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Last Updated: 07/16/2025

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60073

Feb 87

NO MORE MR. NICE GUY

P. 16

P. 40

I was wrong about
Ireland - the 48% tax rate
is at \$12,000 + 60% at \$18,000!



Boynton

"It's interesting that religious toleration is an issue we almost never raise—certainly never raise forcefully—at meetings with Soviet leaders. Instead, what do we say? We say, Why do you put critics of your system in prison? That's absurd. Of course they put critics of their system in prison. But they are not unique in that respect. After all, many of our allies put critics of their regime in prison, and we have to live with that fact. The importance of religious toleration is that Communist countries are unique in putting people who practice non-Marxist-Leninist religion in prison. Now, they know what they are doing. They are not fools. The Marxist-Leninist religion in the Soviet Union cannot survive even unfree competition with other religions, whether it be Judaism, Christianity, or Islam, or the Bahai for that matter. To raise the issue of religious freedom is to strike at the heart of the Soviet system. It is not a peripheral issue. It is an absolutely central issue. It is *the* human right so far as the Soviet system is concerned, and that is the one we should be pressing." A word fitly spoken is like apples of gold in pictures of silver, as they say in non-Marxist-Leninist religions.

□ Dartmouth offered something new at registration this semester: free brochures and sex kits, including condoms, lubricants, and "rubber dams." The college's health service also gives out free condoms and "morning-after" pills (not yet approved by the FDA, by the way). And for those who like a lighter approach to sex education, there's a "Contraception-Control Road Show," which goes around the dorms instructing the troops in techniques of intercourse, buggery, mutual masturbation, fellatio, and variations like "water sports," "fisting," and "rimming." Of course none of this in any way implies that the college endorses or condones any of these practices. Don't believe any of the awful things you read about the Ivy League in *God and Man at Yale*.

□ Dr. Bernard Nathanson has produced a sequel to *The Silent Scream*, this one titled *Eclipse of Reason*. It shows an abortion—not a mere sonogram, as in *Scream*, but a gory closeup of a child being torn apart at about the midpoint of gestation. We haven't seen it, but it reportedly shows, for example, the child's crushed and severed head with brains spilling out. Whatever one thinks of the ethics of filming such a thing, it's drawing interesting reactions. The columnist Ellen Goodman complains, "Dr. Nathanson does not reason; he manipulates." (He doesn't show it from the woman's point of view, she observes.) *Newsweek* objects that "the real danger is that by its deliberate appeal to extreme reaction, the film could promote just the 'eclipse of reason' it deplors." So *that's* the real danger. The progressive mindset is hard to fathom. First it insists that opposition to abortion is purely "religious," theological, metaphysical. Then it rules

that factual, concrete color movies are inadmissible evidence.

□ Coleman Young, the mayor of Detroit, admitted he didn't have a fishing license when he netted a beautiful 18-pound king salmon in Michigan waters. "Nope," said he. "Never had. Don't believe in them." A wonderfully sensible attitude, notwithstanding some local carping about the incident.

□ When are we going to do something about Crow Jim—that is, reverse discrimination?

Aquino Time

AFTER FERDINAND MARCOS won the King Constantine Award for bungled coups, complete with Imelda buying dozens of jungle fatigue outfits for activity in the bush, Corazon Aquino won an overwhelming endorsement in a plebiscite on a new constitution, 24,000 words in length, which no human being we can reach has ever read. Yes, she's popular.

Now let's get serious. The fanatical New People's Army has some 23,000 determined fighters in the field. Supporting them are about a million members of the National Democratic Front. This Communist movement acts upon a coordinated military, political, and economic strategy, not only fighting but promising land redistribution, education, an end to corruption, etc.

The Philippine regular army, riddled with incompetence, poses no immediate threat to the communists and, perhaps, no long-term threat. Much of the politicized military leadership opposes Mrs. Aquino, who, moreover, and despite her popularity, is backed by no organized party.

Buckle your seatbelts. We're in for a rough ride.

The Peace (Death) Movement

DURING THE first three years of Communist peace in Indochina, more people died than in 13 years of war. The Peace Movement helped mightily to achieve that result. Many of these millions of Indochinese were arbitrarily executed. Many others drowned in the South China Sea. To say the least, the promised peasant utopias did not emerge. Where have all the flowers gone?

And now we have Nicaragua, the latest focus of Peaceful feelings. Although the Contras fight valiantly, Nicaragua is being consolidated with more than a billion dollars in Soviet weapons and thousands of advisors as a lever to destabilize this continent. Obviously, the deep-water ports now being constructed

EUROPE NEEDS A TAX CUT

THIS HAS TO have been the most unappreciated economic expansion in history. The U.S. economy has now grown at an average rate of more than 4 per cent for 16 quarters—already one of the two or three longest and strongest expansions in a century. Since early 1981, stock prices have doubled, interest rates have been cut in half, inflation has been slashed from 13 per cent to 2 per cent, private savings have increased by more than \$200 billion a year, real hourly compensation is up 5 per cent, and after-tax income per capita is up 10 per cent. There are more than ten million new jobs.

For four years, economists and journalists have offered numerous, increasingly creative theories about why all this could not possibly happen. The latest fashion is to raise ominous threats about trade deficits and capital inflows. The rallying cry is "competitive-ness"—a slogan that is powerful precisely because nobody even tries to explain what it means.

"Trade Cure Must Be Made in America," proclaims the headline over an article by Art Pine in the *Wall Street Journal* (Dec. 15). "The outsized trade deficits reflect a stunning deterioration in U.S. competitiveness, . . ." writes Mr. Pine. "Investment and productivity growth here are stagnant."

Business Week's "Business Outlook" editor, William Franklin, wrote (Dec. 15): "The flood of imports brought on by the soaring dollar was the primary cause of the trade problem."

Economist Walter Heller, writing in the *Wall Street Journal* on December 12, complained about "an unprecedented consumer binge": We are "gorging ourselves on imports" and becoming "the world's greatest debtor nation."

The trouble with all these stories is that they are not only untrue but backward. U.S. trade deficits actually reflect a stunning collapse in the competitiveness of Europe and Japan, and have been produced by their massive

trade surpluses and corresponding capital flight. These countries have become too dependent on capital outflows—that is, on trade surpluses with the United States—and will have to do something themselves to create faster growth. The U.S. can no longer be the net lender to a stagnant and bankrupt world.

If "competitive" means having a prosperous private sector, the U.S. is very competitive indeed. From November 1982 to November 1986, the output of U.S. manufacturing industries increased by 30 per cent. This dramatic growth far outpaced that of any other major country, including Japan. Since manufacturing employment rose by "only" 6 per cent, while output rose by 30 per cent, there was obviously a huge increase in productivity—more than 4 per cent a year since 1980, compared to annual increases of less than 1 per cent from 1976 to 1979.

The increase in the U.S. trade deficit has been entirely due to falling exports, not to "gorging ourselves on imports." Imports account for a smaller share of the economy than they did in 1980 (see table, next page) and a much smaller share than in any other major country. There has been no "flood of imports." We aren't buying more: The problem is that other countries are buying less.

THE KEY QUESTION is whether the U.S. alone can do anything about exports when the taxpayers in so many other economies are too poor to afford our goods and too bankrupt to deserve additional credit. Since 1980, U.S. exports have fallen from 7.9 per cent of GNP to 5.2 per cent—the equivalent of about \$115 billion a year. But that is mainly because other developed countries slashed their yearly imports by \$170 billion between 1980 and 1985, with most of that cutback (\$104 billion) coming from the

ten largest European countries. It isn't simply that these countries are buying less from the United States: They are buying less from everybody. In fact, the *direct* effect on the U.S. was relatively mild, with U.S. exports absorbing less than 9 per cent of the cut in European imports—a clear sign that U.S. goods are very competitive indeed in the shrunken European market.

Some economists have calculated that faster growth in Germany and Japan would increase U.S. exports to those countries by only \$5 to \$10 billion. This misses the point: namely, how damaging to U.S. exports were the indirect effects of the cutbacks in European and Japanese imports from the developing countries. The anemic performance of so many of the industrial economies has reduced their demand for raw materials, helping depress prices in the commodity-producing Less-Developed Countries (LDCs). The decline in European and Japanese imports had a brutal impact on these countries, which have to earn dollars to service enormous debts before they can buy U.S. food and technology. Latin America is still the second biggest market for U.S. exports, after Canada, so this factor did indeed affect our export markets. In fact, the U.S. became a "net debtor" simply because the value of U.S.-owned foreign assets (namely, LDC loans) collapsed, while the value of foreign-owned assets in the U.S. (stocks and bonds) doubled. The "net debtor" status of the U.S. is another sign of weakness abroad and strength at home. If the U.S. cut imports as much as other countries have, the world economy would collapse, making us part of a worldwide depression rather than a fortunate exception to it.

World exports cannot exceed world

Mr. Reynolds is chief economist for Polyeconomics Inc., a consulting firm in Morristown, New Jersey.

imports, so growth of world trade depends on a turnaround in the anemic performance of the major European countries, where *internal* economic growth (aside from trade surpluses) has been below 1 per cent a year since 1980. The unfortunate mathematics of the situation are that the U.S. cannot possibly reduce its trade deficit unless many other countries reduce their trade surpluses. But under current policies those surpluses are about all that Europe has had going for it. If, instead, these countries were able to increase *internal* growth, then their industries would need more equipment and materials, thus firming up the deflated prices of industrial and agricultural materials produced by developing countries, as well as by U.S. mines, mills, and farms. With better markets for their products, developing countries could once again become good customers for U.S. exports.

From 1965 to 1973, a larger proportion of Europe's working-age population was employed than of the United States—65.3 per cent in Europe to 63.6 per cent in the U.S., according to the Organization for Economic Cooperation and Development (OECD). By 1985, the situation was dramatically reversed, with 68.7 per cent of the working-age population in the U.S. having jobs, compared to only 57.9 per cent for OECD Europe. From 1980 to 1985, employment in the European Economic Community fell by 0.3 per cent a year, compared to a 1.5 per cent annual increase in the U.S. and 1 per cent in Japan. Unemployment rates in the U.S., Canada, and Europe were about the same in 1981, close to 8 per cent, and the situation was properly considered a recession. Today, unemployment has slipped below 7 per cent in the U.S. but is well above 9 per cent in Canada, above 11 per cent in Europe. Imagine how much more the Europeans could afford to import if 69 per cent of their workers were working, rather than 58 per cent.

The employment and trade problem in Europe is taxes. European taxpayers cannot even afford to buy what little their economies produce, so these countries must export to provide the few jobs that remain. Payroll taxes, "consumption" taxes, and income taxes create a formidable wedge between what employers pay for labor and what employees finally receive, after taxes. This

reduces both the employer's willingness to employ and the worker's willingness to work. A 5 per cent pay increase in a 28 per cent tax bracket is exactly as desirable to the employee as a 9 per cent pay increase in a country where marginal tax rates are 60 per cent; but 5 per cent is obviously cheaper to the employer—and to the consumer who must ultimately pay the wage.

As steep marginal rates in Europe succeeded in preventing people from earning high incomes, Social Security and VAT taxes had to be increased to extract more taxes from people with modest incomes. Overtaxing labor relative to capital is common in Europe, and it fosters the uneconomic substitution of machines for people. In Ireland, corporate manufacturing is subject to only a 10 per cent tax rate, zero if for export, and machinery is immediately expensed. But the individual income-tax rate is 48 per cent at an annual income of only \$12,000 and 60 per cent at \$19,600. A value-added tax of 23 per cent applies to many goods not usually considered luxuries, and the Social Security tax is 17 per cent. Unemployment in Ireland has been around 17 per cent. A similar situation exists in Spain, the Netherlands, Italy, and the United Kingdom, among others.

Since government is a huge portion of GDP in Europe, and the statisticians assume that government is worth whatever it costs, growth of government is recorded as growth of the economy. In most of continental Europe, what little "economic growth" there has been has consisted entirely of such increases in government consumption (mostly public payrolls), plus net exports. That cannot continue indefi-

nately, because net exports cannot increase further without further increases in U.S. net imports—something that is becoming politically intolerable. And increased government payrolls cannot continue to make up for Europe's loss of private-sector jobs, because that implies an ever increasing tax burden, which accelerates the decline of private production and employment.

IN COUNTRIES with extremely onerous marginal income-tax rates, ranging up to 75 per cent (plus sales and payroll taxes), the private internal economy actually shrank from 1980 to 1984—by 2.9 per cent in Sweden, 5.2 per cent in Belgium, and 9.3 per cent in Portugal. Overtaxed Italy, Greece, Ireland, and Spain also experienced absolute economic declines. In the only OECD countries that made sizable reductions in tax rates, private internal growth was 13.9 per cent in Turkey and 16.6 per cent in the United States. Japan has high apparent rates, but its generous exemptions still keep almost everyone out of the high tax brackets. Its private internal economy grew by 10.8 per cent over the same four-year period. Between these extremes, OECD countries with middling tax rates experienced growth ranging from minus 2.2 per cent in West Germany to plus 2.1 per cent in Canada and 2.5 per cent in France.

How can the stagnation and outright shrinkage of private internal economies in Europe be reversed? If other countries would copy the general idea of U.S. tax reform, they would increase after-tax incentives for their own people, which would raise their income and purchasing power, thus reducing dependence on exports to create jobs. Tax systems that suffocate domestic income and sales are an *international* scandal.

Like businesses, countries have to compete in terms of the marginal cost of the services they provide. And the cost of government is a large part of the cost of production. If labor is overtaxed, labor costs rise, reducing the return to capital. If capital is overtaxed, capital costs rise, reducing real wages. Excessive taxation of added income discourages the added output that yields the income. With lower marginal tax rates, individuals would also get to keep a larger portion of any interest

(Continues on page 61)

U.S. Merchandise Trade
As Percentage of GNP

	Imports	Exports
1980	9.4	7.9
1981	9.0	7.5
1982	8.1	6.5
1983	7.9	5.8
1984	9.0	5.6
1985	9.1	5.2
1986	8.7	5.2*

*First 3 quarters.

Source: U.S. Department of Commerce.

469954
F# 001-01

THE WHITE HOUSE

WASHINGTON

February 2, 1987

Dear Ward:

Your letter and the clipping are in hand. I've put the idea on the table, but the strongest argument against it was one this ex-Governor couldn't rebut. It would be the Federal government moving in again to usurp a revenue source the states are counting on.

I have to confess, I still have that little "blue nose" feeling that our Nation should be a little above that method of raising revenue. Incidentally, I haven't checked this out, but one history buff said Jefferson used a lottery to pay for the Louisiana Purchase.

Nancy sends her love, and to Dorothy from us both.

Sincerely,

Ran

Mr. Ward L. Quaal
Ward L. Quaal Company
Suite 3140
401 North Michigan Avenue
Chicago, Illinois 60611

870202

To Mr. Ward I. Quaal - 401 No. Mich. Ave.
Suite 3140 Chi. Ill. 60611

Dear Ward

Your letter & the clipping in hand. I've put the idea on the table but the strongest argument against it was one this ex-Gov. couldn't rebut. It would be the Fed. govt. moving in again to usurp a revenue source the states are counting on.

I have to confess I still have that little "blue nose" feeling that our Nation should be a little above ~~gambles~~ that method of raising revenue. Incidentally I haven't checked this out but one history buff said Jefferson used a lottery to pay for the Louisiana Purchase.

Nancy sends her love & to ~~Paul~~ Dorothy from us both.

Sincerely Ron

The Ward L. Quaal Company

401 North Michigan Avenue

Suite 3140

Chicago, Illinois 60611

Ward L. Quaal
President

Telephone
312/644-6066

January 21, 1987

The President of the United States
The Honorable Ronald Reagan
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Re: A National Lottery

My dear Mr. President:

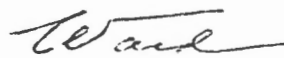
The enclosed item regarding plans of several states to "combine" to form a "mini-national" lottery reminds me of our exchange of correspondence about a year ago.

In that letter to you, I sent a quote by President Jefferson. I believe that statement was to the effect that a lottery is the best money-raising plan because "only those who participate get hurt" (words to that effect). (Kathy will have that item in the file.)

Mr. President, I feel more than ever that we should address the national lottery potential as a means of reducing our debt.

Ron, Dorothy sends her love and from both of us to Nancy.

Respectfully yours,



Ward L. Quaal

WLQ/mbs

Enclosure

Los Angeles, California 213/277-9399 714/493-3316

End
Case
File

469955
60071

THE WHITE HOUSE

WASHINGTON

February 2, 1987

Dear Murph:

It was good to get your letter and I thank you. You are also right about the feelings we both have with regard to the journalistic lynch mob.

I share, too, your admiration for Pat Buchanan. I think he'll soon be returning to private life, and I can only wish him well with a grateful heart. I think it's great that some of those who came on board and were of such help are now being rewarded with great opportunities on the outside. There is no way I'll try to hang on to them or even to regret their going to a just reward.

Well, I'm feeling great and am glad you are too. Nancy sends her love, and from both of us to Bette.

Sincerely,

Ran

The Honorable George Murphy
100 Worth Avenue
Palm Beach, Florida 33480

870202

To Sen. George Murphy 100 Worth Ave.
Palm Beach Fla. 33480

Dear Murph

It was good to get your letter and I thank you. You are also right about the feelings we both have with regard to the journalistic lynch mob.

I share too your admiration for Pat B. I think he'll soon be returning to part. life and I can only wish him well with a grateful heart. I think it's great that some of those who came on board & were of such help are now being rewarded with great opportunities on the outside. There is no way I'd try to hang on to them or even to regret their going to a just reward.

Well I'm feeling great and am glad you are too. Nancy sends her love and from both of us to Betty.

Sincerely Ron

GEORGE MURPHY
100 Worth Avenue
Palm Beach, Florida 33480
January 15, 1987

Dear Mr. President:

Thank you for your most welcome Christmas card. It was thoughtful of you and Nancy and is gratefully appreciated by the Murphy family.

I am pleased by all the good reports of your operation and recovery and I have quoted your fine letter on the Iranian problems on all occasions to point up the total irresponsibility of the press and their consuming desire to dirty your great record any way they can contrive. It also exposes once again your total honesty, decency and straight forward moral strength and total dedication which is a combination not too often found in the office you now hold when occupied by some of your predecessors. When I think of the wanderings by FDR - the unneeded use of the bomb at Hiroshima by Tom's boy, Harry - the at the Bay of Pigs, plus the mistakes of the Cuban missile crisis and the disastrous treaty charged to JFK the fiasco engineered in Vietnam and Cambodia by LBJ with the help of the Department of State - all capped off by the illegal giveaway of the Panama Canal by Jimmie, the peanut vendor, I have to take triple doses of sleeping pills. I want to jump up and yell "Liars, Liars, Liars!! Then I calm down again and say "Stay cool old boy and stay the course." It's like the nights we sat up years ago to outlast those dismal bastards that we had on the board at the Screen Actors Guild. We took care of them and you will take care of the present crop just as well.

I told Nancy of a new, very exciting program which you inspired and which I am working on presently. Your trip to the hospital for your colon examination and especially your trip out on TV has probably saved at least 20,000 lives. When folks saw you leaving the hospital with a wave and a big smile it inspired thousands across the nation to go and get a check-up. It also inspired some top doctors at the Massachusetts General Hospital, my client, Ken Lyons, and a select group of community leaders in Boston to create a new organization. It is called "VIVAS". Its purpose is to discover, develop and publicize that practice the latest and best technology to avoid, expose and cure cancer of the colon. I am presently putting together a top-flight advisory committee which, along with five outstanding community leaders from the Boston area, we will have Buddy Rogers, Jimmie Stewart, Charlton Heston, General Ben Schriver and a couple of top industrialists. I hope for Peter Grace and Fred Crawford. On the ladies' side I am now after Dolores Hope, Loretta Young, Mary Martin and, hopefully, as honorary top lady, your dear wife, Nancy. The organization will be based in a brand new research laboratory at Massachusetts General Hospital and staffed with the top men available in the field. As we proceed the plan is to connect with local outstanding hospitals from coast to coast.

As you know, colon cancer is the second largest killer in the entire cancer field and its importance has been neglected too long by too many. It damn near got me seven years ago. I am still in good shape, going strong toward 85, sound lousy but feel great and am still able to call the meeting to order. I am very excited about this new assignment and will keep you posted on our progress.

On the good news side, my public radar and sonar tells me the "people" are sick of the obvious attempt to make something important out of a crummy political scheme to discredit you and are not buying it. What little respectability "The Washington Post" may have once enjoyed was blown out of the water by BIG MOUTH BEN in his opening statement. Your popularity and the confidence of the people have not been damaged and all the negatives are being poured on the press and the media. I think it's time some of our own party hopefuls saw the light and began to realize what defeat the Mondales and what elected the Reagan. Also the often mentioned but never identified "high authority sources at the White House" should know by now who are the friends and who are the enemies and not let themselves get carried away by a little flattery from our enemies of the press or reference clip on TV. Incidentally, I think Pat Buchanan has done a magnificent job. My admiration for him expands daily. He not only has a great talent of his trade but he has guts to match, which makes for a remarkable combination.

Well, old friend, I have rambled too long and it's time for you to get to sleep. Take it slow on the recovery and don't let them hurry you. If the going gets tough (or should I say "tougher,") fall back on old Al Smith and suggest "Let's look at the record." You will win going away and I'll be leading the cheering section.

Bette joins me in sending our prayers and love, in that order.


Murph

P. S. I tried to reach Orin Hatch without luck. I'll get him Monday.

P.P.S. The bumper stickers sent by Betty Heightman have all gone. I've re-ordered

GM

End
case
File

469980
HF006-01

Dear Paul:

Having read your letter to Nancy, I am compelled to write: first, to reply to your suggestion that Nancy is less than dedicated to the anti-drug campaign and, second, to inform you that my own commitment is not "campaign rhetoric." There has been "rhetoric" over our proposed budget, and it is pure political demagoguery.

Nancy has traveled tens of thousands of miles to virtually every part of this country and to Europe and Asia motivated by her deeply felt devotion to the anti-drug crusade. I believe she has done more and continues doing more than any other single individual, particularly with regard to young people to whom she is totally dedicated.

Yes, we have proposed a smaller appropriation for the drug program than we had last year, but it is bigger than the appropriation for 1986, which was bigger than the one for 1985. Indeed, we have increased the appropriation every year since we've been in Washington. But the appropriation we've proposed for '88, it is true, is smaller than the '87 budget and for a very good reason. Several hundred million dollars were added to the '87 appropriation for one-time, program start-up costs and purchase of equipment and facilities such as radar balloons, helicopters, and planes. Some of that money is still being spent. These were, as I say, one-time expenditures. May I also say, those who have been loudest in their demagoguery have access to this information. It is they who are guilty of "campaign rhetoric."

I'm sorry you removed yourself from the proposed anti-drug film. It was a very worthwhile effort and should not be sacrificed on the altar of partisan politics. I assure you, our Administration and my wife are dedicated to the nationwide crusade against drug and alcohol use.

Sincerely,

Mr. Paul Newman
500 Park Avenue
New York, New York 10022

RR/DLC/AVH/pt (2PMN)
CLEAR THRU DAVID CHEW

The President has seen 2/2

THE WHITE HOUSE
WASHINGTON

February 2, 1987

MR. PRESIDENT:

We have had the OMB staff review some of the budget references in your draft letter to Paul Newman, and a few technical edits have been made in the third paragraph. The changes center around one point -- although the money added to the '87 appropriation was aimed at one-time program start-up costs and capital expenditures, some of that money could, although it was not designed to, have been spent on ongoing programs. Thus, we suggest dropping the line "and had nothing to do with ongoing program costs."

David
David L. Chew

To Mr. Paul Newman 500 Park Ave. N.Y. N.Y.
(Can we get zip code?)

Dear Paul

Having read your letter to Nancy I am compelled to ~~reply~~ write; first to reply to your suggestion that Nancy is less than dedicated to the anti-drug campaign & second; to inform you that my own commitment is not "campaign rhetoric." There has been "rhetoric" over our proposed budget & it is pure political demagoguery.

Nancy has traveled tens of thousands of miles to virtually every part of this country ^{AND TO EUROPE & ASIA} motivated by her ~~deep~~ ^{deeply} felt devotion to the anti-drug crusade.

I believe she has done more & continues doing more than any other single individual, particularly with regard to young people to whom she is totally dedicated.

Yes we have ^{PROPOSED} ~~a~~ for a smaller ^{APPROPRIATION} ~~budget~~ ^{the program} for drug ~~information~~ than we had last year but it is bigger than the ^{APPROPRIATION} ~~budget~~ for 1986 which was bigger than the one for 1985. Indeed we have increased the ^{APPROPRIATION} ~~budget~~ every year since we've been in Wash. But the ^{APPROPRIATION} ~~budget~~ we've proposed for '88, it is true, is smaller than the '87 budget and for a very good reason. Several hundred million dollars ^{more} ~~was~~ added to the '87 ^{APPROPRIATION} ~~budget~~ for one time ^{PURCHASE} ~~purchase~~ of equipment ^{of facilities} ~~of~~ radar balloons, helicopters, planes & ^{such} ~~miscellaneous~~ ~~facilities~~. Some of that money is still being spent. ~~There is no decrease in the ongoing effort.~~
This ^{WAS} ~~is~~ as I say a one time expenditure and ~~had~~ ^{nothing to do with} ^{ongoing} program costs. May I say, ~~the voices~~ those who have been loudest in their

demagogues have access to this information. It is they who are guilty of "campaign rhetoric".

I'm sorry you removed yourself from the proposed anti-drug film. It was a very worthwhile effort & should not be sacrificed on the altar of partisan politics. I assure you our administration & my wife are dedicated to the nationwide crusade against drug & alcohol use.

Sincerely R.R.

DRAFT

Dear Paul:

Having read your letter to Nancy, I am compelled to write; first to reply to your suggestion that Nancy is less than dedicated to the anti-drug campaign and, second; to inform you that my own commitment is not "campaign rhetoric." There has been "rhetoric" over our proposed budget and it is pure political demagogery.

Nancy has traveled tens of thousands of miles to virtually every part of this country and to Europe and Asia motivated by her deeply felt devotion to the anti-drug crusade. I believe she has done more and continues doing more than any other single individual, particularly with regard to young people to whom she is totally dedicated.

*Insert
A
attached*
~~Yes, we have proposed a smaller appropriation for the drug program than we had last year but it is bigger than the appropriation for 1986 which was bigger than the one for 1985. Indeed, we have increased the appropriation every year since we've been in Washington. But the appropriation we've proposed for '88, it is true, is smaller than the '87 budget and for a very good reason. Several hundred million dollars were added to the '87 appropriation for one time purchase of equipment and facilities, radar balloon, helicopters, planes and such. Some of that money is still being spent. There was, as I say, a one time expenditure and had nothing to do with ongoing program costs. May I say, those who have been loudest in their demagogery have access to this information. It is they who are guilty of "campaign rhetoric."~~

I'm sorry you removed yourself from the proposed anti-drug film. It was a very worthwhile effort and should not be sacrificed on the altar of partisan politics. I assure you, our administration and my wife are dedicated to the nationwide crusade against drug and alcohol use.

Sincerely,

RONALD REAGAN

February 2, 1987

NOTE TO DAVID CHEW

FROM: DEBBIE STEELMAN

Money provided under the grants to state was designed for program operating cost; it was designed as federal assistance for one-time start up costs and capital expenditures. However, states do have the flexibility to use these monies for program operating costs. Because these funds were intended as one-time expenditures, the budget request is lower.

original
Yes, we have proposed a smaller appropriation for the drug program than we had last year but it is bigger than the appropriation for 1986 which was bigger than the one for 1985. Indeed, we have increased the appropriation every year since we've been in Washington. But the appropriation we've proposed for '88, it is true, is smaller than the '87 budget and for a very good reason. Several hundred million dollars were added to the '87 appropriation for one time purchase of equipment and facilities, radar balloon, helicopters, planes, and such. Some of that money is still being spent. There was, as I say, a one time expenditure and had nothing to do with ongoing program costs. May I say, those who have been loudest in their demagogery have access to this information. It is they who are guilty of "campaign rhetoric."

Insert A
Suggested change underlined below:

no underlines
Yes, we have proposed a smaller appropriation for the drug program than we had last year but it is bigger than the appropriation for 1986 which was bigger than the one for 1985. Indeed, we have increased the appropriation every year since we've been in Washington. But the appropriation we've proposed for '88, it is true, is smaller than the '87 budget and for a very good reason. Several hundred million dollars were added to the '87 appropriation for one time program start-up costs and purchase of equipment and facilities and such. Some of that money is still being spent. These were, as I say, one time expenditures. ~~(Delete this sentence)~~ May I say, those who have been loudest in their demagogery have access to this information. It is they who are guilty of "campaign rhetoric."

The reason for adding "one-time program start-up costs" and deleted reference to ongoing program costs: there are few restrictions on the way the education or state and local law enforcement grants are to be spent -- could be equipment or ongoing program operations. Thus it is more accurate to place the emphasis on the fact that these funds were intended as a one-time infusion to get efforts and programs started as well as for capital expenditures.

Two additional points:

The President is being accused of backing off from his commitment to drugs; the FY88 request totals more than the August 87 Initiative. He has increased his commitment. He simply does not believe that the continuation of Congressional add-ons that resulted in the preelection pile-on is appropriate. Note the remarks the President gave upon signing the Anti-Drug Abuse act of 1986: "But as I've said on previous occasions, we would be fooling ourselves if we thought that new money for new government programs alone will solve the problem." And the the Administration's position statements on both the House and Senate bills registered

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

DATE:

TO:

David Chew

FROM: ASSOCIATE DIRECTOR FOR HUMAN
RESOURCES, VETERANS AND LABOR

Some suggested
changes - see
underlines in 2nd
para - and a few
additional thoughts
on 2 points that
may be helpful.

DBS.

opposition to the vastly increased funding levels these bills contained.

The Congress made it clear that some of the money provided in 1987 was to be used in both 1987 and 1988. They did this because the 1987 bill more than tripled the resources available only two years earlier, and they recognized, we assume, that careful planning and management of these funds would be necessary to ensure they were used well. Not they attack the Administration for simply following their guidance.

THE WHITE HOUSE
WASHINGTON

January 30, 1987

DEBBIE STEELMAN:

Would you please review
the attached paragraph,
written by the President,
and return it to me by
noon today. Thank you.

David Chew



original
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THE WHITE HOUSE
WASHINGTON

January 30, 1987

PATSKIDMORE:

Would you please have the
attached letter to Paul
Newman prepared in final
(with the new insert put
in) and returned to David
Chew on Monday, February 2
for the President. Thanks.

Katherine
Katherine Ladd

DRAFT

Dear Paul:

Having read your letter to Nancy, I am compelled to write; first to reply to your suggestion that Nancy is less than dedicated to the anti-drug campaign and, second; to inform you that my own commitment is not "campaign rhetoric." There has been "rhetoric" over our proposed budget and it is pure political demagogery.

Nancy has traveled tens of thousands of miles to virtually every part of this country and to Europe and Asia motivated by her deeply felt devotion to the anti-drug crusade. I believe she has done more and continues doing more than any other single individual, particularly with regard to young people to whom she is totally dedicated.

*Text
A
added*
~~Yes, we have proposed a smaller appropriation for the drug program than we had last year but it is bigger than the appropriation for 1986 which was bigger than the one for 1985. Indeed, we have increased the appropriation every year since we've been in Washington. But the appropriation we've proposed for '88, it is true, is smaller than the '87 budget and for a very good reason. Several hundred million dollars were added to the '87 appropriation for one time purchase of equipment and facilities, radar balloon, helicopters, planes and such. Some of that money is still being spent. There was, as I say, a one time expenditure and had nothing to do with ongoing program costs. May I say, those who have been loudest in their demagogery have access to this information. It is they who are guilty of "campaign rhetoric."~~

I'm sorry you removed yourself from the proposed anti-drug film. It was a very worthwhile effort and should not be sacrificed on the altar of partisan politics. I assure you, our administration and my wife are dedicated to the nationwide crusade against drug and alcohol use.

Sincerely,

RONALD REAGAN

1/21/87

1 From (Your Name) **P. Newman** Your Phone Number (Very Important) ()
Company **P. Newman** Department/Floor No. **XXXXXX**
Street Address **XXXXXX**
City **XXXXXX** State **XXXXXX** ZIP **XXXXXX**
New York

2 To (Recipient's Name) **Mrs. Nancy Reagan** Recipient's Phone Number (Very Important) ()
Company **The White House** Department/Floor No. **XXXXXX**
Exact Street Address (Use of P.O. Boxes or P.O. Zip Codes Will Delay Delivery And Result in Extra Charge.)
1600 Pennsylvania Avenue, N.W.
City **Washington, DC** State **DC**

AIRBILL NO. **641696532** ZIP & Zip Code Required For Correct Invoicing **20500**

YOUR BILLING REFERENCE INFORMATION (FIRST 24 CHARACTERS WILL APPEAR ON INVOICE.)

3 PAYMENT ☒ Bill Shipper ☐ Bill Recipient's FedEx Acct No. ☐ Bill 3rd Party FedEx Acct No. ☐ Bill Credit Card
☐ Cash ☐ FedEx Acct No. or Major Credit Card No. **227**

4 SERVICES CHECK ONLY ONE BOX
1 ☐ **PRIORITY 1** Overnight Delivery using your Packaging
2 ☐ **Courier-Pak Overnight Envelope** 12" x 15W"
3 ☐ **Overnight Box** 12 1/2" x 17 1/2" x 3"
4 ☐ **Overnight Tube** 38" x 6" x 6" x 6"
5 ☐ **STANDARD AIR** Delivery not later than second business day
6 ☒ **OVERNIGHT LETTER** Your Packaging 5 x 12
7 ☐ **DELIVER WEEKDAY**
8 ☐ **DELIVER SATURDAY** (Extra charge applies)
9 ☐ **RESTRICTED ARTICLES SERVICE** (P-1 and Standard Air Packages only. Extra charge applies)
10 ☐ **CONSTANT SURVEILLANCE SERVICE (CSS)** (Extra charge applies)
11 ☐ **DRY ICE** Lbs
12 ☐ **OTHER SPECIAL SERVICE**
13 ☐ **SATURDAY PICK-UP OR SATURDAY DROP-OFF** (Extra charge applies)

DELIVERY AND SPECIAL HANDLING CHECK SERVICES REQUIRED
1 ☐ **HOLD FOR PICK-UP** Give the Federal Express address where you want to package the item in Section II at right.
2 ☐ **DELIVER WEEKDAY**
3 ☐ **DELIVER SATURDAY** (Extra charge applies)
4 ☐ **RESTRICTED ARTICLES SERVICE** (P-1 and Standard Air Packages only. Extra charge applies)
5 ☐ **CONSTANT SURVEILLANCE SERVICE (CSS)** (Extra charge applies)
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7 ☐ **OTHER SPECIAL SERVICE**
8 ☐ **SATURDAY PICK-UP OR SATURDAY DROP-OFF** (Extra charge applies)

54704
Date/Time For Federal Express Use **1/21 1652**

HOLD FOR PICK-UP AT THIS FEDERAL EXPRESS STATION:
Street Address (See Service Guide or Call 800-238-5359)
City _____ State _____
ZIP & Zip Code of Street Address Required
Emp. No. _____ Date _____
☐ Cash Received
☐ Return Shipment
☐ Third Party ☐ Cng To Del ☐ Cng To Hold
Street Address _____
City _____ State _____ Zip _____
Received By **X**
Date/Time Received _____ FedEx Employee Number _____
PART #2041738901
FEC-S-751-1000
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January 20, 1987

Dear Brian, Leila, and Faye:

Thank you very much for your letter and for the questions you asked me. I enjoyed answering them. Having the chance to share my views with the young people of our country is one of the best parts of my job.

Part of being President means I have to be fair to everyone, and I can't take sides in your contest. However, I do wish you luck and look forward to seeing a copy of your newspaper and those submitted by other schools, too.

I wish you every success at school and in the years ahead.

Sincerely,

A
RONALD REAGAN

Brian Diamond
Leila Putzel
Faye Walsh
Horace Mann Elementary School
44th and Newark Street, N.W.
Washington, D.C. 20016

RR:AVH:JB:CAD:pps

✓ cc: Jerry Becker

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EF

444 723
PR014-08

THE WHITE HOUSE
WASHINGTON

February 2, 1987

Dear Brian, Leila, and Faye:

Thank you very much for your letter and for the questions you asked me. I enjoyed answering them. Being able to share my views with the young people of our country is one of the best parts of my job.

Part of being President means I have to be fair to everyone, and I can't take sides in your contest. However, I do wish you luck and look forward to seeing a copy of your newspaper and those submitted by other schools, too.

I wish you every success at school and in the years ahead.

Sincerely,

Ronald Reagan

Brian Diamond
Miss Leila Putzel
Miss Faye Walsh
Horace Mann Elementary School
44th and Newark Street, N.W.
Washington, D.C. 20016

444 72355

Re: direct

870202

DRAFT PRESIDENTIAL INTERVIEW FOR HORACE MANN SCHOOL

1. Where were you born?

I was born in the small town of Tampico, Illinois on February 6, 1911.

2. Where did you grow up?

I claim Dixon, Illinois as my home town. My family moved there when I was nine years old. It had a population back then of 10,000 people. *Before that we had lived in Chis, Halesburg (where I started school) Marmarth & lived to Tampico.*

3. What elementary school did you go to?

Because we moved around so much, I went to several different schools. I spent most of my elementary school years at the E. C. Smith Grade School in Tampico, Illinois, the town where I was born. I still keep in touch with my fifth grade teacher, Esther Barton.

4. What high school did you go to?

I attended Dixon High School where I earned pretty good grades, and played guard on our football team *from the 440, and on our 880 relay team in track.*

5. When did you move to Washington?

On November 17, 1980. A few weeks earlier I had been elected the Nation's 40th President and there were important people to see and decisions to make.

6. Where did you live before you were elected President?

When I was governor of California, my family and I lived in Sacramento. But we also had a home in the Los Angeles area, in a place known as Pacific Palisades. That is where we were living when I was elected President in 1980.

7. If you could run for President in 1988, would you?

As you know, the 22nd Amendment to the Constitution prohibits me or any other President from running for a third term. For that reason I have never seriously considered the "if" part of your question.

But I believe the American people should be free to elect whomever they want as President, as often as they want him or her. That is why I believe we should change that part of the Constitution that prohibits a second-term President from a third term. Incidentally, I don't want that for myself. I want that change made for the next President, and for the American people.

8. Was it fun being an actor?

Yes, it was great fun. I have enjoyed working at three things: drama, sports, and government. As an actor I had a little bit of each one. I met some wonderful people and was president of the Screen Actors Guild -- the actors union -- for six terms. In fact, that is how I met my wife, Nancy.

9. Do you like being President more than being an actor?

Yes. Acting is usually make believe. As President, I have a real opportunity to lead our country and help people. One thing I have done as President is to help the government get out of the way of the people by cutting taxes, which is what people pay for what government does. When people are able to spend less for government they are able to spend more on things that create jobs. Everyone benefits.

Part of my job as President is to keep our country strong and safe and free so young reporters like you will always be able to write what you want to write.

There's one more thing: I want you to know that drug and alcohol abuse are taking the lives of people we love. What can be more important than putting a stop to that? Drugs in school, and everywhere else, must be a thing of the past. If someone tries to get you to use drugs, please, just say no.

10. What do you think of a female President?

One day the United States will follow in the footsteps of other great nations and elect a woman as President. My friend Margaret Thatcher is prime minister of Great Britain. Indira Gandhi was prime minister of India. And Golda Meir was prime minister of Israel. A woman is just as capable of being President as a man.

I know how capable women are because I asked many women to help me run the country by serving as members of my Cabinet, by running the agencies of government, and by working as members of my staff at the White House. I also selected the first woman to serve on the Supreme Court. Her name is Sandra Day O'Connor.

Jan. 7, 1987

Dear Mr. President,

We know this is a busy time for you but we would like it very much if you could answer a few questions. We go to Horace Mann Elementary School and we are in the fifth grade. We are reporters for our school newspaper and we were wondering if we could interview you. We have written some questions for you to answer and we hope you will give the answers back to us.

Our newspaper is being entered into a contest, and we think that if we get the answers to these questions and write a successful article our school will win.

Thank you,

Brian Diamond

Leila Putzel

Faye Walsh

QUESTIONS

- (1.) Where were you born?
- (2.) Where did you grow up?
- (3.) What elementary school did you go to?
- (4.) What high school did you go to?
- (5.) When did you move to Washington?
- (6.) Where did you live before you were elected president?
- (7.) If you could run for president in 1988, would you?
- (8.) Was it fun being an actor?
- (9.) Do you like being president more than an actor?
- (10.) What do you think of a female president?

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February 3, 1967

Dear Pepper:

Thank you very much for your letter, the tape (which I haven't had time to play yet) and the book. Those pictures make a Californian in the East very homesick. Please give my warmest thanks to Andy, Adrian, Lani, Debbie, Jessica and Curtis for their letters. I hope very much I'll be able to meet them all one day, and I'll treasure the book of pictures. Just thought I'd send some in return.

God bless you for the great thing you have done.

Sincerely,

RONALD REAGAN

Mrs. Pepper A. Edmiston
Suite 155
11693 San Vicente Boulevard
Los Angeles, California 90049

RR:AVH:pps

RR Dictation

Encls: (6) Signed RR Photos



Dear Andy - Every good wish & Best Regards.
Ronald Reagan



Dear Adrian - Every good wish & Best Regards,
Ronald Reagan



Dear Loni - Every good wish & Best Regards.
Ronald Reagan



Dear Debbie - Every good wish & Best Regards.
Ronald Reagan



Dear Jessica - & very good wishes & Best Regards.
Ronald Reagan



Dear Curtis - Every good wish & Best Regards.
Ronald Reagan



January 29, 1987

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

Dear Mr. President:

It was wonderful speaking with you on the phone. It was as thrilling to me as when I had my babies, or began the camp! It was also great seeing you deliver a most inspiring "State of the Union" message. The cheers and standing ovation you received at the Capitol were repeated a million-fold throughout the nation - we were certainly whooping it up at our house!

As you know, our young cancer patients are constantly applauding you because they know you care about them, and are rooting for them.

This past weekend we brought six campers to the J&R Ranch to try out the facility. We can't yet run a full program there, but we can bring in small groups of patients to enjoy the beauty of the Santa Ynez Valley. The kids had a grand time. Their photos and letters to you are enclosed.

Also enclosed is a tape, only eight minutes long, which incorporates your message with a short documentary that appeared on "Two on the Town", on KCBS-TV. Narrated by Melody Rogers and produced and written by Lynn Ellenson, it features our young friend Kerry Bloor and other campers enjoying the "Good Times". To me, the combination of you and the children is the most eloquent presentation of camp imaginable. I hope you like it!

Thank you Mr. President for being friend and champion to our children.

Best regards,


Pepper A. Edmiston

PAE:s
Encls.

A project of
Southern California Children's Cancer Services, Inc.
A non-profit corporation

11693 San Vicente Boulevard, Suite 155, Los Angeles, California 90049 • (213) 476-8488

WHORM: Presidential Handwriting File

FILE TRANSFER

BY THE REAGAN LIBRARY STAFF

*Ronald Reagan Personal Papers
Presidential Personal (PP)*

Previously filed: *February 1987 (1)*

Presidential Records

New file location: *Fdder 276*

Date of transfer: *960 5/11/94*

To Mrs. Papper A. Edmiston - 11693 San Vicente Blvd
Suite 155 L.A. Calif. 90049

Dear Pappan

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Those pictures make a Californian in the East very homesick. Please give my warmest thanks to Andy, Adrian, Lani, Debbie, Jessica & Curtis for their letters. I hope very much I'll be able to meet them all one day and I'll treasure the book of pictures. Just thought I'd send some in return.

God bless you for the great thing you have done.

Sincerely RR

(Serial 2 X10's attached to bar.)

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End
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