

Ronald Reagan Presidential Library

Digital Library Collections

This is a PDF of a folder from our textual collections.

Collection: White House Office of Records Management:
Presidential Handwriting File, 1981-1989 (COPY SET)

Series II: Presidential Records

Folder Title: Folder 38 (05/11/1982-05/17/1982)

Box: 3

To see more digitized collections visit:

<https://www.reaganlibrary.gov/archives/digitized-textual-material>

To see all Ronald Reagan Presidential Library Inventories, visit:

<https://www.reaganlibrary.gov/archives/white-house-inventories>

Contact a reference archivist at: **reagan.library@nara.gov**

Citation Guidelines: <https://reaganlibrary.gov/archives/research-support/citation-guide>

National Archives Catalogue: <https://catalog.archives.gov/>

Last Updated: 06/17/2025

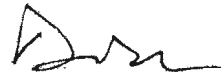
THE WHITE HOUSE
WASHINGTON

May 7, 1982

MR. PRESIDENT:

Attached for your signature
is the letter you drafted
to Mr. William Breisky,
Editor of the Cape Cod Times.

It is concurred in by
Dave Gergen and the Research
Office.

A handwritten signature in dark ink, appearing to be 'Darman', written in a cursive style.

Richard G. Darman

THE WHITE HOUSE
WASHINGTON

May 11, 1982

Dear Mr. Breisky:

I'm replying (although I'm quite tardy in doing so) to your column entitled, "Thank you, Mr. President." And may I say thank you for your kind words.

You also had some questions, so here are some answers. Your first one was about education and how we could make sure that all children had equal opportunity to get an education. I believe the answer to that is in a public school system that started at the local level when virtually all education was by way of private and/or church-supported schools. Then came the tax-supported state colleges and universities. And finally the system of two-year colleges supported at the local level. In California there are more than 90 of these. Now and in very recent years we have, in addition to this great public educational system, loan and scholarship programs at State and Federal levels. Our budget proposal for 1983 calls for nearly seven million grants and loans.

There was a question about how high a level of unemployment and interest rates the people could tolerate. The interest rates must come down to a fair return for the lender. At present he must charge an interest rate covering that plus the loss in value of his money over the period of the loan due to inflation. We have lowered inflation from 12.4% to 3.2% for the last six months. Interest rates have come down about 20% but that isn't enough. Inflation must be eliminated.

As for unemployment, so long as one person able and willing to work remains unemployed the rate is too high.

What guarantee do we have that the U.S. won't launch a preemptive nuclear strike against the Soviet Union? Look at the record. There have been four wars in my lifetime. The United States didn't start one of those. After World War II when we were the only nation with the "nuclear bomb," we offered to turn everything to do with nuclear power over to an international body. I have proposed negotiations to eliminate intermediate-range nuclear missiles in Europe and such negotiations are under way in Geneva. We are planning for negotiations to start reducing the strategic weapons.

Now and last -- what you call "record" defense spending. Over several years preceding my Administration defense spending was reduced so much that we created a window of vulnerability vis-a-vis the Soviet Union. Maybe our budget is "record" compared to those of the previous administrations but only in such a comparison. Less than 30% of our 1983 budget proposal is for defense. In 1962 President Kennedy's budget for military spending was 46% of the total budget. We are spending on defense an amount equal to about 6% of the GNP; President Kennedy spent 9%. I only picked this single year -- 1962 -- as an illustration but it was typical of the peacetime military spending.

I hope this answers the questions you didn't have a chance to ask. I assure you we are striving to reduce the deficit and hope one day to eliminate it and inflation as well.

Sincerely,

Ronald Reagan

Mr. William J. Breisky
Editor
Cape Cod Times
319 Main Street
Hyannis, Massachusetts 02601

R 5/4/82

005054

THE WHITE HOUSE
WASHINGTON

Debbie,

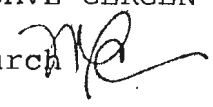
Can you get this
thru the process so
it gets out. Also -
can you check + make
sure the RR letter
to N.Y. Times went
out.

Thanks

JB
John F. Kennedy
from 11

7-22-81 07
THE WHITE HOUSE
WASHINGTON
April 29th

MEMORANDUM FOR DAVE GERGEN

FROM: Misty Church 

RE: REAGAN LETTER

Attached is the letter you wanted checked with only a couple minor changes.

The two number changes are important:
(1) changed inflation reference to reflect most recent figures to 3.2% average for last 6 months; (2) changed JFK's defense percentage of '62 budget to 46%. Stat. Abstract lists it as 45.9%. (We've used this figure a couple times recently.)

The other two changes are qualifiers. One isn't really necessary. We're providing 6.9 million grants and loans so I added worded "nearly" before seven million. And, on pg. 2, our '83 defense spending as % of GNP is actually 6.4% so I added "about". I would prefer if it said 6½ or 6.4% though. Whatever you think is best.

Let me know if there is more I can do.

P.S. RR was right on regarding 2-yr. colleges in Ca. It's 97!

cc: Aram Bakshian

THE WHITE HOUSE
WASHINGTON

Research

Date: 4-26-82

TO:

Aram

FROM:

DAVID R. GERGEN

FYI:



LET'S DISCUSS:



COMMENT:

*Aram - we need
the facts checked
out in this one.*

Thanks

Columnist & editor (?) Bill Breisky

Dear Mr. Breisky

I'm replying (although I'm quite tardy in doing so) to your column entitled, "Thank you Mr. President". And may I say I thank you for your kind words.

You also had some questions so here are some answers. Your first one was about ed. and how we could make sure that all children had equal ~~ed.~~ opportunity to get an ed. I believe the answer to that is in a public school system that started at the local level when virtually all ed. was by way of private & ~~religious~~ or ~~state~~ church supported schools. Then came the ~~great~~ ^{state} tax supported colleges & universities. And finally the system of two year colleges supported at the local level, in Calif. There are more than 90 of these. Now & in very recent years we have in addition to this great public educational system, loan & scholarship programs at state & Fed. level. Our budget proposal for 1963 calls for 7 mil. grants & loans.

There was a question about how high a level of ~~unemployment~~ unemployment & interest rates the people could tolerate. The interest rates must come down to a fair return for the lender. At present he must charge an interest rate covering that plus the loss in value of his money over the period of the loan due to inflation. We have lowered inflation from 12.4% to 4½% ^{for} the last 6 months. Interest rates have come down about 20% but that isn't enough. Inflation must be eliminated.

As for unemployment, so long as one person able & willing to work remains unemployed the rate is too high.

What guarantee do we have that the U.S. won't launch a preemptive nuclear strike against the Soviet U. Look at the record. There have been 4 wars in my lifetime. The U.S. didn't start one of those. After W.W. when we were the only nation with the "nuclear bomb", we offered to turn everything to do with nuclear power over to an international body. I have proposed negotiations to eliminate intermediate range nuclear missiles in Europe and

Such negotiations are underway in Geneva. We are planning
~~for~~ for negotiations to start reducing the strategic weapons.

Now & later - what you call ^{Record} ~~Record~~ defense
spending. Over the several years preceding my admin.,
defense spending was reduced so much that we created
a window of vulnerability vis a vis the Soviet U. Maybe
our budget is "Record" compared to those of the previous
admin. but only in such a comparison.

Less than 30% of our '83 budget proposal is
for defense. In 1962 J.F.K.'s budget for mil. spending
was 48% of the total budget. We are spending on defense
an amount equal to 6% of the G.N.P.; J.F.K. spent
9%. I only picked this single year - 1962 and am
~~just~~ illustrating but it was typical of the peacetime
mil. spending.

I hope this answers the questions you didn't have a
chance to ask. I assume you are striving to reduce
the deficit and hope one day to eliminate it & inflation
as well.

Sincerely,

RR

April 26, 1982

Dear Mr. Breisky:

I'm replying (although I'm quite tardy in doing so) to your column entitled, "thank you, Mr. President." And may I say thank you for your kind words.

You also had some questions so here are some answers. Your first one was about education and how we could make sure that all children had equal opportunity to get an education. I believe the answer to that is in a public school system that started at the local level when virtually all education was by way of private and, or church supported schools. Then came the tax supported state colleges and universities. And finally the system of two year colleges supported at the local level. In California there are more than 90 of these. Now and in very recent years we have in addition to this great public educational system, loan and scholarship programs at state and federal levels. Our budget proposal for 1983 calls for ^{nearly} seven million grants and loans.

There was a question about how high a level of unemployment and interest rates the people could tolerate. The interest rates must come down to a fair return for the lender. At present he must charge an interest rate covering that plus the loss in value of his money over the period of the loan due to inflation. We have lowered inflation from 12.4% to ~~4.2%~~^{4.3%} for the last six months. Interest rates have come down about 20% but that isn't enough. Inflation must be eliminated.

As for unemployment, so long as one person able and willing to work remains unemployed the rate is too high.

What guaranty do we have that the U.S. won't launch a preemptive nuclear strike against the Soviet Union? Look at the record, There have been four wars in my life time. The United States didn't start one of those. After World War II when we were the only nation with the "nuclear bomb", we offered to turn everything to do with nuclear power over to an international body. I have proposed negotiations to eliminate intermediate range nuclear missiles in Europe and such negotiations are underway in Geneva. We are planning for negotiations to start reducing the strategic weapons.

Now and last -- what you call "record" defense spending. Over several years preceding my administration defense spending was reduced so much that we created a window of vulnerability vis-a-vis the Soviet Union. Maybe our budget is "record" compared to those of the previous administrations but only in such a comparison.

46 7.

Less than 30% of our 1983 budget proposal is for defense. In 1962 J.F.K.'s budget for military spending was 40% of the total budget. We are spending on defense an amount equal to ^{about} 6% of the G.N.P.; J.F.K. spent 9%. I only picked this single year -- 1962 -- as an illustration but it was typical of the peace time military spending.

I hope this answers the questions you didn't have a chance to ask. I assure you we are striving to reduce the deficit and hope one day to eliminate it and inflation as well.

Sincerely,

Ronald ~~R.~~ Reagan

Mr. William J. Breisky
Editor
Cape Cod Times
319 Main Street
Hyannis, Massachusetts 02601

Opinion

Another Monday

Thank you, Mr. President

Dear Mr. President:

This is, first and foremost, a thank-you note. I would like to thank you for the extraordinary opportunity afforded me — and a few dozen colleagues from the Northeast — at last Friday's White House briefing and luncheon.

The briefing sessions were illuminating. The beef was outstanding. And the privilege of being served a meal in the state dining room of the White House was an experience any American would cherish.

Although I wouldn't presume to speak for the other editors and writers at the briefings, I think it is fair to say that most of us had at least a few reactions in common.

Most of us nodded in agreement when your budget director, Mr. Stockman, said your fiscal year '83 budget is probably the most difficult budget ever handed to the Congress, because it represents abrupt and fundamental changes in the priorities of our federal government.

Likewise, most of us winced sympathetically when we learned that your defense secretary, Mr. Weinberger, had to face us after having been kept up all the previous night on urgent business.

All of us had pencil in hand when the chairman of your Council of Economic Advisers, Mr. Weidenbaum, promised to give us his "fearless forecast of 1982." And surely all of us prayed he was right when he predicted that the current economic year, which "came in like a lamb," will "go out like a lion."

I would also like to thank you, Mr. President, for making us feel almost at home. We stood at attention when your arrival was heralded by the announcement, "Ladies and gentlemen — the President of the United States!" — and we smiled almost as broadly as you did when you commanded us, "Sit down!" with a glad-handed gesture that gave us the feeling that you were pleased we could come. And I trust that your deputy press secretary, Peter Rousset, was half as amused as I was when I became so absorbed in my luncheon conversation with him that I

very nearly filled my finger bowl with fruit compote as our waiter appeared with the dessert tray.

You are obliged to joust with the most tenacious bulldogs of the Washington press corps on a regular basis, Mr. President, so I suppose it was a relatively pleasant change of pace for you to deal with a roomful of wide-eyed journalists from such far-flung news capitals as Shrewsbury, N.J., Hanover, Pa., Hartford, Vt., and Hyannis, Mass. It was a nice change of pace for us as well — being courted in person by our president, rather than being berated over the phone by one of our angry readers. But it also was in some ways a highly frustrating experience, because very few of us succeeded in making the most of this once-in-a-lifetime experience. Many must have shared my sense of frustration at having failed to raise all the questions that ought to have been raised — and to obtain answers to some questions that were raised but not explored.

Education Secretary Bell, for instance, was asked how we can continue to move toward guaranteeing equal education opportunity for all children when the Department of Education is dismantled. Mr. Bell replied that the issue of equal opportunity is the responsibility of state and local school boards — but that did not answer the question.

Mr. Weidenbaum was asked how high a prime interest rate the American people could tolerate — and how high an unemployment rate — and he skirted those questions.

And when Mr. Weinberger declared that our defense budget "is driven by threats we have to deal with," one editor said a great many Americans believe a massive defense buildup does more to provoke war than to prevent it. Mr. Weinberger declared that point of view to be entirely wrong — that we invite war if we don't deal from strength.

My hand went up at that point, but I wasn't recognized. So at lunch I asked your deputy press secretary who might answer a question I had for Mr. Weinberger. Who, I asked, can assure us that it would be in-

conceivable, even impossible, for the United States to launch a pre-emptive nuclear strike against Russia or some other perceived enemy at some future date? Mr. Rousset said you alone can offer that assurance.

I dare to hope, Mr. President, that you will answer that question — and a few others as well:

How will your program assure that a child born in an impoverished community will have educational opportunities comparable to those of a child born in a privileged community?

How can we be assured that your untested formula of tightening the money supply, and cutting taxes and government programs — while spending record amounts for defense — will put us, and keep us, on the road to recovery? When you took office, didn't you tell us that "all that deficit spending" got us into the fix we were in?

What would happen, Mr. President, if we postponed our military buildup for a year — if you told Mr. Brezhnev that, as a peace gesture, we were going to cut, say, \$20 billion from our fiscal '83 defense budget — and spend perhaps half of that amount to help open some factories and resolve the housing crisis that is threatening to explode? Is there a possibility that peace would break out, Mr. President?

I'm ending my letter with these few questions, Mr. President, because this is, as I indicated, basically a thank-you letter. And I can't think of a better way of saying thanks than by setting forth a few lingering questions which your invitation inspired, and which, I believe, are close to the hearts and minds of many of your fellow Americans.

Sincerely,

— Bill Breisky

Mrs. Ruth Mathews of Scottsdale Ariz. - I have no other address on her.

Dear Mrs. Mathews

Thank you very much for the western sculpture you gave me by way of Eureka College. I am a "western art buff" and am delighted to have your generous gift.

My heartfelt thanks
Sincerely RR

To Kathrin Ruth Stroner - Paradise Valley, Ariz.

Dear Mrs. Stroner

Thanks to Mrs. Ruth Mathews I am the proud owner of one of your sculptures. Being devoted to western art I am happier than I can say to have this example of your fine talent. Please accept my heartfelt thanks.

Sincerely RR

5-12-82 - Sculpture was donated to
Reynolds library in Eureka.

THE WHITE HOUSE

WASHINGTON


May 12, 1982

Dear Mrs. Mathews:

Thank you very much for the western sculpture you gave me by way of Eureka College. I am a "western art buff" and am delighted to have your generous gift.

My heartfelt thanks.

Sincerely,



Mrs. Ruth Mathews
Scottsdale, Arizona

THE WHITE HOUSE

Mrs. Ruth Matthews
7949 East Shea
Scottsdale, Arizona 85260

079865
GI002

THE WHITE HOUSE
WASHINGTON

May 12, 1982

Dear Ms. Straub:

Thanks to Mrs. Ruth Mathews, I am the proud owner of one of your sculptures. Being devoted to western art, I am happier than I can say to have this example of your fine talent. Please accept my heartfelt thanks.

Sincerely,

Ronald Reagan

Ms. Kathrin Rush Straub
Paradise Valley, Arizona

RR: Ko. pers. division

820513

End
case
File

~~PA~~
End
Case
File

080636
FC001-04

THE WHITE HOUSE
WASHINGTON

May 17, 1982

Dear Jack:

It was good to hear from you and to learn of your success and your fine family. I'm sorry to be so late in answering, but it takes awhile for letters to get through the mill and reach my desk.

I wish you success in your present undertaking, and thank you for your generous words. Give my very best regards to your family. You've made me very proud.

Warm regards,

RONALD REAGAN

Mr. Jack McMurray
2045 Pacific Coast Highway
Lomita, California 90717

820520

"For Change in Leadership"

Committee to Elect

Jack McMurray

2045 Pacific Coast Hwy.

Lomita, California 90717

Tel. No. (213) 326-8732

I.D. #820405

March 19, 1982

Ed Rollins

The Honorable Ronald Reagan
President of the United States
Of America
White House, Wash. D.C.

Dear Mr. President,

It is not my intention to circumvent nor go above the Republican Party Leaders. This letter is from a good and dedicated American to his beloved and highly respected President.

Almost twelve years ago, December, 1970, to be exact, I was a very desperate man badly in need of help. My wife, Toni, just gave birth to our eighth child (a son) prematurely. Also, I was just laid off from my job. With a wife and eight mouths to feed, not to mention mounting hospital bills, an ordinary man would have gone berserk, but I have strong faith in our good Lord and our system.

I wrote you, Mr. President, when you were still Governor of California, seeking and pleading for help and assistance. I was fully

aware you were a very busy man but what I did not realize was that you merited my letter with your kind attention

A few days later I received a call from Mr. Harry Lewis, owner and President of the Hamburg Hamlet Restaurant Chain, and offered me a position as Manager. When I inquired Mr. Lewis how he knew about my plight, he said the Governor went out of his way and talked to him (Mr. Lewis) about me. I was speechless, full of joy and couldn't believe it. I got the job and vowed to be forever grateful to you, Mr. President. My family and I had the most memorable Christmas, ever — many, many thanks to you sir.

That was many years ago, Mr. President. Billions upon billions of gallons of water had passed under the bridge since that time. Our children, five girls and three boys, are all grown up and have become good law abiding citizens. Two of our sons are in the service (U.S. Army), and we also have four grandsons.

God has been so good to us. I have long resigned, honorably, from Hamburger Hamlet to better myself. I now make my modest income as an Insurance Agent and also as a Financial Consultant.

Your kindness and compassion marked the beginning of a long search for prosperity and the absolute determination to get ahead and be able to give the best to our children. No obstacles were so great to be insurmountable for we came to this great country fifteen years ago to avail of the great opportunities in our midst and to hand down to our children and childrens children a legacy born out of faith, courage, and the desire to belong and be part of the mainstream of American life.

Mr. President, I am honored and proud to inform you that I am now a Republican Candidate for State Senator in the 30th District. The Republican Party in the County of Los Angeles highly approve of me and I am running, unopposed against a demagogue Democrat incumbent, Ralph C. Dills — who may well be confronting his nemesis this time. I have been a true believer of, and subscribe to, the ideals, principles, and philosophies of the Republican Party.

I have so much to thank you — I thank God for having you as our President. God Bless you sir.

Annuit Coeptis

Respectfully
Jack McMurray

"FOR CHANGE IN LEADERSHIP"
JACK McMURRAY

JACK McMURRAY FOR SENATE

2045 Pacific Coast Highway
Lomita, California 90717
(213) 326-8732

PERSONAL HISTORY

Jack McMurray, 52 years of ages, a resident of Los Angeles County for fourteen years, member, St. Margaret Mary Holy Church. He has been married for twenty eight years, and has eight children and four grandchildren.

EDUCATION

Bachelor's degree in Business Administration from the University of Manilla.

BUSINESS

Certified Life Underwriter and member of the National Association of Life Underwriters (NALU) and partner in an independant financing and loan consulting firm.

MILITARY HONORS

Served in the United States Army when he merged with the Americal Division after conscription into service by the Guerilla forces at the age of thirteen; Received Citation from the United States Armed Forces in the Far East for bravery, December 1944; citation from the Americal Division for Valor and Service, April 1945.

OTHER HONORS

Outstanding Agent Award from the Greater South Bay Life Underwriters and District Leadership Award in 1980.

CIVIC ACTIVITIES

Member of the International Association of "Y" Mens' Club, Jaycees of Southern California, The Filipino American Society and the Leyte-Samar Association, sustaining member of the Republican National Committee and associated with the Holy Name Society.

JACK McMURRAY FOR SENATE

2045 Pacific Coast Highway
Lomita, California 90717
(213) 326-8732

"FOR CHANGE IN LEADERSHIP"

JACK McMURRAY

STATEMENT OF PRINCIPLES

LOCAL GOVERNMENT

I believe that the more responsive government is to people, the more likely it is to meet our needs as independent citizens. This can be accomplished by keeping government local and close to the people.

TAXES

I believe that the power to tax is the power to destroy our personal freedom. Therefore, by limiting the amount of taxes which can be levied, whether they are income taxes, sales taxes, property taxes and any other taxes, our personal freedom will be maintained.

PROPERTY

I believe that it is our inalienable right to own and control private property.

GOVERNMENT REGULATIONS

I believe in the competitive, free enterprise economic system. I believe the government should provide incentives for businesses to invest and research new ideas and this will, in turn, create new jobs.

CRIME

I believe one of the primary responsibilities of government is to protect the lives, property and rights of American Citizens.

THE FUTURE

I believe that American Citizens, holding firmly to its historic principles and values, must look to the future, I am ready to apply these principles and values to government, and to deal with the on-going challenge of social and technological change.

"FOR A CHANGE IN LEADERSHIP"

JACK
MCMURRAY

FOR **30th SENATORIAL DISTRICT**

080637
SP601

THE WHITE HOUSE
WASHINGTON

May 17, 1982

Dear Ms. Staudt:

Your letter regarding the radio broadcast reached me and, while I'm late in answering, please accept my thanks for your suggestion and for taking the time and trouble to write. While I'm at it, thanks for your valuable help in the '80 campaign.

I'm afraid we're stuck for awhile with the present time and format. As you know, it's a 10 week experiment. So far the response has been pretty good, and there seems to be an increase in replays on news programs -- even including television.

Thanks for your kind words.

Sincerely,

RONALD REAGAN

Ms. Juliet Staudt
Jules Lauve, Jr., Inc.
Post Office Box 897
Galveston, Texas 77553

8 105 20

To Ms. Juliet Standt - Jules Lauer Inc. P.O. Box 897
Galveston Texas 77553

Dear Ms. Standt:

Your letter re - the radio broadcast reached me and, while I'm late in answering, please accept my thanks for your suggestion and for taking the time & trouble to write. While I'm at it, thanks for your valuable help in the '80 campaign.

I'm afraid we'll stick for a while with the present time & format. As you know, it's a 10 week experiment. So far the response ~~it~~ has been pretty good, and there seems to be an increase in replays on news programs - even including T.V.

Thanks for your kind words.

Sincerely RR

4/5/84

Gentlemen,

The RADIO concept is great! However, Saturdays are a mistake !

These should be broadcast on WEEKDAYS during the LUNCH HOUR to reach the target audience still in position to be influenced by the President's speech.

Please reconsider your strategy, the technique, though, is wonderful!

Respectfully

Juliet Staudt

Vice Chrmn, Reagan-Bush

Hqtrs. '80 - GALV, TX

Sales Mngr = Advtsng. Co.

BA - Pol. Sci.

MA - Communications

Juliet Staudt

Jules Lauve, Jr., Inc.

P.O. Box 897

Galveston, Texas 77553

Starts Radio Show, Recovery Needs Time

WASHINGTON—Launching a series of weekly radio broadcasts, President Reagan urged the American people to withhold judgment of his economic program because "it hasn't really started yet."

In the first of 10 Saturday broadcasts, Mr. Reagan said the effect of his efforts to revive the economy won't be felt until July, when a 10% reduction in individual income-tax rates becomes effective.

Mr. Reagan said the 5% tax-rate cut that took effect in October had been offset by an increase in Social Security taxes. The tax-rate reductions are part of a three-year, 25% cut that Congress enacted last fall.

White House aides have said the broadcasts, which return Mr. Reagan to a medium with which he has had experience both as a sportscaster and a commentator, are aimed at giving the President a chance to present his views directly to the people.

The radio talks come at a time when the President's popularity is sagging in opinion polls and aides are working on ways to shore up his image.

37" Sanyo
AH



JULIET STAUDT

4/5/82

Gentlemen,
The RADIO concept
is great! However,
Saturdays are a
Mistake!

These should be
broadcast on
WEEKDAYS during
the LUNCH HOUR to
reach the target
audience still in a
position to be influenced



JULIET STAUDT

by the President's
Speech.

Please, reconsider
your strategy, the
technique, though,
is wonderful!

Respectfully
Juliet Staudt

- Vice CHRMN., Reagan-Bush
HQTRS. '80-GAID, TX
- SALES MGR-ADVTSG. CO.
- BA. - POL. SCI.
- MA - COMMUNICATIONS

THE WHITE HOUSE
WASHINGTON

May 17, 1982

Dear Frank:

I've just discovered your enclosure regarding the Marshall biography and reference to your offer of help to me. Forgive me for being about 40 years late in my thank you, and my regrets at the risk it brought to your own military career -- and for a 2nd Lt. in the horse cavalry (without a horse).

I'm glad it all turned out so well -- for both of us, and I'm more grateful than I can say for your willingness to lend a hand. But then you've always been willing to do that.

I'm glad I forgave you for Patton.
Nancy sends her love.

Best regards,

S. Ron

Mr. Frank McCarthy
1455 Seabright Place
Beverly Hills, California 90210

RR:Ko *per notation*

Copy

April 21, 1962

TR

5300
1161
462
GE 102
PL
ND00'
PP012-
PR003

Dear Frank:

Thank you for sending along the material from General Marshall: Hero for Our Times by Leonard Mosley. I will look forward to the galleys although I can't promise how soon I will have the opportunity to read them. And, of course, it is impossible for me to comment on their merit while I hold this office. That is a policy we had to adopt in order to be fair to one and all.

Nancy and I are well aware of the good friends we have in California and we are grateful for your continued friendship and support.

With our appreciation and warm regards,

Sincerely,

Ron A

✓
Mr. Frank McCarthy
1455 Seabright Place
Beverly Hills, California 90210

RR:AVH:KCS:pps

8260-1

March 22, 1982

Dear Mr. President:

Recently while reading through the galley proofs of a new biography of General Marshall, I came across several paragraphs which reminded me of the worst reprimand I received in my several years as the General's Military Secretary, and which I am sure will be of interest to you. A copy of those paragraphs is attached.

The author of GENERAL MARSHALL: HERO FOR OUR TIMES, Leonard Mosley, writes in a most attractive style of General Marshall's tremendous contributions to the nation's welfare in war and in peace. I am taking the liberty of sending you the galleys just in case you manage any time at all for reading, and I shall attach a copy of this letter with the hope that it will help get the book through to you.

Your Los Angeles friends remain steadfast. I think you have no more loyal and devoted constituents.

With love to Nancy and admiring regards to you always,

Sincerely,



Frank McCarthy

1455 Seabright Place
Beverly Hills
California 90210

EXCERPT FROM MARSHALL: HERO FOR OUR TIMES
BY LEONARD MOSLEY, PUBLISHED BY HEARST
BOOKS (WILLIAM MORROW AND COMPANY, INC.)

President Ronald Reagan probably does not realize how closely he came to being refused a commission in the U.S. Army Air Corps as a result of a letter written to him during World War II by Frank McCarthy, then still a major in the War Department. McCarthy, as has been mentioned earlier, had worked in prewar Hollywood and still kept up with news of the film world after he joined Marshall's team. In April 1942 he read an item about Reagan and at once sent him a letter, in care of Warner Brothers Studio in Hollywood.

"Dear Ronnie:

"I have just read in the newspaper that you are going into the Army on April 19, and I wonder whether you will enter as a Reserve officer or as an enlisted man.

"Although I have not seen you since the summer of 1938, when I was in Hollywood as technical advisor on BROTHER RAT, I have not forgotten the pleasant association with you at that time. ✓

"It occurs to me that if you are going in as an enlisted man, you will certainly make every effort to secure an appointment after the first three months to an officer candidate school. In such an event, I do hope you will not hesitate to use me as a reference if you think it would be worthwhile. I don't know anybody I could say a better word for. . ."

Marshall saw the letter while glancing through the files and went into one of his formidable tempers. Roundly rating McCarthy for daring to use his office to nurture and promote his Hollywood friends, he seemed tempted to contact Reagan's training post and warn his commanding officer to keep him out of the officer candidate school no matter how suitable he

might be. McCarthy managed to persuade his chief that it would be grossly unfair to Reagan, who had in no way solicited the letter. The future President of the United States went on to get his commission in the Air Corps, little knowing how close he had come to sweating out the war in the ranks.

THE WHITE HOUSE
WASHINGTON

May 17, 1982

Dear Mr. Murphy:

Thanks very much for your suggestion which I've read with great interest. We are looking at a number of things with regard to the income tax and ways to make it more simple. I assure you, your suggestion will get consideration.

Best regards,

RONALD REAGAN

Mr. John A. Murphy
411 Wister Road
Wynnewood, Pennsylvania 19096

8
5-20520

HOW TO HELP THE PRESIDENT REDUCE THE DEFICIT

Without eliminating the opposed tax cuts and ridding himself of the accusation that he is favoring the rich and not the poor, I suggest the following:

Before 1913 there was no income tax (so no deductions) and yet any smart businessman entertained his clients, took them to play golf, to boxes at Ball games, etc. With close to 100 million tax returns, less than 2% are examined. If the time and expense of the IRS examiners was saved by not verifying entertainment expense they would have time to examine the other 98% not presently examined.

But my main point is the billions saved by eliminating entertainment expenses. If only 10% of returns (10 million) averaged \$2,000 it would save 20 billion - probably much more.

Many would rather pay more taxes and have the deficit, interest rates and inflation reduced. They would be ahead of the game. If you add only a hundred billion a year to the national debt, with Treasury Bills at 14% it means 14 billion more a year to run the Government and in four years 64 billion.

Everybody talks about a balanced budget. No one seems to think of reducing the national debt like Andrew Mellon did when Secretary of the Treasury from 24 billion to 18 billion.

John A. Murphy,
411 Wister Road,
Wynnewood, Pa. 19096

To Mr. Jack McMurray 2045 Pacific Coast
Highway
Lemite Calif. 90717

Dear Jack

It was good to hear from you & to learn of
your success and your fine family. I'm sorry to
be so late in answering but it takes a while for
letters to get through the mill & reach my desk.

I wish you success in your present undertaking
and thank you for your generous words. Give my
very best regards to your family. You've made me
very proud.

Warm Regards

RR

To Ms. Juliet Staudt - Jules Laune Inc. P.O. Box 897
Galveston Texas 77553

Dear Mrs. Staudt.

Your letter re - the radio broadcast reached me
and while I'm late in answering, please accept
my thanks for your suggestion and for taking the
time & trouble to write. While I'm at it, thanks for
your valuable help in the '80 campaign.

I'm afraid we're stuck for a while with the
present time & format. As you know it's a 10 week
experiment. So far the response ~~it~~ has been pretty
good, and there seems to be an increase in replays
on news programs - even including T.V.

Thanks for your kind words.

Sincerely RR

Mr. Frank McCarthy 1455 Seabright place
Beverly Hills Calif. 90210

Dear Frank

I've just discovered your enclosure re the
Marshall biography and reference to your offer of
help to me. Forgive me for being about 40 years
late in my thank you, & my regrets at the risk
it brought to your own mil. career. - Audall for a 2nd let.
in the house covering - (without a house)

(over)

I'm glad it all turned out so well - for both of us and I'm more grateful than I can say for your willingness to lend a hand. But then you've always been willing to do that.

I'm glad I forgave you for Patton.
Nancy sends her love.

Best Regards, Ron
To Mr. John A. Murphy 411 Western Rd.
Wynnewood Pa. 19096

Dear Mr. Murphy

Thanks very much for your suggestion which I've read with great interest. We are looking at a number of things with regard to ~~the~~ ~~the~~ income tax & ways to make it more simple. I assure you your suggestion will get consideration.

Best Regards

RR

End
case
File

080639
ME 001-03

THE WHITE HOUSE
WASHINGTON

May 17, 1982

Dear Mrs. Essary:

Forgive me for being so late in replying to your letter of March 6th. It takes awhile for letters to reach my desk, so I've only received yours in the last several days.

Please know you have my deepest sympathy. I say that knowing such words are of little help in the face of your tragic loss. I wish there were words that could ease the pain you feel, but there are none. I believe, however, that you have already found the only road to peace, and that is asking and trusting in God's help.

It isn't given to us to understand the why of tragedies such as you have known. We can only have faith in God's infinite wisdom and mercy, trusting that He does have a plan for each one of us.

I can remember my mother telling me many times that if we will accept God's will, understanding will, in time, come to us and we'll see a purpose in all that has happened. Such understanding has come to you. Yes, the pain remains, but you have come to know that Bob was part of God's plan as you are, and He intended that you should not take that plane. Take comfort from knowing that having fulfilled his part in God's plan, Bob is with God.

Nancy joins me in wishing you the very best. You are in our thoughts and prayers.

God bless you,

RONALD REAGAN

Mrs. Jackie Essary
15 Cullinan Drive
Gaithersburg, Maryland 20878

March 6, 1982

Dear President Reagan,

As you and I have both walked down the path of the shadow of death in a very personal way. You at the point of a pistol and myself when flight ninety went down in the Potomac river, I lost my husband Bob in that tragedy. I felt compelled to write this letter even though I realize you are a very busy man and this letter may never reach your desk.

As I waited into the wee hours to hear that he wasn't a survivor I just knew in my heart that out of nearly eighty passengers that there wasn't much chance that he could be a survivor. It took a whole week to recover his body.

My husband a very dedicated man to his job as you are to yours as President of our country worked during his week long vacation after Christmas so he would be well prepared for what he had to face.

As the leader of the group of eight men on their way to Florida from Fairchild Space and Electronics Company, being it was a very treacherous day for any kind of travel, I had a feeling I must say that last good bye, but he had already left for the airport. This is the first time he has practically begged me to go along with him. Even though he had the other seven men with him, he said, "Jackie, I just don't want to go without you." It's tragedys such as this kind that tend to bring people closer together. Lives are changed drastically. Being a person who could never reach out to others or except a gift unless I could give something in return, I have grown in many ways since this tragedy. Even though the pain goes deep and will keep on hurting

I pray for God to give me the strength and courage to go on from day to day. As Abraham Lincoln once said, "I have been driven many times to my knees by the overwhelming conviction that I had nowhere else to go." As Bob prayed at our Christmas dinner on Christmas day, that God would make us more humble, I feel his prayers have been answered in my case. I believe in my heart that God had a plan and Bob was part of that plan, I'm sure as the future unfolds I'll have a better understanding of why he was taken at such an early age. I feel that I can and am reaching and touching people in many ways. God is revealing to me my mission in life, which will come slowly, but life will and must go on for all of us, as we only pass this way once, our lives should be as useful to others as possible.

The love and kindness shown by so many people, even people I didn't even know has really been a great help in this most trying time of my life.

May God be your guide in leading our country. You have my full support.

Sincerely,

Jackie Essary

15 Cullinan Drive

Gaithersburg, Maryland 20878

Mrs. Jackie Essay 15 Cullman Dr
Haitheburg Maryland 20878

Dear Mrs. Essay

Forgive me for being so late in replying to your letter of March 6th. It takes a while for letters to reach my desk so I've only received yours in the last several days.

Please know you have my deepest sympathy. I say that knowing such words are of little help in the face of your tragic loss. I wish there were words that could ease the pain you feel but there are none. I believe, however, that you have already found the only road to peace and that is asking & trusting in God's help.

It isn't given to us to understand the why of tragedies such as you have known. We can only have faith in God's infinite wisdom & mercy, trusting that he does have a plan for each one of us.

I can remember my mother telling me many times that if we will accept God's will, understanding will come to us and we'll see a purpose in all that has happened. Such understanding has come to you. Yes the pain remains but you have come to know that Bob was part of ^{God's} plan as you ~~was~~ are & ~~that~~ he intended that you should not take that plane. Take comfort from knowing that ~~Bob~~ is having fulfilled his part in God's plan Bob is with God.

Many join me in wishing you the very best. You are in our thoughts & prayers.

God Bless you
R R



March 1900

Dear President Reagan,

As you and I have both walked down the path of the shadow of death in a very personal way, you at the point of a pistol and myself when flight ninety went down in the Potomac river, I lost my husband Bob in that tragedy. I felt compelled to write this letter even though I realize you are a very busy man and this letter may never reach your desk.

As I waited into the wee hours to hear that he wasn't a survivor I just knew in my heart that out of nearly eighty passengers that there wasn't much chance that he could be a survivor. It took a whole week to recover his body.

My husband a very dedicated man to his job as you are to yours as president of our

...the while during his long vacation
of the winter so he could be well
prepared for what he had to face.
...the leader of the group of eight
men on their way to Florida from
Fairfield, Spence and Electronics Company.
Being it was a very treacherous day for
any kind of travel, I had a feeling I
must say that last good-bye, but he
had already left for the airport. This
is the first time he has practically
begged me to go along with him. Even though
he had the other seven men with him,
he said, "Jackie I just don't want to go
without you."

It's tragedies such as this kind that
tend to bring people closer together. Things
are changed drastically. Being a person who
could never reach out to others except
a gift unless I could give something in
return, I have grown in many ways since
this tragedy. Even though the pain goes deep
and will keep on hurting, I pray for God
to give me the strength and courage
to go on from day to day. As Abraham
Lincoln once said, "I have been driven many
times to my knees by the overwhelming
conviction that I had nowhere else to go."
As God prayed at our Christmas dinner!

an instrument that God would make
me more humble, I feel his presence
in my heart. I feel that God had a plan for me and that
was part of that plan. I'm sure as the
future unfolds I'll have a better under-
standing of why he was taken at such an
early age. I feel that I can and am
reaching and touching people in many ways.
God is revealing to me my mission in life,
which will come slowly, but life will
and must go on for all of us. As we
only pass this way once, our lives should
be as useful to others as possible.

The love and kindness shown by so many
people, even people I didn't even know has
really been a great help in this most
trying time of my life.

May God be your guide in leading
our country. You have my full
support.

Sincerely,
Jackie Essary
115 Cullinan Dr.
Ft. Belvoir, Wash. D.C. 20378

OFFICE OF CABINET AFFAIRS ACTION TRACKING WORKSHEET

Action resulting from:

- ☒ document (attached)
☐ telephone call
☐ meeting (attach conference report if available)

Document Date: 82, 04, 01From: Peter GraceDate Received: 82, 04, 01Subject: PPSSCC

ACTION CODES:

- A — Appropriate Action D — Draft Response R — Direct Reply w/Copy
 B — Briefing Paper F — Furnish Fact Sheet S — For Signature
 C — Comment/Recommendation I — Info Copy Only/No Action Necessary X — Interim Reply

ROUTE TO:

Date Sent	Name	Action Codes	Date Due	Action Taken
82, 05, 10	Anne Higgins	A	82, 05, 13	return typed letter for President's signature per REQUEST
/ /			/ /	
/ /			/ /	
/ /			/ /	
/ /			/ /	
/ /			/ /	

COMMENTS: Attached draft response for your approval and typing for Pres.'s signature.

Originator: ☐ Dunlop ☐ Faoro ☒ Fuller ☐ Gonzalez ☐ Hart ☐ Hodapp

KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING MATERIAL AND WHEN THE ASSIGNED ACTION IS COMPLETE, RETURN TO:

Office of Cabinet Affairs
 Attention: Karen Hart (x-2823)
 West Wing/Ground Floor

THE WHITE HOUSE

WASHINGTON

May 12, 1982

Dear Peter:

Thank you for your recent letter and the report on the progress you are making with the Private Sector Survey. Your enthusiasm for the challenge means a great deal to me and I know it will yield significant results as the teams get underway in the departments.

As you know, Craig Fuller is the White House contact for the project. We have reviewed the idea of periodic briefings and think that it would be very helpful for you to brief the Cabinet on a regular basis. Craig Fuller will contact you about when the first such briefing can take place. Since he coordinates my Cabinet meetings and understands the importance of this project, I am sure you will have an early opportunity to meet with us.

Peter, I am grateful that you have provided such outstanding leadership. You have made real progress in a short span of time. I look forward to seeing you soon.

Sincerely,

Ron

*P.S. Believe me you will have access to me.
I will insist on it.*

Mr. J. Peter Grace
Grace Plaza
1114 Avenue of the Americas
New York, New York 10036

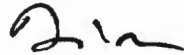
5/5/82

THE WHITE HOUSE
WASHINGTON

May 12, 1982

MR. PRESIDENT:

The attached response
to Peter Grace was
prepared for your
signature by Craig Fuller.



Richard G. Darman

*Dict as you can see
I added a P.S. - I think this
team needs to feel close to me.
What about his complaints
re - Domestic delays?
RR*

W. R. GRACE & Co.
GRACE PLAZA, 1114 AVENUE OF THE AMERICAS
NEW YORK, N. Y. 10036

J. PETER GRACE
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER

April 1, 1982

The President
The White House
Washington, D.C.

Dear Mr. President,

I am encouraged with what can be done with the President's Private Sector Survey on Cost Control (PPSSCC).

We have put together an outstanding team who support your programs. They will be hungry tigers (bloodhounds) who will go after waste and inefficiency with a vengeance.

This result, to date, is entirely due to your charisma, leadership, dedication to sound principles, and belief in our cause.

I do not want us to lose this spirit and this enthusiasm, which is vital to the success of this mission, given the difficulties that will be encountered and the short time-fuse.

Things being the way they are in this world, once enthusiasm and dedication are lost, they are difficult to recover.

The key is your leadership and your backing.

Once the 70 or so CEO's start flocking to Washington the fur will start to fly. This does not concern me.

What does concern me is the "imagery". The legal eagles have us:

- a) reporting to the Commerce Department;
- b) located in a rented office away from the Executive Office Building;
- c) raising money for a number of items that the California government provided when you were Governor;
- d) filling in complex conflict of interest forms;
- e) waiting interminably for red-tape green-lights (who can sign the request for financial support, who can be in the PPSSCC Foundation, etc. etc.).

Real world realities are setting in, as we move with Bud Nance and Janet Colson (they are both super) to 1850 K Street to await clearances.

I have one request.

The CEO's coming in for 4/5 months are very status conscious.

They will ask often "with whom in the White House are you in touch?".

I don't want to furnish an answer that will turn them off.

I want to say "The President".

I want this for the success of this mission - not for any ego reasons - I know how busy you are.

"Report" in this case will mean 10 minutes every 2 weeks to bring you up to date. This will permit me to assure the leaders of your continued and enthusiastic support.

Could I receive your generous grant of this request, which will not be abused, in any way, and which is very important psychologically as the real hot action months proceed?

If granted, the mechanics of the 10 minutes every 2 weeks will be worked out with your staff in a manner that will produce the least possible inconvenience to you.

With the hope that this request will strike a favorable reaction.

Respectfully,

Peter

End
case
file

065142SS
SP

THE WHITE HOUSE
WASHINGTON

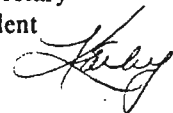
TO: Dick Darman

DATE: 5-17-82

I thought you might want to
see before I re-route as the
President has suggested.

FROM: Kathy Osborne
Personal Secretary
to the President

Ext. 2858



THE WHITE HOUSE
WASHINGTON

Date: 5/17/82

NOTE FOR: ARAM BAKSHIAN

The President has

seen ☒

acted upon ☐

commented upon ☒

the attached; and it is forwarded to you for your:

information ☒

action ☐

Richard G. Darman
Assistant to the President
(x-2702)

cc:

*F. A. Bakshian - Just for your possible reference or use. On p. 3
is an underlined section that was correct in '78 - don't
know if it is now but it would seem so.
RR*

RONALD REAGAN'S SPEECH AT ELDON RUDD BRUNCH - October 7, 1978

It is said that Billy Carter earns five times as much as the President of the United States. That's ridiculous. He's worth twice as much, maybe. The President won't allow the serving of liquor in the White House, but now we understand that his staff is on "pot", which probably makes this the first administration that we could ever refer to as truly being "high" and "dry".

I don't know why I think this, but I do. Whenever I hear a fireside chat I find myself thinking that a man who tells you he enjoys a cold shower every morning will lie about other things.

On an occasion such as this, a speaker is supposed to raise his party's standard -- point with alarm to the other party's policies, and plead for party unity. All three of these are easy for me to do this morning.

First, I believe the Republican party stands for principles which are held today by the great majority of Americans, Democrats, Independents, and Republicans. I believe the leadership of the Democrat party is out of step with its own rank and file and has brought this country to the brink of economic disaster and to an unprecedented danger point in international relations. As for party unity, we are not a party beset by feuds and animosities. Yes, following primaries it is very easy for some bitterness to remain. But here we have just seen this morning Ev Mecham and Jack London breaking bread together at the same table. If you think that it is too hard for Republicans to get together let me just tell you that a few days ago President Ford and I travelled to Texas together and campaigned there on behalf of Republican candidates. And two days ago he and I were in Palm Springs together filming joint television commercials for some of our Republican candidates in California. And he himself said to an audience in Florida where there still seems to be a little feeling left, he said that obviously he and I had had some differences, but he said we have a mutual respect and affection for each other, and since we've joined in a common cause he didn't see any reason why the rest of the Republicans couldn't join together in the same cause.

On the other hand, President Carter says he's having trouble in communicating with the members of his own party, the Democrats in Congress. Maybe he should learn to speak Korean. You can't say that he hasn't made a lot of legislative proposals. He's made more proposals than Mickey Rooney. It's

just that every time he comes up with a miracle cure for which there is no known disease, the Republicans tell the truth about it.

From that fifty dollar rebate -- you remember that golden oldie -- to the public financing of Congressional elections known to its friends as the Incumbents' Protection Act. Republican Congressmen, even though vastly outnumbered in Washington, stopped that one. And they stopped the Voter Reform Act. That was the one where the President said we could register at the voting place on election day and vote, and all we had to do to prevent voter fraud was show our Social Security card. He hadn't heard about that woman in Chicago. She's been convicted. She had 50 Social Security cards and was collecting welfare under 127 different names. But you and I must not sit back waiting for Democrats to lose these forthcoming elections. We have to go out and win them. And '78 can be the year for Republicans. You can smell it in the air. If you want some hard evidence, in the first year following the general election of '76 there were five special elections in solid blue-collar Democratic districts to fill vacancies in the Congress. Republicans won four out of the five. And one of those I think was particularly significant. It was in Louisiana where we now have the first Republican Congressman from his district in 121 years. But what was also significant there was a young state senator -- Democrat -- two weeks before the election publicly endorsed our Republican candidate and then walked across the street to the Court House and reregistered Republican. He has become the first state senator from the Southern half of Louisiana to be a Republican in the history of the state.

Then nationwide there have been 83 special elections to fill vacancies in state legislative seats. We have made a net gain of 22. And last year there was a general election in Virginia. They were electing their Governor and other state officials. The President felt so strongly about the Democratic candidates that he went up and criss-crossed the state campaigning for them. And then his family went up and criss-crossed the state. The cabinet went up and criss-crossed the state. And then some of that Georgia gang in the White House went up and campaigned all over Virginia. So now we have a Republican Governor of Virginia.

We know that the beginning of political wisdom is that the money you earn belongs to you and not the Government. We are the party of hope, it is not Republicans who are talking small, while we try to make Government bigger. Nor do we speak of lowered expectations and no growth, that is Democrat policy, a policy born of the failure of their social experiments. Only rarely is a political party fortunate enough to

1978

be able to say "This historic moment is ours to grasp." What we have always believed the people are now demanding. Not too long ago we were being told that while the people agreed with us on the social issues, busing, drugs, violence in the schools, they voted on the economics -- the pocketbook issues. And there we were no match for the Democrats and their giveaways. Well, today there is no distinction between pocketbook and social issues. Indeed, pocketbook issues are the biggest social issues of our time. The cost of Government prorates out to \$9,600 for every family in the United States, and if that isn't a social issue I never heard of one. Inflation is no longer an economic catch-word to be discussed in a classroom. It is an armed robber in your home, a mugger on the streets of our neighborhood. But the people will only be aware of the profound differences between the two parties if we point those differences out to them. Let me give you a concrete example because sometimes I believe the lies, the false image that has been created of our party has been so consistent that even we as Republicans tend to believe it. We're not the party of the Country Club and fat cat set, we're the party of Main Street. But let me give you a figure. The other day there was a poll --- a Harris poll -- and 95% of the people in this country said inflation and what to do about it is our biggest problem. 81% said next to that is the high cost of Government and high taxes. Then in that same poll a very large majority said the Democrats are better at cutting taxes than the Republicans. The Federal Income Tax law was passed in 1914. Since that law was passed the Democrats have cut the income tax once; the Republicans have cut it 13 times and are trying for a 14th and Democrats are opposing it. Democrat intellectuals have written libraries of books about how good big centralized government is for us. Democrat leaders have boasted for more than 40 years in their campaigns of Government programs that they have fastened on to our social structure. But that was before California's Proposition 13. Now they are doing that well-known politicians' dance -- the Wafflers Waltz -- dancing their way over to our rhetoric, but don't be fooled -- not necessarily to our principles.

We've got a Governor in California, Jerry Brown, who is the Democrats' answer to John Travolta. They are engaged in the most deceitful and massive rewriting of history ever attempted in American politics as they declare that high taxes, inflation, budget busting and other forms of economic lunacy just happened, just came upon us like a plague. You and I are supposed to forget who has been in charge for more than four decades. And how in those four decades deliberate planned inflation was Democrat policy. They called it the New Economics. But now in their speeches their candidates

sound as if they had taken their speeches from the 1976 Republican platform. They remind me of a little incident of history. When Napoleon escaped from exile on Elba and landed on the coast of France the biggest paper in Paris had a banner headline -- THE MONSTER INVADES FRANCE. Two days later when he was 100 miles from Paris gathering troops as he marched, the headline in the paper read THE MAJOR ENEMY OF FRANCE ADVANCES. And on the day he entered Paris at the head of his grand army that same newspaper proclaimed OUR BELOVED EMPEROR HAS RETURNED.

Before Prop 13 the Democratic leadership and the President were calling proposals by Republicans for tax cuts irresponsible economic demagogery. The President was saying that if the Republican-proposed across-the-board income tax cut reached his desk he would veto it as inflationary. After Prop 13 passed, they have the gall to say it's we who are opposed to responsible tax cuts and they're solemnly telling the people that tax cuts are needed. I've heard of someone stealing your clothes while you were skinny-dipping in the old swimming hole, but they're not only trying to steal our clothes, they want us arrested for indecent exposure. We have to reach as many people as possible with our message which offers lower cost Government and a curb of inflation. And behind that message should be five simple, familiar, everyday words. No big economic theories, no sermons on political philosophy, just five short words -- family, work, neighborhood, freedom, peace. Republican candidates for every office should make those words the heart of their message. Americans are concerned over inflation not because they have Masters Degrees in Economics, but because it's hurting their families. Americans are concerned over the future job market, not because they're interested in investment theories, but because we each have to work to feed and house and clothe our families and educate our kids. Let professors and bureaucrats talk their jargon about costly urban marshall plans, let us talk about how our policies and programs affect the problems of the neighborhoods, because that's where people live and raise their families. Americans want peace and freedom in the world, not because they're interested in the deliberations of the council on foreign relations. To them peace and freedom mean their children will enjoy the blessings that we've known before them and someone won't be shooting at them with an AK47. Family, work, neighborhood, freedom, peace.

We should repeat those words until they are second nature. When we talk about inflation let's drop the textbook terms and get down to facts as Americans experience them. Let's say, for example, inflation endangers your family's health.

Inflation spreaders and high taxers in Congress should be quarantined just as we quarantine the carriers and spreaders of any contagion. That economic Typhoid Mary who is running against Eldon Rudd should be kept from going to Congress so he can't join those who are harming your family.

When we talk about lower capital gains tax let's simply repeat over and over again that jobs help people and investments make jobs. And then ask where are the jobs coming from if there is no money to invest, and see if the Democrat candidate running against these Republican candidates have an answer to that. Let's stop using charts and graphs when we talk about employment. All we need to say is that work is at the center of our lives. Government policies that harm the economy destroy jobs. We want to keep the economy sound and strong for our families.

Now this isn't a change in our fundamental philosophy. We're just putting what we've always believed into understandable language, the language of economic responsibility. The Democrat leadership has seen the American electorate as divided into separate special interest groups -- labor and industry, liberal and conservative, rich and poor, they've divided us along racial lines, they've divided as ethnic groups. Maybe we've fallen into the same trap. Maybe we've listened to them and accepted that perhaps these groups must be approached as they approach them, as having separate interests requiring a different promise -- a different message for each group. An executive commuting in from a suburb, a union member-worker living in a neighborhood in the city, a farmer who may be 50 miles away from both of them, a pre-med college student at the state university, a bus driver trying to raise his kids, his mom and dad still living in the same old neighborhood on a limited pension, a teenage girl looking for her first job. We've been looking at all of these as if they had no community of interest. But suppose instead of the stereotype of separate special interest groups we see them as they see themselves. Individuals, yes. Each one unique. But each one with family loyalty and responsibilities, each with a love of country, traditional values they have in common with millions of others. And then let's turn away from those who say that our party can't possibly appeal to the blacks, and to the white ethnic communities at the same time. They say that --- that is, our opponents do, that they're different and therefore we must have a different promise for each one. Well, I say let's have the Republican Party go into the minority communities, not because they're black, or brown, or any of the colors in between, but because they're Americans the same as we're Americans and they share the same hopes and dreams and aspirations.

And then let's go into the white ethnic neighborhoods and suppose we say to both groups something like this: You want your neighborhoods to survive. You want your kids to get a good education, to be able to look forward to a job with a future. You want to keep and spend the money you earn and not have it taken from you to be spent by politicians. If you're out of work you want a job. If you have a job you want a strong economy so you can keep it. If you do fall on hard times, yes, you'd like some temporary aid to tide you over, but you don't want to become a permanent ward of Government charity. All right, our policies speak to those points. We can help you. But there is no way that we're going to suddenly start backing a bigger welfare state or inflationary economy or more federal regulations. If that's what you want we can't help you. But if you're fed up with big Government, if you want to get your country back again, if you want to build with confidence in the future, we can and we say to you the Democratic leadership has declared war on you and your values and we're on your side.

You know, people aren't stupid, it's just some elitists in high places think they are. Well, let those elitists play their political con games. Let us talk the truth. Some would have us believe there can be no similarity in interest between that commuter coming to the city or that union member living in the city. They are supposed to be historic enemies, each trying to live at the expense of the other. The suburban commuter wants relief from near confiscatory taxation. He wants his money to have a stable value. He wants the schools to really teach; his neighborhood to be safe for himself and his family. He'd like public officials to use the same common sense that he has to use in his daily living; the kind of common sense we've seen your Congressman Rudd use in Washington.

Now do we really believe that city-dwelling union member doesn't want those very same things? Sure their salaries may be different. Their style of living --- but they share the same basic values and that's our key to political victory. From a different ancestry, representing different cultures and attending different houses of worship, living on a farm or the city or the suburb, they still have a community of interest. They are a peaceful people. But when they see someone out to hurt their family or their neighborhood assailing their traditional values, they get angry. And they're angry now, and with good reason. They don't see much difference between those World War II photos of London after the bombing and what some bureaucrats have done to their neighborhoods in the name of urban renewal. They're angry because they can spell and add and subtract and their kids are coming

home from school in increasing numbers unable to do that. They're angry because moral principles which have stood the test of centuries are now being scoffed at and pronounced irrelevant. Well, let's tell them we not only want to balance the budget, but we want to balance the scales of economic justice for American families. Let's tell them their money is worth less and less because (1) the Congress had been dominated by one party for 42 of the last 44 years, and that majority party has voted to fund economic and social programs that are the moral equivalent of breaking and entering. Let's tell them that if their Democratic representative in Congress or the Senate or the State Legislature has been voting for these expensive social experiments he should be removed from public life even if he is good about dropping notes to the folks back home. If someone is poisoning the well, it doesn't make him a nice fellow because he sends you a letter now and then telling you how he's doing it.

Now so far I've concentrated on three of those five words -- family, work and neighborhood. What about peace and freedom? They say no mid-term elections are won on the issue of foreign policy. Maybe so. But we could win an election and lose a country if we don't discuss the issues of peace and freedom. Let's hope and pray that every night whoever is making the decisions in Washington makes the right ones. But at the same time, as Republicans let's present to the American people the essence of Republican defense policies, which simply is America cannot afford to be second best.

We must keep and go forward with our technological advantages, but even more essential we must have the will to use them if that ever becomes necessary. American people know that peace and freedom can only be obtained through vigilance and strength. I realize there will be cries of outrage at the idea that the United States should be the strongest nation on earth. There is a school of thought today on the other side of the aisle that we should demean ourselves, apologize for our strength and confess our guilt for every kind of international crime and disarm as quickly as we can so as to bring joy to the rulers of the third world. Well, let us speak instead to the innate wisdom of the people who know that we have little to be ashamed of and everything to be proud of. This country isn't perfect, but it's the best in the world.

We're not given to pushing others around, but we won't be pushed around. That is the wisdom of Main Street, the country store, the barber shop and the town meeting.

It won't get you a job in the State Department, and some members of Congress will get an attack of the vapors

if you say it to them. But that kind of wisdom has kept us free for more than 200 years, and it underlies Republican policy on defense and foreign affairs.

It was not Republican Congressmen who scuttled the B-1 bomber, the MX missile and the neutron warhead without getting any comparable concession from the Soviets in return.

The Soviet Union continues building the greatest war machine the world has ever seen. While we try to prevent a war they are planning to win one.

In these last few years we've sent some of the finest young Congressmen and Senators and some of the best representatives to the state capitol any party has ever sent. Even though greatly outnumbered it was those Republicans who stopped the administration's plan for the Consumer Protection Agency which in truth would have been a bureaucratic monstrosity.

They blocked the common situs picketing bill and the so-called Labor Reform Act which would have led to compulsory unionism for every worker in this land. Right now they are leading the fight against the administration's pretended gas deregulation bill -- which is an unworkable interference by Government in the marketplace.

Republicans have made the Democratic majority vote eight times in this Congress alone against across-the-board tax cuts which would help all the people and be beneficial to the economy.

Republicans are trying to get a limit to the percentage of the people's earnings Government can take in taxes and an end to deficit spending. The Democrats squirm and vote no.

Whether intended or not, the Democrats have taken us down the road to collectivism. It is 5 minutes to midnight for this unique system of sovereign states joined together in a federation. Through the bribery inherent in Federal grants and excessive regulations we have seen the tenth Article of the Bill of Rights virtually repealed. That is the constitutional provision which calls for the Federal Government to do only those things specifically mentioned in the Constitution. All others remain with the states or the people.

It must be our goal to elect men and women to local and state office who are willing to accept responsibility for local management of programs Washington has usurped to which it is ill-equipped to perform.

We must send men to Congress who will determine what functions are best left to the Federal Government and which should be returned to the states -- along with the tax sources to fund them -- no Federal gifts of our own money minus a substantial carrying charge.

The Democratic leadership will never do this --- it's against their religion. We can restore federalism with the transfer in an orderly manner of programs like welfare and public education back to state and local control. Thus will we clear away the bureaucratic jungle which has given the people a feeling of helplessness which is in large part responsible for the low voter turnout.

The Democrats love to refer to themselves as the party of Thomas Jefferson. I believe if that Virginia gentleman were to come back today he would have little enthusiasm for the big government regulatory, paternal, meddling philosophy of the Democratic Party.

If you've ever visited his home Montecello in the beautiful Virginia countryside which looks now very much as it looked then, very possibly you've become aware of something the history books don't mention.

Standing by that hill top home, you wonder what would ever make a man risk all this. True, the home was not completed when he wrote the Declaration of Independence, but the dream was there. He was willing to risk that dream -- a dream we all share in one way or another. A dream of family -- for his neighborhood (in his case the Virginia countryside). He was willing to say farewell to peace and to risk his freedom for what he believed in.

Tell that to the historians when they say our revolution was fought for economic advantage. Tell it to the cynics who say men and women are always motivated by selfish and base instincts.

If you are at Montecello at twilight the air is hushed and still. For a moment you are in a kind of ~~limbo~~ state. It could be 1978 or 1878 or even March 4, 1801 -- the day that Thomas Jefferson delivered his first inaugural address.

He spoke of the need for "a wise and frugal government which shall restrain men from injuring one another; which shall leave them otherwise free to regulate their own pursuits of industry and improvement and shall not take from labor the bread it has earned. This is the sum of good government, and this is necessary to close the circle of our felicities."

That was the kind of government for which Jefferson and his friends were willing to risk their lives, their fortunes and their sacred homes. Not for what they could get out of it. But for what they believed. They formed the first community of values in this country. Can we do less than try to "restore the sum of good government for ourselves and our children"? Let us do all we can for family, work, neighborhood, peace and freedom.

Let history record that almost 200 years after Jefferson's words there is still a majority of Americans who tried their best to "close the circle of our felicities."

End
case
File

065143

THE WHITE HOUSE
WASHINGTON

Date: 5/17/82

NOTE FOR: SECRETARY REGAN via
Craig Fuller

The President has

seen ☒

acted upon ☐

commented upon ☒

the attached; and it is forwarded to you for your:

information ☒

action ☐

Richard G. Darman
Assistant to the President
(x-2702)

cc:

THE WHITE HOUSE
WASHINGTON

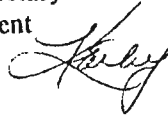
TO: Dick Darman

DATE: 5-17-82

I thought you might want to
see before I re-route as the
President has suggested.

FROM: Kathy Osborne
Personal Secretary
to the President

Ext. 2858



STARWOOD CORPORATION

100 PARK AVENUE

NEW YORK, N. Y. 10017

(212) 679-3620

To Sec. Don Regan

R. J. ARMSTRONG
CHAIRMAN

Don I know you have plenty to catch up on but I thought you might be interested in this. As you can see I've had it in my desk quite a while.

Ron

January 19, 1982

When it is all parsed out, our analysis of the year ahead leads to only two conclusions, namely:

1. The course of events is unpredictable.
2. The outcome will be determined exclusively by interest rates.

This same analysis leaves us with conflicting emotions. On the positive side, the old habits have been broken and new elements, now in place, could lead to a strong cyclical recovery. Our fears relate solely to the Federal Reserve Board, which is so dangerously close to "Hooverizing" our economy!

The Case for Optimism

The prospect of large budget deficits has generated great concern. This concern has been used by many critics of the Administration to press for a tax increase.

We do not share this concern. The deficit argument simply does not stand up. Effective stimulation of the economy could wipe out the deficit in 12 months (assuming that tight controls on spending are maintained). Moreover, the means for such stimulus is within our control - an interest rate cut of 400 to 600 basis points should be effective. Unless we turn to pure socialism, there is no other stimulus left.

It is estimated that each 1% of unemployment is the cause of \$25 billion in deficit spending (due to loss of tax income, both direct and induced, and to transfer benefit payments). If the estimate is valid, a 4% drop in unemployment could reduce the deficit by \$100 billion. Furthermore, interest charges on the Federal Debt now exceed \$110 billion. A 600 basis point reduction would eventually save another \$20 billion.

Trying to whip the deficit by raising taxes is like trying to come from behind in the last quarter of a football game by running twice into the line and kicking on third down.

We cannot cut and tax our way out of economic trouble. Mrs. Thatcher has tried this and failed. We have to earn our way out by stimulating business and putting people to work, exactly what the Administration is counting on.

Unless interest rates come down, the auto and housing markets won't move. And, if they don't, we will soon realize the extent to which these two industries carry the entire U. S. economy.

The Case for Pessimism - Our Federal Reserve Board

Historically, the Fed has played a difficult and unpopular role. It has been criticized and its policies attacked so often that one comes to expect it - like complaints about the weather.

It's not unusual, then, for us to hear the statement, "Everybody always blames the Fed! This Board is no different from all the Boards that came before it. And, in the end, this is a classical, interest-induced recession that will be easily reversed at the right time - probably just before the congressional elections!"

The point is that this Board is different from all the Boards that came before it. In almost 70 years of existence, no other Board has been less intellectual, more erratic, nor caused such extensive damage to our system.

For example, it is following a money supply doctrine that has been used by past Boards. But, unlike past Boards, it has failed to understand that distribution of the money supply is more important than the aggregate level. All other Boards have taken two steps to control distribution and push funds into productive use, but not this one.

Those two steps were:

1. A prohibition on Non-Productive loans.
2. A change in margin requirements.

Today, when the banking system makes a \$7 billion acquisition loan to a duPont or a U. S. Steel, it creates a deposit and the money supply spurts up. In retaliation, the Fed ratchets up rates and chokes off funds from those who could put the money to productive use.

Money is simply inventory. And every businessman knows that distribution of inventory is just as important as the aggregate level.

Going beyond the money supply, this Board has succeeded in creating such damage to a once bright and beautiful system that we find it hard to believe. Congress will spend the next two years, and billions of dollars, trying to put the pieces together again.

Specifically, the damage has been done in four areas:

1. The long term bond market has been reduced to chaos. Company after company has been forced into short term financial churning. Instead of providing stable capital markets, this Board has disrupted them by its erratic and irresponsible monetary policies.
2. An entire industry, savings banks and savings and loans, has been badly damaged. It is ironic that an agency designed to nurture the banking industry has gutted it with shock waves. A good example is the recently-published list of 26 banks, in New York State alone, that are close to bankruptcy.
3. The fixed rate mortgage market is virtually destroyed. And even the hybrid, a variable rate mortgage, is not easily obtained. Congress will have to do immediate work here to create a new instrument or guarantee that will make mortgages readily available again.
4. Employment capacity has suffered permanent shrinkage. The Japanese have become astute at driving for expanded market share during high interest periods when U. S. industry is vulnerable. The result is a transfer of jobs to the Japanese that will never be recovered, regardless of an upturn in our economy.

The Federal Reserve Board is too simplistic. Our goal is not to cut inflation at any cost. Our goal should be to reduce inflation steadily while building employment and tax revenues. The fiscal job is done. The shock wave of reduced spending has been absorbed. With proper monetary support, we could be heading toward a balanced budget within two years.

There has been great damage, however, and despite our confidence in the resiliency of U. S. industry, we are concerned about our ability to experience a classic recovery.

Some Considerations on Inflation and Interest Rates

The relationship of interest rates to inflation is complex. In order to reduce rates, the Federal Reserve Bank must increase the percentage of Government Debt that it "monetizes" (i.e. does not sell but issues checks against). This could eliminate the problem of "crowding out".

In 1981, it appears that 80% of Treasury Debt was sold and approximately 20% retained or "monetized". In 1982, if 70% were sold and 30% "monetized", it would ease market pressure and allow rates to fall. While this is an inflationary tactic, it is temporary (as compared to the upward inflationary pressure of long-term labor contracts). Moreover, if sufficient stimulus results, unemployment will fall, the deficit will moderate, and long-term inflationary pressures will disappear.

All this is a long way of saying that a little more inflation now, could lead to much less inflation later!

Danger and Opportunity

No one can predict 1982; one can only theorize. Our own judgement on the course of events is as follows:

1. The economy will plunge downhill in the first quarter of 1982 with unemployment rising above 10%.
2. The Federal Reserve Bank will continue to vacillate in the face of a huge Federal calendar and interest rates will remain high.
3. By March, both Congress and the Federal Reserve Bank will panic and rush to drive rates down and stimulate the economy.

4. Tax collections in mid-April will reduce the pressure of government borrowing and rates will stay down.

5. Congress will be forced to create a new agency/instrument/guarantee to provide residential mortgage money.

6. Labor unions will make major concessions toward moderating escalation clauses in new contracts.

7. By Fall, both the stock market and the economy will show strong signs of recovery.

8. For now, the sooner things get worse, the sooner they will get better.

Investment Policy

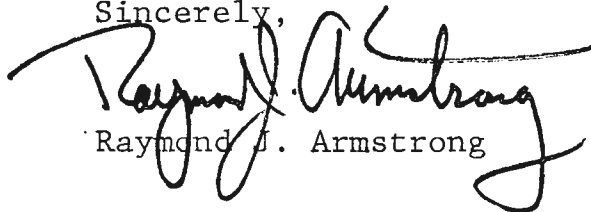
Whenever a year is so clearly teetering between triumph or disaster, there is no choice except to hedge.

There is a saying in Texas that portfolio managers have "sore mouths" meaning they are as jittery as a horse with an over-tight bit. This means that market volatility, at least in the early months, should be pronounced. Turnover will be high with various sectors shifting out of favor.

Our asset allocation will provide some high-yielding liquid securities for dry powder. And within the equity segment, we intend to overweight toward recession-resistant sectors such as consumer non-durables, drugs, health care, high yields, or special situations.

As always, we do not plan to be "etched in stone". Since the outcome for the year depends entirely on politics, we will make further adjustments as developments unfold.

Sincerely,

A handwritten signature in black ink, appearing to read "Raymond J. Armstrong". The signature is fluid and cursive, with a large, sweeping initial "R".

Raymond J. Armstrong

RJA/pmm

End
case
File