately complied.

That incident occurred a full year earlier than the one about which I wrote to you yesterday in which President Carter, in 1979, gave Begin an ultimatum that he stop bombing Lebanon or Carter would demand that Congress enforce the Arms Export Control Act and cut off all military supplies.

Prime Minister Begin is tough to deal with, perhaps tougher than President Reagan had anticipated. But with resolute firmness, The Honorable George Bush July 23, 1981 Page 2

he can be controlled. Sure do hope you will get these facts into the proper hands, George, so that the President can get this situation under control.

Paul Findley

Sincerel

Representative in Congress

THE WHITE HOUSE WASHINGTON

Date: // July da	Date:	7/30/81
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NOTE FOR: THE VICE PRESIDENT

The President has

seen xx

acted upon____

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

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

cc: Files

End Case File

July 15, 1981

Dear Marion and Paul:

Just a quick line to answer your letter of May 15 - to apologise for being late in answering but to tell you also how much I enjoyed hearing from you.

Thank you very much for your kind words. I agree with you - I don't think our children are being given the lessons in patriotism that we received, and I think it's something we must take care of. Now is the time because I sense a wave of patriotism and a hunger for spiritual revival all over this land.

Nancy sends her best as do I. bless you both.

Sincerely,

BONDEN REACON /S/ RON

Mrs. Paul Miller 809 South Ogden Drive Los Angeles, California 90036

FROM RR TAPE: VS

Dear Mrs. Miller:

I was pleased to receive your recent message and want you to know how much I appreciate hearing from you.

Your expression of support and friendship as we embark on our road to a national renewal confirms my faith in the ability of our people to work together, meet our problems head on, and accomplish our common goals.

With heartfelt thanks and best wishes

Sincerely,

RONALD REAGAN

Mrs. Marion Miller: 809 South Orden Drive Los Angeles, California, 90036

RR/RCH/AVH/gjc

Marion Miller 809 S. Ogden Dr. Los Angeles, California 90036 936-8600

May 15, 1981

President Ronald Reagan The White House Washington, D.C. 20500

Dear President Reagan:

The world is a better place to live in these days thanks to you and the hope for peace and prosperity that you have given the people. Everywhere there is a growing optimism that the future is brighter. How grateful the people are that your life was spared through the Grace of God. We know that your destiny is to serve our beloved Nation as its President for many years to come.

Paul and I are especially grateful to you for your gracious pardon of the two FBI agents who did their duty as they had been trained to do for the security of our Country. You have the undying respect of all patriotic Americans for your courage and compassion. It is men such as you with charisma, clear minds and great courage who make America stronger. Yes, America does need heroes, and we know you to fit in that mold. Our Nation has not focused on heroes in the past few decades, not that they weren't present. There has been too much emphasis on the common man rather than the "uncommon man". Where did we go wrong?

I truly believe that the primary root of this disaffection for our heritage and Nation stems from the educational system. Somewhere, in our teacher training curricula there is needed positive focus and emphasis on what is "right about America" instead of the constant nit-picking and downgrading of our way-of-life. Perhaps a COMMISSION ON AMERICANISM could be instituted in the Department of Education in order to encourage a more positive image of our system among our youth.

In our lectures, Paul and I always ended on the theme that our schools rather than emphasizing what we are against, should bring out that which we are <u>for</u>! After all, it is true love of Country or patriotism which is the strength of any Nation, for which the people will make any sacrifice. Our educational program should seize the opportunity to tell the truth about the Free Enterprise system which has made this Nation the strongest economically and politically that has ever existed. Only in proportion to the reduction of this system will our strength diminish. Yes, we were definitely sliding backwards, but now, with you at the helm, Mr. President, there is renewed hope and faith that the U.S.A. will rise again to greater glory than ever.

Please consider me ever at your call to duty for God and Country. It would be my greatest honor to serve our Country again in any capacity which you might deem appropriate. With our sincerest warm wishes for your continued good health as well as beloved Nancy, we remain,

Respectfully yours,

marion

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