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*Last Updated: 08/07/2025*

433522

MF 001-03

THE WHITE HOUSE  
WASHINGTON

Mr. President:

FYI

We will send a wire when she  
is hospitalized.

Kathy

433522

*Ugo - Florida  
RR*

*Central  
Files*

## Thatcher to be hospitalized for surgery on hand

LONDON [UPI]—Prime Minister Margaret Thatcher will enter the hospital next week to undergo a one-hour operation on her right hand, the government announced Monday.

A spokesman at Thatcher's official residence, 10 Downing St., said Thatcher is suffering from Dupuytren's contracture, an ailment in which the tissue immedi-

ately beneath the skin of the palm of the hand slowly contracts.

If left untreated, the condition, possibly inherited or from inflammation, could lead to a deformity, the spokesman said.

Thatcher, 60, will enter the hospital at the end of the British Commonwealth conference in London on Tuesday and undergo a one-hour operation under gener-

al anesthesia. During the operation, the contracting tissue in her hand will be cut to relieve the pressure.

She is expected to leave the hospital at the end of the week.

Deputy Prime Minister William Whitelaw will take over as prime minister while Thatcher undergoes the operation, the spokesman said.

End  
Case  
File

THE WHITE HOUSE  
WASHINGTON

The President has seen 8/7  
317157CS  
F6010-03

August 1, 1986

RR

MEMORANDUM FOR DONALD T. REGAN

FROM: ALFRED H. KINGON *AK*  
SUBJECT: 55 MPH Speed Limit

I am attaching the DPC paper, unsigned by Ed Meese, the President would normally get were we to bring him the issue.

As I reported to you, the DPC was split between going for total repeal (supported by most members) and Transportation's option to allow the States to set their own limits on major rural interstate highways.

Elizabeth asked that we do not move the issue forward now and that has considerable support in the Council. Although, to be fair, Ed Meese and Don Hodel and a few others want to go for total repeal now.

The Political Office is under pressure from Senator Symms, et al, to help while the President himself has committed to Senator Exxon that we would review the issue.

Working with Mitch and Will we think the best option is to not have a formal DPC which would require a major policy decision (knowing the President it would probably be for transferring this responsibility back to the States) but instead to back the legislation of the interested Senators. Senator Symms will introduce a measure that, as I understand it, will allow the States to raise the speed limit on rural interstate highways.

The President, however, should be familiar with the issue and, as I discussed with you, it might be best if you show him the paper and get his consent for the legislative approach if you approve.

THE WHITE HOUSE

WASHINGTON

July 24, 1986

MEMORANDUM FOR THE PRESIDENT

FROM: THE DOMESTIC POLICY COUNCIL

SUBJECT: The National Maximum Speed Limit

Issue - How should the Administration respond to State concerns regarding the National Maximum Speed Limit Act?

Background - In January 1974, Congress passed the National Maximum Speed Limit Act as a temporary measure to enforce fuel conservation. A national maximum speed limit of 55 mph was created. The Act later became permanent, and was modified to establish compliance criteria and to require States to implement speed monitoring programs. The Act also requires the Secretary of Transportation to withhold highway funds if States do not enforce and achieve compliance with the maximum speed limit of 55 mph.

Conservation: Current fuel savings attributed to the 55 mph speed limit have been estimated at about 1 percent of total U.S. consumption of petroleum products. A 1984 National Academy of Sciences (NAS) study estimated that the 55 mph speed limit reduced oil imports by about \$2 billion per year. However, fuel prices have decreased by more than 25 percent since the 1984 study. Some contend that the lower speed limit has also lessened the appeal of large, powerful cars, and has enhanced consumer acceptance of smaller, more energy efficient cars. Others feel that changing consumer demand and fuel economy standards played a more significant role in this trend. In either case, the downsizing of the American automobile fleet is seen by many as a more important energy conservation measure than the 55 mph speed limit, although some feel the two can be linked.

Public Opinion: Public opinion polls during the last decade have revealed strong support for the 55 mph speed limit throughout the country. However, regional differences exist, and polls have not focused on the question of State versus Federal control of speed limits. An April 1986 national poll by NBC News and The Wall St. Journal showed 70 percent support for keeping the 55 mph speed limit. The poll also indicated that 37 percent of American motorists say they drive at 55 mph or slower on better highways in good weather, and another 43 percent say they drive between 56 and 60 mph. The NAS study suggests two subtleties that are important: 1) the strongest supporters of the law also drive the least, and 2) most American drivers believe that they comply with the spirit of the law by not exceeding 60 mph. A 1985 California Highway Patrol survey found that 62 percent of a nationwide sample preferred a higher speed limit on major rural expressways.

**Safety:** Improved safety, rather than energy conservation, now serves as the strongest argument for supporters of the 55 mph speed limit. Nationwide statistics indicate that reduced speed and reduced speed variance (fast vs. slow drivers) appear to be key factors in the decline of highway fatalities. Highway fatalities declined by 8,856 between 1973 and 1974, and the NAS study suggests that 3000 to 5000 of the avoided fatalities were attributable to the 55 mph speed limit. This study further points out that by 1983 annual fatality reductions attributable to the 55 mph limit had dropped to 2,000 to 4,000 per year. Improvements in vehicle and highway design, medical services, and safety and enforcement policies have also reduced the risk of high speed driving. Without discounting these factors, supporters of the 55 mph limit argue that crashes at higher speeds produce more fatalities ("Speed Kills!"), and that this problem is even more pronounced with smaller cars.

**Compliance:** Despite statistical safety arguments and opinion polls which support the 55 mph speed limit, Federal data indicate that compliance with the National Maximum Speed Limit Act is steadily declining, and that a situation analogous to Prohibition may be developing. In 1983, over 70 percent of the traffic on rural Interstates traveled in excess of 55 mph. In 1984, nationwide statistical data shows that, on average, 42 percent of American vehicles exceeded the 55 mph limit on all monitored highways. The number of States reporting that over 50 percent of their vehicles exceeded 55 mph grew from 30 in FY 1982 to 44 in FY 1985. Various regulatory "adjustments" to reported data have kept most States from being penalized. However, Arizona, Vermont and Maryland are clearly in violation of the Federal statute, and the Secretary of Transportation must now withhold up to 10 percent of their highway funds. Similar action will most likely be required against several other States over the next few months.

Discussion - States, particularly those in sparsely populated western regions, have increasingly resented the National Maximum Speed Limit Act and its associated compliance formula. Some States only enforce the speed limit in the vicinity of State monitoring sensors, and others levy only nominal fines for speeding. As fuel conservation concerns lessen, some American motorists are beginning to recognize other costs such as increased travel time. The safety of traveling at 55 mph is more abstract to them, given the low probability of a fatal accident. Recently, the Western Governor's Association overwhelmingly passed a resolution calling for State flexibility to increase the speed limit on selected rural Interstates. These emerging concerns and the pending withholding of Federal funding for non-complying States suggest the need for a reevaluation of our national policy mandating a maximum 55 mph speed limit on American highways.

The chief objections to the current law are that it conflicts with the Administration's federalism principles, and that it sets the same blanket standard for the highest quality Interstate as it does for a narrow, two-lane rural road, even though American highways are vastly different in terms of their safety risk and importance to



national travel. Statistics confirm that the highest percentage of vehicles exceeding 55 mph can be found on the nation's safest and least traveled roads, and that fatalities are dropping on these roads despite steadily increasing speeds. Nevertheless, an increasing number of States have been forced to redeploy police officers from densely traveled and high-accident areas to low volume, low risk roads to maintain compliance with the 55 mph limit and thus avoid loss of Federal funds.

The impact of these Federally mandated speed enforcement procedures on overall highway safety troubles many law enforcement officers and other State officials. Increasing speeds on rural Interstates have not been accompanied by comparable fatality increases, thus eroding confidence in the 55 mph speed limit as an effective traffic safety measure on well-designed, lightly traveled highways. The Commander of the South Dakota Highway Patrol recently said: "We have the Federal government worrying about whether or not I've got a trooper out on the Interstate at 10 o'clock in the morning to keep a guy from going 60 on a road designed for 70 mph. If I could concentrate my troopers on the road on a Wednesday or Friday night when the bars close, we could save 10 times the lives we lose to speeding." The dilemma is further compounded by the current regulatory system that treats the 56 mph driver the same as the 86 mph driver for compliance purposes.

The 1984 National Academy of Sciences study, which was mandated by the Congress and commissioned by the Department of Transportation (DOT), noted that focusing resources on Interstates is an efficient way to gain compliance with the law, but it does not represent the optimum way to ensure overall highway safety. The study further noted, as an example of an emerging trend, that Oregon state police devote one-third of their patrol time to speed enforcement on freeways, yet only 6 percent of their fatal accidents occur on these roads. The NAS study concluded by recommending that "the 55 mph speed limit should be retained on almost all of the nation's highways," and that the Federal government should measure State compliance with the speed limit through "a point system that attaches more significance to high-speed violations than to violations just above the speed limit."

Given the arguments supporting and challenging the 55 mph speed limit, Administration actions on this issue:

- o Should not impede the progress made during the past several years in reducing highway fatalities;
- o Should recognize regional and local variations in demographics, roadway design, and travel patterns;
- o Should consider public attitudes, driving practices, and law enforcement procedures, including accepted tolerances in speed enforcement; and,
- o Should reflect the established principles of federalism.

Options - In order to respond to State concerns, several options are available for Administration consideration:

OPTION #1 Continue to enforce the current law and regulations without further modifications.

Pros

- o There is popular support for the current law despite lack of compliance.
- o Energy savings in excess of \$1 billion per year would continue to accrue.
- o Environmental and other activist groups would not be antagonized, and political capital and effort could be employed elsewhere.

Cons

- o As stated in the 1980 Republican Platform, "the federal 55 miles per hour speed limit is counterproductive and contributes to higher costs of goods and services to all communities, particularly in rural America." This option would be counter to that statement.
- o State level resentment is building against Federal involvement in speed enforcement, and the resulting sub-optimal utilization of scarce police resources.
- o It is bad public policy to retain a law which is actively supported only by a vocal minority, and which is widely disregarded by otherwise law abiding American motorists.

No agency supported this option in the discussion.

OPTION #2 Propose that the National Maximum Speed Limit Act be Repealed.

Pros

- o The responsibility for regulating speeds would be returned to the States and local governments consistent with the Administration's principles of federalism.
- o Despite opinion polls supporting the current law, repeal of the Federally mandated maximum speed limit would be a popular act. The Administration could advocate State control of speed limits without endorsing higher speeds. Senator Exon's bill, which raises the limit to 70 mph, misses this key point and could be opposed while the Administration pushes for total repeal of the national speed limit.

- o Repeal of the current law would not necessarily mean that all States would raise the maximum speed limit. Citizens could voice their opinion in each State, and if the 55 mph limit is as popular as represented, it will be retained. However, speed would be regulated in accordance with local conditions and public attitudes. The economic cost imposed upon American society as a whole would be reduced, and States would not be unfairly deprived of Federal highway funds generated via gasoline taxes on their citizens.

Cons

- o As suggested by a 1984 NAS study, fatalities could increase by 2,000 to 4,000 per year if all States reinstated their pre-1974 speed limits.
- o Proposing repeal of the current law will subject the Administration to criticism that it is not concerned with safety, and that it is ignoring a potential increase in highway fatalities.
- o The current law has strong, vocal supporters which will make repeal difficult.

Justice, Interior, Energy, Education, CEA, and OPD preferred this option.

OPTION #3 Propose a modification to the current law which would permit each State to establish its own speed limits, contingent upon increased enforcement of other safety measures to maintain a declining trend in highway fatalities.

Pros

- o Speed limits would be established at the State and local level consistent with the Administration's federalism principles.
- o The Federal government could continue to maintain a strong position on the importance of highway safety, and regulate State compliance without mandating blanket standards for vastly different regions of our country.
- o States would be permitted to focus their resources on saving lives, and would risk loss of Federal funds only if results, not methods, were unsuccessful.

Cons

- o The Federal government would continue to regulate a function which is more properly the responsibility of States and local governments.
- o Regulating compliance with fatality standards would be complex, would require a new Federal bureaucracy, and would place the Federal government in the inappropriate role of

establishing a rational and "acceptable" level of highway fatalities.

- o Strong political opposition can be expected from vocal special interest groups.

Labor and OMB preferred this option with strict safety standards.

OPTION #4 Propose modifications to the current law which would permit States to raise the speed limit to 65 mph on sparsely traveled rural highways constructed to Interstate standards, and which would implement a compliance point system to focus enforcement efforts on the most excessive speeders.

Pros

- o Approximately 18,000 miles of rural Interstates and other low volume expressways representing one-third of the total Interstate system would be eligible for a 65 mph speed limit. Such action would significantly diffuse the growing State and local resentment against an unreasonably low speed limit on desolate, high-speed roads.
- o Compliance requirements which are weighted against the most excessive speeders would permit more rational deployment of scarce police resources.
- o Local conditions and public attitudes could be accommodated without sacrificing a decade of progress in reducing highway fatalities. A major DOT effort to increase speed law enforcement and seat belt utilization on all roads could be implemented concurrently, and in a manner consistent with the principles of federalism, to reduce the risks associated with the proposed change, and to minimize the concerns of safety conscious citizens.

Cons

- o The Federal government would still retain a major role in regulating speed limits, contrary to the principles of federalism.
- o Fatalities could increase slightly if all States adopted a higher speed limit on eligible roads, without concurrent efforts to reduce fatalities in high risk areas.
- o The national 55 mph speed limit was established under unique circumstances during the energy crisis, and has resulted in a beneficial modification in the behavior of the average American driver. Even if fatalities should increase dramatically, a national consensus to reimpose a slower speed limit may not emerge again.

Transportation, HHS, and HUD preferred this option.

Edwin Meese III  
Chairman, Pro Tempore

Decision:

Option 1 - No further modifications. \_\_\_\_\_

Option 2 - Propose repeal of Maximum Speed Limit Act. \_\_\_\_\_

Option 3 - Propose modifications to the Act to permit  
states to establish limits, but require  
strict safety standards. \_\_\_\_\_

Option 4 - Propose modifications to the Act to permit  
states to raise limits to 65 mph on rural  
interstate highways, and implement compliance  
point system. \_\_\_\_\_

*I support returning authority to states on all  
rural highways. RR*



433850  
PR 003

August 1, 1986

Dear Francesca:

Thank you for your letter and for giving me the word about the Turnpike. I'm so happy for you and for him. Yes, he does know about it. I believe that with all my heart.

Thanks, too, for enclosing the introduction he gave me back on that spring day in 1979. My every prayer is that I can be worthy of his kind and eloquent words.

Nancy sends her love, as do I, and, again, a heartfelt thank-you from both of us.

Sincerely,

RON

Mrs. John Davis Lodge  
129 Easton Road  
Westport, Connecticut 06880

RR:AVH:pps

RR Dictation

DOB

cont

x5.

Mr President - dear friend -

My beloved John would  
be so pleased & proud  
to know of your great  
recent victories.

I send you my most  
enthusiastic congratulations  
in his behalf -

I feel that he will



"Know" all about it,  
& that it will make him  
very happy!

With best wishes  
to you & lovely Nancy,  
most affectionately  
& respectfully,

Francesca

+ always most gratefully —

## Lodge turnpike official

The Connecticut Turnpike will become the Governor John Davis Lodge Turnpike on October 1, under a bill passed recently by the state Legislature and signed into law by Gov. William A. O'Neill.

The law will change the name of the turnpike to honor the former Republican governor, who lived in Westport. Mr. Lodge died last year at the age of 80.

Mr. Lodge served as Connecticut's governor from 1951 until 1955. During his term he strongly supported construction of the turnpike, which at the time was a controversial issue. Construction on the road began in 1955.

State Rep. Julie Belaga, R-Westport, sponsored the bill renaming the highway.

Addressing the House, Mrs. Belaga urged lawmakers to grant Mr. Lodge's request to name the highway after him. "This was his fondest wish," she said.

The newly-enacted bill sets aside \$3,500 for two memorial plaques commemorating Mr. Lodge.

In a letter to Francesca Lodge, Mr. Lodge's widow, Gov. O'Neill said: "Your husband served this state and the nation with great skill and integrity. More than any other individual, Governor Lodge was responsible for the first turnpike to span the state."

—Reginald Johnson

In fond memory!

RONALD REAGAN

A MAN FOR OUR TIME

INTRODUCTION

of Governor Ronald Reagan by  
Governor John Lodge at the  
Republican Springtime Gala,  
at The Sheraton Park Plaza  
Hotel, New Haven, Connecticut

May 23, 1979

September 19, 1979

Published by the  
FAIRFIELD COUNTY COMMITTEE  
FOR REAGAN FOR PRESIDENT

Governor for 8 years of our most highly populated  
e, Ronald Reagan converted a \$200 million budget  
icit into a \$500 million surplus. The state of  
ifornia is bigger and more productive than most  
ions. Do you realize what this would mean with  
pect to the national budget? Without question  
would bring inflation under control.

ing the same period Governor Reagan provided \$5  
lion in direct tax relief to Californians.

capita annual income rose during that period from  
\$457.00 per person in 1966 to \$6,040.00 in 1974.

ernor Reagan cleaned up the welfare mess in Califor-  
n. Think what that would mean on a national basis.  
increased benefits to the truly needy by 43%.

drastically reduced crime to the point where there  
almost 0% growth in the seven major felony offen-

scandal has ever touched Governor Reagan or his  
ministration.

ernor Reagan has demonstrated that he knows how  
handle large domestic problems.

is also a geopolitician who understands that,  
a world swept by convulsive currents of change,  
e Russians seek domination not accomodation. He  
ows that "peaceful coexistence" for the Russians  
a tactic, not an objective. He is alert to the  
sturbing fact that the alarming Russian military  
ildup coincides with a vertiginous decline in our  
rtunes abroad as the SALT II tresties move to  
nter stage.

The only criticism made against Ronald Reagan is his  
age. There is no criticism of his performance; there  
is no denigrating his ability; there is no slur against  
his integrity. Just his age. Yet, he is younger than  
General Douglas MacArthur when, at age 70, he commanded  
the Inchon landing, one of the greatest strokes of mili-  
tary genius in the recorded annals of warfare. It has  
not been suggested that General MacArthur could have  
done twice as well had he been 35.

The Ayatollah Khomeini in Iran has been criticized for  
being a cruel tyrant, but not for being 78 years old,  
10 years older than Governor Reagan. Winston Churchill  
served his country brilliantly when he was in his 70's  
and 80's; and Konrad Adenauer was 73 when he started  
his greatest career as Chancellor of West Germany. He  
served for 16 years, until he retired at 89.

To discriminate against a person on the basis of age  
is self-defeating. It is also as unjust as to discrim-  
inate on the basis of race or religion or sex.

Ronald Reagan is a man for all seasons. He is right for  
our time. His is the steady hand at the tiller, which  
our distraught and floundering nation needs at this  
trembling hour of decision and destiny.

"The elements so mixed in him that nature might stand  
up and say to all the world, 'This is a man'".

I give you a great American - Ronald Reagan.

4 33851

THE WHITE HOUSE

WASHINGTON

August 1, 1986

Dear Larry:

It was good to hear from you and, as always, you are right on target. This place -- this Capital, leaks like a sieve. I don't know which is worse -- the leak of a truth or the leak like the one you forwarded that is not based on fact. We will not allow SDI to become a bargaining chip. My own view is that we may be able to develop a defensive shield so effective that we can use it to rid the world once and for all of nuclear missiles. Then -- since we all know how to make them, we preserve SDI, as we did our gas masks, in the event a madman comes along someday and secretly puts some together.

Larry, we haven't agreed to any artificial time restraints. We have a good idea of about how long research will take and are basing our proposals on that, since research is within the restraints of the ABM treaty. We'll make no unrealistic longtime agreements reaffirming or pledging to observe the treaty.

You know, those people who thought being an actor was no proper training for this job were way off base. Every day, I find myself thankful for those long days at the negotiating table with Harry Cohen, Freeman, the brothers Warner, et al.

Well, thanks again. Nancy sends her love and so do I.

Sincerely,

Ron A.

Mr. Laurence W. Beilenson  
1946 North Gramercy Place  
Los Angeles, California 90068

86 8 4

LAURENCE W. BEILENSEN

1946 NORTH GRAMERCY PLACE

Los Angeles, California 90068

TELEPHONE (213) 467-6479

July 26, 1986

President Ronald Reagan

Dear Mr. President:

I enclose a copy of the headline story Los Angeles Herald Examiner, July 24, 1986. Leslie H. Gelb, the author of the story, was a high official in the State Department during the Carter administration. In the magazine Foreign Policy, No. 36, Fall, 1979, p. 29, Gelb published an article "A Glass Half Full", in which he proposed a Soviet--U.S. treaty drawing described lines in the ocean, through which attack submarines of either party would be prohibited from passing. This was to make sure that each side's submarines, firing nuclear weapons, would survive to ensure mutual assured destruction.

Needless to say, nobody would pay any attention to such a treaty ban during or on the eve of war, the only time the prohibition would be important.

I don't believe Gelb's article, but somebody in your administration must have leaked it, and it is damaging.

When the history of your presidency is written, your greatest achievement in foreign affairs will be your SDI. It has been weakened somewhat by not being vigorously pursued. It would be irretrievably damaged by agreeing to an extension of the six-months cancellation clause in the ABM Treaty, the only good clause in a bad treaty, a treaty which the President has power to terminate.

You should do so. Then nobody will be able to muster the required two-thirds vote to resurrect this product of M.A.D., and we will not fall into the treaty trap.

Sincerely,

A handwritten signature in cursive script, appearing to read "Larry".

LWB:mh

Enclosure

# Reagan bargains with Star Wars

## *He'll postpone deployment if Soviets agree to more tests*

By Leslie H. Gelb  
New York Times News Service

**W**ASHINGTON — President Reagan is prepared to delay deployment of space-based missile defenses for five to seven years if the Soviet Union agrees to expanded testing of the systems in the meantime, administration officials said yesterday.

The offer, the officials said, is contained in a draft response to a letter last month from the Soviet leader, Mikhail S. Gorbachev.

In effect, the offer would guarantee that the United States would continue to adhere for five to seven years to the 1972 Anti-ballistic Missile Treaty, which the Soviet Union contends prohibits the space-based defense system, popularly known as Star Wars.

Under the proposal, Washington would move toward Moscow by extending the time required to withdraw from the ABM treaty and deploy new defenses, if the Soviets were to allow research, development and testing of the defenses, known officially as the Strategic Defense Initiative.

The ABM pact, which limits existing defenses and prohibits the development, testing or deployment of space-based systems, has no expiration date. Under its present terms, either side can withdraw on only six months' notice.

Officials said Reagan's proposal was intended to resolve differences with the Soviet Union over his plans to develop a space-based missile defense system and thus clear the way for cuts in offensive nuclear forces.

In an evident attempt to delay the U.S. program, Moscow had suggested that the two sides agree to adhere to the ABM pact for 15 to 20 more years, and Soviet negotia-

## Star Wars —

Continued from page A-1

tors have talked informally of 10 years.

Under the Reagan approach, the United States and the Soviet Union would agree to wait five years after giving notice, plus two more years if they agreed to discuss the possibilities of sharing missile-defense technologies. Research on new systems could be conducted throughout this period, according to the U.S. view, and deployment could begin in the last two years by mutual agreement.

Officials expressed the hope that the offer, when delivered by the end of the month, will provide a way of ending an impasse and open the door for a summit meeting later this year.

Reagan's intent, the officials said, is to allay Soviet concern about the United States' deploying advanced defense systems well before the Soviet Union. In return, he would insist on the opportunity to prove, through development and testing, that missile defenses can be made to work and are in the common interest.

American envoys have been briefing the allies on the draft letter, and reactions are said by Western diplomats to be positive.

Pentagon officials are known to be unhappy about the draft, despite their judgment that it would still take a long time to iron out ambiguities.

Other elements in Reagan's draft are said to include:

- A repetition of the U.S. offer to eliminate all medium-range nuclear forces in stages.

- A repetition of the proposal to reduce intercontinental-range weapons by 50 percent in small steps.

- A linking of these reductions with cuts in the number of underground nuclear tests, the only kind still permitted since a 1963 treaty barred tests in the air, underwater and in outer space.

Officials said that the idea of reductions in small stages was another way of dealing with the Soviet' concerns.

"They are worried about stripping down their offenses while the defense issue is still unresolved, and we are telling them they don't have to take the reductions in one swallow," an official said.

In return for the United States' delaying deployment of the new space-based defense systems, the Soviet Union would have to accept Reagan's definition of research as including not only laboratory research, but actual development and testing of components based on new technologies such as lasers and particle beams.

In the last round of arms negotiations in Geneva, the Soviet Union offered to allow laboratory research on the new technologies. But the United States and the Soviets define such research as allowing only ground-based work and prohibiting any kind of research in the air or in space. In addition, the Soviet definition of research was said to exclude development and testing of components.

In other words, officials noted, the two sides seemed to be converging on the issue of a withdrawal period, but to remain apart on research into the new systems.

The officials said the changes on notification and withdrawal and on the research issue would take the form of amendments to the ABM treaty or agreed statements of interpretation.

Earlier this week, Secretary of Defense Caspar W. Weinberger told a group of columnists that limits on the missile defense program in exchange for offensive force reductions would be a "bad bargain."

August 1, 1986

Dear Larry:

It was good to hear from you and, as always, you are right on target. This place -- this Capital, leaks like a sieve. I don't know which is worse -- the leak of a truth or the leak like the one you forwarded that is not based on fact. We will not allow SDI to become a bargaining chip. My own view is that we may be able to develop a defensive shield so effective that we can use it to rid the world once and for all of nuclear missiles. Then -- since we all know how to make them, we preserve SDI, as we did our gas masks, in the event a madman comes along someday and secretly puts some together.

Larry, we haven't agreed to any artificial time restraints. We have a good idea of about how long research will take and are basing our proposals on that, since research is within the restraints of the ABM treaty. We'll make no unrealistic longtime agreements reaffirming or pledging to observe the treaty.

You know, those people who thought being an actor was no proper training for this job were way off base. Every day, I find myself thankful for those long days at the negotiating table with Harry Cohen, Freeman, the brothers Warner, et al.

Well, thanks again. Nancy sends her love and so do I.

Sincerely,

Mr. Laurence W. Beilenson  
1946 North Gramercy Place  
Los Angeles, California 90068

RR:AVH:pps

RR Dictation



100-443-1 713:25

**To:**

8-1-86  
David

The President's  
dictation; K.O.  
wanted you to  
see x to get  
it autographed "R.W."

Anne

**ANNE HIGGINS**  
Special Assistant to the  
President and Director  
of Correspondence  
Room 94, x7610

Dear Francesca

Thank you for your letter and for giving me the word about the Turnpike. I'm so happy for you and for him. Yes he does know about it. I believe that with all my heart.

Thanks too for enclosing the introduction he gave me back on that spring day in 1979. My every prayer is that I can be worthy of his kind and elegant words.

Nancy sends her love as do I and again a heartfelt Thank you from both of us.

Sincerely Ron

To Mr. Lawrence W. Beilenson 1946 N. Gramercy Pl.  
L.A. Calif. 90068

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9. Mrs. John Davis Lodge 129 Easton Rd.  
Westport Conn. 06880

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Thank you for your letter and for giving me the word about the Turnpike. I'm so happy for you and for him. Yes he does know about it. I believe that with all my heart.

Thanks too for enclosing the introduction he gave me back on that spring day in 1979. My every prayer is that I can be worthy of his kind and eloquent words.

Nancy sends her love as do I and again a heartfelt Thank you from both of us.

Sincerely Ron

To Mr. Lawrence W. Beilenson 1946 No. Gramercy Pl.  
L.A. Calif. 90068

Dear Larry

It was good to hear from you and as always you are right on target. This place - this Capitol, looks like a sieve. I don't know which is worse - the leak of a truth or the leak like the one you forwarded that is not based on fact. We will not allow SDI to become a bargaining chip. My own view is that we may be able to develop a defensive shield so effective that we can use it to rid the world once & for all of nuclear missiles. Then - since we all know how to make them we preserve SDI as we did our gas masks in the event a madman ~~does~~ comes along some day & secretly puts some together.

Larry we haven't agreed to any ~~such~~ artificial

End  
Case  
File

the President has seen *8/5*

*317166 & 5*  
*FGW0-03*

THE WHITE HOUSE

WASHINGTON  
August 4, 1986

100-213

1986 AUG -4 PM 5:18

MEMORANDUM FOR THE PRESIDENT

FROM: THE DOMESTIC POLICY COUNCIL

SUBJECT: The Strategic Petroleum Reserve (SPR)

Issues: Three issues are presented for your consideration:

- 1) Should we retain the 750 million barrel goal for the SPR?
- 2) If so, at what rate should we fill the Reserve?
- 3) How should we pay for additional purchases?

Background: The Strategic Petroleum Reserve (SPR) was created to maintain adequate strategic and economic protection against oil supply disruptions. It moderates the economic impact of price increases and shortages, reduces pressures for allocation and price controls, reduces the likelihood of panic buying, and reduces the need for military action, thereby buying time for diplomacy. Under the plan transmitted in 1979, the approved size of the SPR is 750 million barrels which the Administration has consistently supported.

The SPR now holds just over 500 million barrels. In the FY 1986 budget, the Administration proposed a moratorium on further SPR fill, since this amount appeared to provide ample protection from a supply interruption -- 120 days of 1985 net imports. Congress did not adopt the moratorium, but sharply reduced the minimum required fill rate to 35,000 barrels per day (bpd) for FY 1986 through FY 1988. With recent declines in oil prices, various reasons have arisen to increase the fill.

Today, imports are about 30% of total domestic oil consumption, but they are gradually increasing as a result of the lower prices and domestic delays in realizing the potential of nuclear power and coal. Imports could approach 7 to 10 million bpd by the mid 1990's, further increasing U.S. and allied import dependence. In the Supplemental Appropriations Act, Congress restored \$577 million earmarked to fill the SPR we had proposed be deferred. Now we must purchase that amount of oil, or spread it out over an extended period to minimize budget problems. Some analyses show that the current SPR of approximately 500 million barrels would not be sufficient to meet our goal of 90-120 days supply in the event of a supply interruption.

Some contend the excess of oil production worldwide reduces the likelihood that we will face an oil supply disruption in the next few years large enough to tax the limits of the current reserve. Others say that increasing consumption could create a greater dependence on imports, and permit OPEC countries to regain a greater than 50 percent share of the world oil market, thus leading to a future disruption.

Discussion: OMB thinks our supply is adequate to meet U.S. needs through the early 1990's. They and CEA do not believe we should fill now, just because the prices are low. They argue that the budget deficit is far more important at this time. Energy, Interior, and Defense feel we should fill while prices are low, so as to reduce our economic and national security vulnerability.

Analysts from these agencies differ over levels of vulnerability, and when we might be seriously at risk. Because of these differences, there is no agreement on whether in the next few years we are likely to face an oil supply disruption large enough to tax the limits of the current reserve. Continued insecurities in the Middle East also increase our vulnerability, according to DOD and DOE. The U.S. SPR and other International Energy Agency government-owned and controlled stocks are the key defense against future disruptions, in their view. They feel it is in the economic and security interests of the U.S. to continue filling so as to maintain adequate levels of oil stocks.

Issues: Three issues are presented for your consideration.

Issue 1: Should we continue to support a 750 million barrel goal for the SPR?

Option 1A: Retain the goal of a 750 million barrel SPR.

This is the approved size under current law and has been supported by the Administration since 1981. Those in favor of this option include Energy, Defense, and Interior. They feel that retaining this goal will avoid major confrontations with the Congress. They also feel that there are net economic benefits because of the high probability of a severe disruption prior to the year 2000. Reaffirmation of the 750 million barrel goal, they argue, will demonstrate continued U.S. leadership and commitment to our allies that holding strategic stocks is the best defense against the effects of oil supply disruption. Treasury has suggested that purchases of oil should be treated as purchases of assets, and not as straight costs.

OMB and CEA oppose this position, largely due to concerns over the cost of fill, holding that the probability of a severe disruption is not justified by current analyses.

This option, when fully implemented, is estimated to cost an additional \$2.5 to \$3 billion for capacity construction and fill.

Option 1B: Reduce the SPR capacity goal to 625 million barrels.

This option will require submission of a revised SPR implementation plan to Congress and is likely to result in a major confrontation with Congress. No agency fully supports this option.

This option, when fully implemented, will cost an additional \$1.2 to \$1.5 billion for capacity construction and fill.

Option 1C: Reduce the SPR goal to 525 million barrels.

This goal could be reached in FY 1988 at the currently mandated fill rate of 35,000 bpd. Significant budget savings will be realized; however, this option is not likely to be acceptable to the Congress. Most analysts agree that this level will provide adequate reserves for the U.S. for the next two or three years. Those who favor this option see it as appropriately shifting the burden of additional stocks to our allies; others point out that import dependence of our allies is not increasing, therefore, we have a greater continuing need for expanded reserves. The cost of this option will be about \$350 million.

Issue 2: If we maintain the current SPR goal, at what rate should we fill to reach the goal?

Option 2A: Continue filling at the minimum legal requirement of an average of 35,000 bpd through FY 1987. Reassess in one year.

This fill rate is supported in the Mid-Session review of the FY 1987 budget. This option would add about 13 million barrels of oil per year to the Reserve, and would demonstrate a commitment to continued SPR development, while avoiding further increases in the budget deficit. It provides the flexibility for reevaluation in light of changing economic, budgetary and oil market conditions. At this fill rate, it would take about 20-years to reach a capacity of 750 million barrels.

Option 2B: Continue 50,000 bpd through the end of FY 86 and then reevaluate.

Reevaluation options are limited by the requirements of the Supplemental. Realistically, the potential of this option is to reevaluate in a few months the value of a continued fill rate slightly higher than the minimum. Continuing at this rate through FY 87 would incur incremental costs of \$85 million over the requirement for Option 2A, and would only slightly accelerate the fill. Most think this option is not practical.

Option 2C: Fill at an average of 75,000 bpd, but reevaluate if prices rise.

This option would result in a 750 million barrel SPR by 1995. This substantially increased SPR fill-rate would take advantage of current lower oil prices. Fill at this rate or higher has been proposed by the House for future years but is likely to be substantially reduced by the Senate. This would provide protection against a "worst case" situation in the mid 1990's but at a high cost -- about \$500 million per year.



Option 2D: Fill at an average of 100,000 bpd, but reevaluate if prices rise.

This option would increase the near-term fill rate even more than Option 2C, to take full advantage of the current lower oil prices. It would result in a SPR of about 600 million barrels by the end of your administration, providing a strong signal of continuing U.S. concern about energy security and a positive signal to marginal domestic producers. Costs for this option are similar to those for Option 2C.

Issue 3: How should we pay for additional purchases that may be needed?


Option 3A: Increase revenues.

The DPC has considered a wide range of asset sales and revenue increases. Asset sales, while attractive, are not feasible since high asset sales levels are already included in the budget. Increased taxes and fees on gasoline or imported petroleum were evaluated and rejected based on longstanding Administration opposition to increased taxes. Thus, additional revenues can only be realized through reversal of our current position on taxes.

Option 3B: Find appropriate budget offsets.

Over the past month, the DPC working group, comprised of DOE, State, DOD, Interior, Treasury, Agriculture, OMB, OPD, NSC and CEA have discussed the possibility of offsets. While all agreed that offsets might eventually be required, none were willing to volunteer program reductions at this time. Should we be required to find budget offsets, you could request concrete proposals from the DPC or require OMB to direct the appropriate reductions.

Some of the near-term problem can be avoided by using the \$577 million contained in the Urgent Supplemental to pre-pay a significant purchase for delivery during during FY 87. Such prepayment avoids Gramm - Rudman "scorekeeping" but could also lead to additional spending requirements being levied by the Congress.

  
Ralph C. Bledsoe  
Executive Secretary

Decision:

Issue # 1: Should we expand the capacity of the SPR from the current size of approximately 500 million barrels?

x Option 1A: Retain the goal of a 750 million barrel SPR.

*Ronald Reagan*

Option 1B: Reduce the SPR goal to 625 million barrels.

Option 1C: Reduce the SPR goal to 525 million barrels.

Issue # 2: If we expand the current SPR capacity, at what rate should we fill to reach the agreed upon goal?

x Option 2A: Continue filling at the minimum legal requirement of 35,000 bpd through FY 1987. Reassess in one year. \*

*Ronald Reagan*

Option 2B: Continue 50,000 bpd through the end of FY 86 and then reevaluate.

Option 2C: Fill at an average of 75,000 bpd, but reevaluate if prices rise.

Option 2D: Fill at a rate of 100,000 bpd, but reevaluate if prices rise.

Issue # 3: How should we pay for additional purchases?

Option 3A: Increase revenues.

Option 3B: Find appropriate budget offsets.

Option 3C: More discussion required.

\* *If oil goes below 12 a barrel domestic, consider additional purchases.*

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**United States  
Information  
Agency**

Washington, D.C. 20547

*Nice going - Congratulation*  
*RR*  
Director



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*6/14/89*

August 5, 1986

IN RE: US-USSR CULTURAL EXCHANGE AGREEMENT SIGNED NOVEMBER 21,  
1985 AT GENEVA.

Dear Mr. President:

I thought you might be interested in a minor victory we have just won over the Soviets in our attempt to gain greater reciprocity in the cultural exchange program. It came in connection with our efforts to get the Soviets to make their long-awaited and much-postponed return of my visit (and my staff visits) to Moscow.

About two weeks ago, after months of foot-dragging, the Soviets suddenly proposed to send a high-level delegation to a hurry-up meeting in Washington. Not wanting to let this opportunity slip, I immediately said yes and rearranged my whole schedule to accommodate them.

Then, as George Shultz put it, they tried to play hard ball. They suddenly demanded that, as a condition of having the meeting, we guarantee that they would walk away with agreements. This smacked to me of a set-up. They were trying to shift responsibility for slow progress, unreasonable obstacles, unfair financial arrangements, and lack of reciprocity from themselves to us. I told them so and said that the only way we would have the meeting would be if there were no preconditions. They relented immediately and, in fact, they are here. They left their preconditions behind.

The President  
The White House

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~~LIMITED OFFICIAL USE~~

-2-

In case you want to see them, attached are three cables, with the relevant parts highlighted, that tell the tale. This demonstrates that we can win at hard ball when we think we are absolutely right and we act accordingly.

I hope that we make progress, and I will report to you in due course.

Sincerely,

Charles Z. Wick

(Dictated but not signed by Mr. Wick  
in his absence from the office.)

~~LIMITED OFFICIAL USE~~

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40108500  
11/21/11

Rose Marie & Danny - Once again have you  
are working with heart & hand as you have  
for so many years past, to help children everywhere  
by way of the St. Joes childrens medical center.

And this time you are doing it on a very  
special, personal, golden day for both of you.

Henry & I are sorry we cant be there with  
you but from our hearts we say; Congratulations  
to you both on this happy golden 50<sup>th</sup> wedding  
anniversary. And Bless you.

Faye to go to Danny Thomas  
in Calif.

End  
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THE WHITE HOUSE

WASHINGTON

August 5, 1986

RR

MEMORANDUM TO KATHY OSBORNE

FROM: Peter Roussel

Saturday, August 9, will mark the point at which the President will have been the longest-serving President since Eisenhower. It's possible we may be asked about this at the Friday briefing with regard to any personal reflections, further goals the President may have. Could you please check to see what he might like us to say in regard to this. Thanks.

Well I'm, of course very proud that my fellow citizens have entrusted me with ~~our~~ custody of this institution, the Presidency. I hope I can be worthy of their trust and that we can, between now & 1989, set the course for peace & reduction of nuclear weapons; achieve real tax reform, and ~~some~~ ~~implement~~ ~~etc.~~ policies based on free & fair trade that will assure us prosperity and opportunity for all.

Is this suitable?

RR

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