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MG

BAI

February 10, 1981

Dear Mr. Jones:

With great regret for the delay, I would like to acknowledge your January 26 letter to the President, in which you urge the President to consider a one-year moratorium on new Federal regulations.

As you know, on January 29, President Reagan issued a directive ordering key Federal agencies to freeze pending regulations for 60 days. This action was designed to (1) allow for a review of the "Midnight Regulations" issued by the Carter Administration to assure that they are cost-effective and necessary under the enabling statutes; (2) allow time for the Administration, through the President's Task Force on Regulatory Relief, to develop improved procedures for regulatory oversight and to reassess the need for regulations that have been under development; and (3) ensure that regulatory proposals intended to lessen the regulatory burden will go forward expeditiously.

Please be assured that the President shares your concern regarding those regulations which you cite as "drastic and, to some degree, punitive," and that regulatory relief will continue to be an essential goal of this Administration.

Thank you for writing and sharing with us your views on this important issue.

With cordial regard, I am

Sincerely,

Max L. Friedersdorf  
Assistant to the President

X  
The Honorable Walter B. Jones  
House of Representatives  
Washington, D.C. 20515

cc: w/incoming to James Miller (OMB) - FYI

WALTER B. JONES  
1ST DISTRICT, NORTH CAROLINA

FLOYD J. LUPTON  
ADMINISTRATIVE ASSISTANT

COMMITTEES:  
AGRICULTURE  
MERCHANT MARINE  
AND FISHERIES

# Congress of the United States

House of Representatives

Washington, D.C. 20515

January 26, 1981

CONGRESSIONAL  
LIBRARY

JAN 26 1981

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

004024

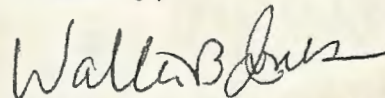
Dear Mr. President:

It has come to my attention that the President of the Southern Furniture Manufacturers Association has respectfully requested you to consider a one-year moratorium on new Federal regulations. As you know, these regulations involve the Federal Trade Commission, the Occupational Safety and Health Association and the Consumer Product Safety Commission, and they are drastic and to some degree, punitive.

I hope that this moratorium can be issued in order that further study and consideration be given the merits of the proposal.

With every good wish, I am

Sincerely,



WALTER B. JONES  
Member of Congress

WBJ:gfc

COMPTROLLER OF THE UNITED STATES

OFFICE OF THE COMPTROLLER OF THE UNITED STATES

WASHINGTON, D. C. 20548

SEP 10 1963

004054

TO THE COMPTROLLER OF THE UNITED STATES  
FROM THE DIRECTOR OF THE BUREAU OF REVENUE  
SUBJECT: [Illegible]

[Illegible text]

[Illegible signature and stamp]

**WHITE HOUSE  
CORRESPONDENCE TRACKING WORKSHEET**

O - OUTGOING

H - INTERNAL

I - INCOMING

Date Correspondence Received (YY/MM/DD) 81/02/18

ID # 005116

FE

Name of Correspondent: Charles O. Whitley

MI Mail Report

User Codes: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

Subject: Requests that Byron L. Babbit's letter to the President be forwarded to the appropriate authority dealing with government waste

**ROUTE TO:**

**ACTION**

**DISPOSITION**

Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
<u>LA</u>	<u>FRIE</u>	<u>ORIGINATOR</u>	<u>81/02/19</u> <sup>to FLO</sup>	<u>27</u>	<u>A</u>	<u>81/04/19</u>
_____	_____	_____	<u>  /  /  </u>	_____	_____	<u>  /  /  </u>
_____	_____	Referral Note:	_____	_____	_____	<u>  /  /  </u>
_____	_____	Referral Note:	_____	_____	_____	<u>  /  /  </u>
_____	_____	Referral Note:	_____	_____	_____	<u>  /  /  </u>
_____	_____	Referral Note:	_____	_____	_____	<u>  /  /  </u>

**ACTION CODES:**

- A - Appropriate Action
- C - Comments
- D - Draft Response
- F - Fact Sheet
- I - Info Copy
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

**DISPOSITION CODES:**

- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

**FOR OUTGOING CORRESPONDENCE:**

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: \_\_\_\_\_

Keep this worksheet attached to the original incoming letter.  
Send all routing updates to Central Reference (Room 75, OEOB).  
Always return completed correspondence record to Central Files.  
Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

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Prime Subject Code: FE \_\_\_\_\_ Secondary Subject Codes: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

### PRESIDENTIAL REPLY

Code	Date	Comment	Form
C	_____	Time: _____	P- _____
DSP	_____	Time: _____	Media: _____

**SIGNATURE CODES:**

- CPn** - Presidential Correspondence
  - n - 0 - Unknown
  - n - 1 - Ronald Wilson Reagan
  - n - 2 - Ronald Reagan
  - n - 3 - Ron
  - n - 4 - Dutch
  - n - 5 -
- CLn** - First Lady's Correspondence
  - n - 1 - Nancy Reagan
  - n - 2 -
  - n - 3 -
- CBn** - Presidential & First Lady's Correspondence
  - n - 1 - Ronald Reagan - Nancy Reagan
  - n - 2 - Ron - Nancy

**MEDIA CODES:**

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- C** - Copy
- D** - Official document
- G** - Message
- H** - Handcarried
- L** - Letter
- M** - Mailgram
- O** - Memo
- P** - Photo
- R** - Report
- S** - Sealed
- T** - Telegram
- V** - Telephone
- X** - Miscellaneous
- Y** - Study

April 14, 1981

Dear Mr. Whitley:

With sincere regret for this delay, I would like to thank you for your February letter forwarding the views of your constituent, Byron L. Babbitt, on ways to combat waste in government.

As you know, President Reagan shares Mr. Babbitt's concern and has moved firmly and expeditiously in addressing the need to improve the effectiveness of government agencies and to establish a strong sense of integrity in the Federal bureaucracy. On March 26, the President announced the creation of the Council on Integrity and Efficiency in Government as part of a broader plan to respond to the demands of the American people for honesty in government. I am sure that Dr. Ed Harper, Chairman of the Council, will welcome Mr. Babbitt's comments and suggestions as he embarks on the difficult tasks ahead.

Again, thank you for writing and bringing Mr. Babbitt's views to our attention.

With cordial regard, I am

Sincerely,

Max L. Friedersdorf  
Assistant to the President

The Honorable Charles O. Whitley  
House of Representatives  
Washington, D.C. 20515

MLF:CMP:asr

cc: w/copy of incoming, Ed Harper (OMB) - FYI. ✓

9

*pw*  
CHARLIE WHITLEY  
3D DISTRICT, NORTH CAROLINA

COMMITTEE ON  
AGRICULTURE



**Congress of the United States**  
**House of Representatives**  
Washington, D.C. 20515

WASHINGTON OFFICE:  
ROOM 404  
CANNON HOUSE OFFICE BUILDING  
202-225-3415

DISTRICT OFFICE:  
FEDERAL BUILDING  
ROOM 306  
GOLDSBORO, NORTH CAROLINA 27530  
919-736-1844

005116

*M7*  
February 16, 1981

Mr. Max Friedersdorf  
Director, Congressional Liaison  
The White House  
Washington, D. C.

Dear Mr. Friedersdorf:

Enclosed is a letter from a constituent of mine, who has asked that I forward this letter to the White House, in order that it may be referred to the appropriate authority concerning waste within the federal government.

Your assistance in this matter will be greatly appreciated.

Sincerely,

*Charlie Whitley*  
Charles O. Whitley  
Member of Congress



Mr. Byron L. Babbitt  
9 Venus Road  
Jacksonville, N.C. 28540  
10 Feb 1981

The President of the United States  
The White House  
Washington, D.C.

Dear Sir:

As an interested citizen aware of the Presidential resolve to combat waste in government, the following is submitted:

Subj: Moratorium on office supplies and reclamation and re-distribution of consumable office supplies in the Federal Government

The problem addressed herein may appear to be trivial and minuscule if you go to the office supply area of the office you are presently in and take a cursory look at the available office supplies maintained for the day to day operation. Are all those supplies really necessary? Compound the contents of your office supply locker by the number of offices presently utilized by the Government. The thought staggers the imagination. The cost is unbelievable.

In all offices you will find necessary supplies, you will also find excessive amounts of various items, i.e., pens, paper, typewriter ribbons, etc., included will be unservicable items (due to age or improper stowage), obsolete forms (Standard Govt. Forms and locally produced forms) probably even items of historical interest or value.

The excessive amounts of office supplies squirreled away in Federal Offices and Military Installations must be realized and the situation corrected.

I suggest a Moratorium on office supplies, a recall of all office supplies by the GSA and all government agencies including the military, redistribution of reclaimed items found to be servicable and recycling of all obsolete and shopworn paper products including waste paper.

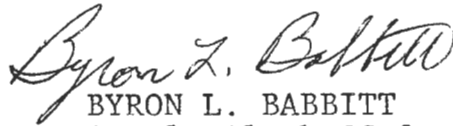
Assuming that the present wasteful situation is corrected at a future time and date, it is suggested that all managers indoctrinate all personnel to preclude reoccurrence of the same situations. Inspection procedures could be modified, i.e., in the military the Inspectors General of the various service departments could make this an inspection item for all offices.

As a retired Marine and presently a federal civil service employee, I know this situation can be corrected and a substantial savings could be realized. It's only good management.

10 Feb 1981

As a federal employee, it would have been appropriate for me to submit this suggestion as a Navy Department Suggestion, but suggestions from my level in the government seem to go in reverse direction twice, before they go forward.

Sincerely,



BYRON L. BABBITT  
Supply Clerk GS-3  
Marine Corps Air Station (h)  
New River  
Jacksonville, N.C. 28545



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021735

4200

FE

MG

BE 003-03

CM 002

April 21, 1981

Dear Mr. Fuller:

I want you to know how much your message meant to me. There is much to do, and I count on your support in our efforts to make that new beginning we all desire.

It is a great help to have the benefit of your views on issues of concern to our nation and I assure you that they will be carefully reviewed.

With heartfelt thanks,

Sincerely,

A

RONALD REAGAN

x

Mr. John H. Fuller  
Chairman of the Board  
Iowa Coal Mining Company  
Post Office Box 752  
Centerville, Iowa 52544

RR/AVH/keb  
P-5 9

810421

Government regulations on the Coal Industry

37

# Iowa Coal Mining Company

P.O. BOX 752 PH. 515-437-4232

CENTERVILLE, IOWA 52544

JOHN H. FULLER  
CHAIRMAN OF THE BOARD

p.5

March 4, 1981

President Ronald Reagan  
The White House  
Washington, DC 20500

Dear Mr. President:

Forgive us for adding to the voluminous amount of material you are required to read, but we have enclosed for your consideration an address by the chief executive of one of the nation's leading coal producers. Although this material is nearly two years old, it is astonishingly more appropriate now than at the time of its presentation. If all the professional coal executives could speak collectively, they would have difficulty expressing the problems facing our industry with greater clarity and conciseness.

We have observed the productivity in our operation reduced by fifty percent, and continuing to decline daily at an alarming rate, due to governmental regulations.

You are to be highly complimented for having continued with the programs you outlined during the campaign. You can depend upon our support.

Very truly yours,

  
John H. Fuller

JHF/mc  
Enclosure

cc/enc: Mr. James Watt  
Secretary of the Interior  
Mr. David Stockman  
Director of Office of Management and Budget

OUR GOVERNMENT'S STIFLING EXCESSES

- By

Robert E. Murray  
President - Western Division  
The North American Coal Corporation  
Bismarck, North Dakota

Before the  
Seventy-Fifth Regular Meeting  
of  
The Rocky Mountain Coal Mining Institute  
Vail, Colorado

June 25, 1979

## OUR GOVERNMENT'S STIFLING EXCESSES

President Ford, ladies, and gentlemen, welcome to the 75th Regular Meeting of The Rocky Mountain Coal Mining Institute. This meeting appears to be the largest in the history of our Institute, and we sincerely hope that you will find it to be the best.

Before I proceed with my remarks, I would like to acknowledge the efforts of three people, in particular, who have worked tirelessly and to the extent of personal sacrifice to make this Institute a success. They are our Reservations Chairman, Loren Linville, our Program Chairman, Ira McKeever, and last, but not least, the wonderful and venerable Gussie Whiteside, our Secretary-Treasurer. No acknowledgment of names would be complete, however, without mentioning Stan Shubart, Bob Wilson, Dick Fenner, and the others who are the real spirit of this organization.

"It is a gloomy moment in the history of our country. Not in the lifetime of most men has there been so much grave and deep apprehension; never has the future seemed so incalculable as at this time. The domestic economic situation is in chaos. Our dollar is weak throughout the world. Prices are so high as to be utterly impossible. The political cauldron seethes and bubbles with uncertainty. Russia hangs, as usual, like a cloud, dark and silent, upon the horizon. It is a solemn moment. Of our troubles, no man can see the end."

By now you, no doubt, are asking, "Where did Murray get this bit of philosophy?" Well, I obtained it from an editorial entitled, "The Worst of Times", which was published in the Harper's Magazine in 1847. That's right, 1847!

The parallelism between the situation in our country in this year of 1979 and in 1847 is uncanny. But wait, there is one major exception -- the size of government. To my knowledge, the citizens of 1847 were not stifled by the extreme governmental excesses that we are experiencing today.

Further, it is highly unlikely that any segment of our economy or society is more stifled by governmental regulation than the coal mining industry. As proof of this, I will site the sixteen major Federal laws affecting coal mining which have been enacted in the past ten years.

The Federal Coal Mine Health and Safety Act of 1969

The National Environmental Policy Act

The Clean Air Act of 1970

The Clean Water Act

The Clean Water Act Amendments

The Critical and Endangered Species Act

The Historic Preservation Act

The Solid Waste Disposal Act of 1971

The Federal Surface Coal Mine Health and Safety Act of 1971

The Federal Water Pollution Control Act Amendments of 1972

The Safe Water Drinking Act of 1974

The Coal Leasing Act Amendments of 1975

The Resource Conservation and Recovery Act of 1976

The Clean Air Act Amendments of 1977

The Mine Safety and Health Act Amendments of 1977, and



last, but certainly not least,  
The Surface Mining Control and Reclamation Act  
of 1977

This list is notwithstanding the endless rules and regulations promulgated pursuant to these Acts by the numerous agencies of the Federal government by which we are regulated, some of which are MSHA, OSM, CEQ, EPA, COE, BLM, USGS, EEO, and I'm sure that there must be an XYZ lurking somewhere. This listing is also notwithstanding the flood of State and local laws and regulations with which we have had to comply.

My assignments during the ten years of this regulatory rampage have involved the production of a basic commodity essential to my country's economy, security, and social welfare -- coal. However, as these laws were enacted, and the regulations promulgated thereto, I became concerned that I might not be able to produce. Then I became worried, then somewhat frustrated, then very frustrated, then thoroughly disgusted, then cynical, and now I feel stifled. I probably could use a few of the other adjectives that I have learned in my twenty-three years in the coal mines, but they wouldn't be acceptable here.

At this very moment, our nation's economy, our national security, and our social fabric are being threatened by an energy dilemma. Please note that I said energy dilemma, not energy crisis. We have no energy crisis in this country. We have a leadership crisis. While the current Administration must assume much of the blame for this dilemma, I believe that our problems stem primarily from the Congress, its leadership, or lack thereof, and its regulatory rampage of the past ten years.

It is ironic that the one major immediate alternative to resolving this energy dilemma, coal, is stifled. It is unbelievable that, at this time, the coal industry has over 100 million tons of idled capacity, and that 13,000 miners are unemployed, primarily in the northern Appalachian area. It is incredible that, at a time when our Country so desperately needs to move ahead with development of our coal resources, we, in the industry, find ourselves unable to market all of our present production capacity. It is preposterous that it now takes longer to permit and construct a western mining and power plant complex than it did for the Allied Forces to win World War II, up to now the greatest struggle this planet has ever seen.

The ironic situation in which the coal industry finds itself today stems primarily from the legislators and regulatory zealots who, almost daily, find new restrictions to bind us with. When is our leadership going to learn that we can't solve all of our problems through the enactment of more legislation or the promulgation of additional rules?

To the contrary, the Congress and Administration must be made to examine the many adverse side effects resulting from government intervention. The costly impacts on consumers must be weighed against the benefits to society that any government tampering is designed to bring.

Furthermore, there is no coordination of government action at the various Federal levels, as well as between

the Federal and State governments. Different aspects of coal production, transportation, and consumption are regulated by different agencies and at different levels of government.

As an example, State executives and reclamation regulatory officials throughout the West are now complaining that the Office of Surface Mining is usurping the rights and responsibilities of the states pursuant to the Federal Surface Mining Control and Reclamation Act of 1977.

Today, government is the number one growth industry in America. Preliminary figures show that it will cost nearly \$6 billion this year to operate the 56 Federal agencies which regulate business. This is more than double the amount required in 1974.

While the cost of operating these Federal regulatory agencies is significant to the taxpayer, the major costs are borne by the regulated industry and the ultimate consumer. A recent study prepared by Washington University estimates that the total cost to the private sector of complying with Federal regulations will be \$116 billion this year, nearly twenty times the direct cost to the taxpayer of supporting the regulatory agencies. This amounts to \$550 per year for each man, woman, and child in the nation!

In the last three years, we have seen a 79 percent increase in government regulations. In 1970, there were 20,000 pages of Federal regulation, and today we have 61,000 pages.

Except for issuing regulations, what have we, as a nation, accomplished toward solving our energy dilemma since the 1973 Arab oil embargo? The answer is, we are in more trouble than before. In the six years since that time, we have seen a 15 percent increase in oil consumption, a 33 percent increase in oil imports, and a 6 percent decrease in domestic oil production. Imports of foreign oil have risen from 36 percent of U. S. consumption in 1973 to 45 percent last year. In the meantime, the country's balance of payments has plunged from a surplus of \$6.9 billion to a deficit of \$16 billion. Sixty-five billion dollars of the \$200 billion expended for imported petroleum resources has remained abroad.

What has happened to coal, our only immediate viable alternative to imported oil, since 1973? Our production has only risen by an annual average of 2.2 percent. In the past three years, the American coal producer has been pushed out of the world market by the cost increases stemming primarily from government regulation, and our coal exports have dropped from 48.9 to 24.6 million tons. The coal industry contribution to the U. S. balance of payments has slipped from \$3 to \$2 billion.

Coal prices have more than tripled over the past decade, and almost doubled in the past four years. The mining costs at one of the mines for which I am responsible have nearly quadrupled in the past ten years. In this period of time,

our output and mining conditions, on an annual basis, have remained relatively constant, and we are actually extracting and processing the coal with fewer employees than 10 years ago due to technological and other improvements. Therefore, only inflation and excessive government regulation are accountable for our rapid operating cost increases.

No segment of our Federal energy policy has failed more dramatically than that pertaining to coal. The progress toward balancing our country's needs for coal, on one hand, and the rapidly growing governmental constraints to coal production and utilization, on the other hand, has been negative, and we continue to go in the wrong direction at an accelerating pace.

While the need to use more coal is recognized, what is actually happening is that countless decisions, arrived at independently by various levels of government and regulatory agencies, are militating against the production and use of coal. Following are some of the evidences as to how excessive government regulation is constraining the production and utilization of coal.

1. We have sustained 45 and 25 percent reductions in underground and surface mine productivities, respectively, in the past six years. As previously stated, our mining costs have tripled in the past ten years, and the productivity decline resulting from excessive government regulation has been one of the major factors contributing to these cost increases.

2. The uncertainties regarding sulfur dioxide emission standards, stemming from The Clean Air Act and Amendments, have made our power plant coal conversion program a "beached whale", in the opinion of The Wall Street Journal. Furthermore, The Electric Power Research Institute currently estimates that, by the year 2,000, the United States will have to spend \$200 billion for scrubbers to enable electric utilities to meet air quality standards. To many of us, who sincerely doubt that moderate SO<sub>2</sub> levels present any health hazard, this seems like an excessively high price to pay for health benefits which may be nonexistent.
3. Under the most stringent SO<sub>2</sub> emission ceilings proposed by EPA pursuant to The Clean Air Act Amendments, 100 percent of the coal reserves in western Kentucky and Ohio would be barred for use in electric power generation, as would 88 percent in Indiana, 86 percent in northern West Virginia, and 74 percent in Illinois.
4. Regulatory procedures now discourage utilities from retiring old oil-fired burners and replacing them with new coal-fired baseload capacity units.
5. The Federal Coal Mine Health and Safety Act of 1969, passed in an emotional atmosphere following a tragic West Virginia coal mine accident, has

changed the very nature of underground coal mining, but has not had a significant positive impact on non-fatal accidents. The frequency of disabling injuries has only declined from 42.3 per million man hours in 1967 to 37.5 per million man hours in 1977. I have always wondered what the figures would be if we were to measure accident rates on the basis of tonnage mined, rather than man hours worked, since our underground mine work forces have, in general, had to be increased by about 20 percent just to comply with this law and associated regulations.

6. As an example, a major western electric utility recently reported that it was required to obtain 40 Federal, State, and local permits to build a power plant in Wyoming, and 63 such permits for a similar North Dakota facility, more than 10 times the number of permits required in 1966.
7. Due to inflation, high interest rates, and, particularly, government regulations, the cost of a power plant for a major Minnesota electric cooperative has increased by 400 percent in 12 years from \$160 to \$700 per kilowatt of capacity.
8. A joint National Coal Association/American Mining Congress task force recently estimated that,

in Appalachian surface mines, it will cost between \$6.52 and \$17.17 per ton to comply with only six new rules being promulgated by the Office of Surface Mining pursuant to the Federal Surface Mining Control and Reclamation Act of 1977.

Interestingly, OSM estimated the cost of complying with the entire law and all associated regulations at only \$2.16 per ton. Furthermore, while OSM concluded that there would be no cost to underground mines for compliance with their regulations, NCA/AMC estimate that these costs will be \$0.57 to \$2.68 per ton. Lastly, the Joint Task Force states that the cost for complying with only five requirements of the new Federal regulations will be between \$0.90 and \$6.11 per ton in mid-western surface mines. OSM estimated the cost of complying with the entire law and all regulations at only \$0.25 per ton in this instance.

9. The Office of Surface Mining's bonding requirements are so devastating that bonding companies are drastically increasing the premiums for coverage and are requiring that cash and other collateral be pledged. Consequently, mining companies which do not have a sufficient financial position to qualify for commercial bonding coverage are ceasing operations. Furthermore, the



new rules severely limit the ability of a large company to self-bond, as statutorily authorized by Congress, thereby also adversely impacting the overall commercial bond market.

But, bonding is only one of the myriad of problems being encountered in the West as a result of the regulations being promulgated by the OSM.

- a. Mine surface run-off effluent limits are lower in suspended solids than those of the receiving waters.
  - b. Sodic and saline overburden are being classified as toxic forming materials that would require covering by four feet of topsoil, which simply isn't available.
  - c. OSM is attempting to apply stringent rules to so-called prime farmland areas which are expressly grandfathered from the Federal Surface Mining Control and Reclamation Act by Congress.
  - d. The duplication of regulation by OSM and other Federal and State regulatory agencies has created a rather chaotic situation.
10. The Federal government, through its current coal leasing moratorium, may be preventing up to 86 percent of all western coal from being available for marketing, according to the Justice Department.

This is a nine page press release issued by the Department of Interior on June 5, 1979, announcing that "Cecil D. Andrus today established a new Federal coal management program designed to promptly lease 1.5 billion tons of Federal coal to meet energy production goals, etc...." This is absolutely hypocritical, and I do not believe it. Why? Ladies and gentlemen, it required nearly three years of intensive effort to recently obtain a lease on an urgently needed, relatively small coal tract at one of our North Dakota operations, which we would have otherwise had to bypass, resulting in the waste of this valuable natural resource. We are now advised by the Denver Regional Office of Surface Mining that it will require nearly another year to obtain a permit to mine this relatively small area. Two other major coal producers in our State have not been as fortunate, and they have had to bypass Federal coal tracts in their mining operations. In fact, the mine-mouth electric utility customer of one of these mining companies this past week announced that it may have to burn oil because of this problem.

One recent test application of the 24 criteria to be used in the Federal coal leasing program to determine leasing suitability showed that 84 percent of one Campbell County, Wyoming, planning unit would be eliminated from leasing consideration and that 76 percent of a Converse County planning unit would be disqualified.

11. The Department of Interior has withdrawn nearly 100 million acres of Federal land from any kind of development until it can be decided if the areas can be given "wilderness" status.
12. Forty percent of the land included by RARE II (Roadless Area Review and Evaluation) is considered by the Department of Energy to have major potential for energy development.

I could go on, but these are only examples of the stifling problems being faced as a result of Federal surface mining regulations.

I have discussed some of the ways in which the productive capacity of the coal industry and the consumptive ability of our customers are being stifled. It is evident that many, if not most, of our problems stem from the overly zealous manner in which officials of various Federal departments and agencies are promulgating regulations beyond the intent of Congress in order to achieve their blind goal of eliminating all risks from industrial activity. Who are these intolerant zealots?

A new type of individual, not previously found in Washington, has been introduced into public service by President Carter. They are consumer advocates and environmentalists who have never produced anything in their lives but headaches. These no-growth zealots are intent on shutting down the wealth-generating machinery of our economy and society. They want to shut off anything that will make our economy grow -- nuclear power, water, coal, etc.

These people first evidenced themselves with the riots of the 1960's, but, not until 1977 did they come to the seat of power. As a result of their presence, there has been a mass exodus of capable, qualified, career government employees.

We know that we have anti-energy activists serving as Assistant Attorney Generals in the Department of Justice, as Assistant Secretaries in the Departments of Health, Education, and Welfare, Commerce, Agriculture, Housing and Urban Development, and especially Interior, as members of the Council on Environmental Quality, and on the White House staff.

One of the most unbelievable occurrences which will illustrate how the new anti-growth activists have literally taken charge of our Federal government was the February 25, 1978, out-of-court settlement of the Natural Resources Defense Council's lawsuit against the Department of Interior. This settlement gave the NRDC absolute veto power over all future Federal coal leasing by Interior. We

suddenly had a new cabinet level branch of government, the NRDC.

Like many in the industry, I was appalled by this sellout and flagrant abuse of the public trust by our government. Also, the situation was so unbelievable that, like many, I could not, at the time, even imagine what was going on.

What we have since learned was that the NRDC vs Interior litigation was definitely not an adversary proceeding. In fact, the extreme activists representing the plaintiff and defendant had identical philosophies. They totally excluded the views of industry, as evidenced by the fact that the settlement was reached in secret sessions between NRDC and Interior, which excluded the Utah Power and Light Company, the non-environmental party to the case.

You see, at least one Interior lawyer was employed a year before as a NRDC lawyer who prepared the case against Interior. In other words, he was defending the case that he created.

Also, at least one Justice Department official representing Interior was formerly Executive Director of the Sierra Club Legal Defense Fund, and another of NRDC's attorneys was a former Sierra Club attorney. Thus, two former Sierra Club lawyers were arguing against one another.

Ladies and gentlemen, this is an example of what is happening in America today to stifle our productive capacity.

What can we do about it?

1. We can make some personnel changes.
2. Obviously, we must remain friendly with the Arab and other oil-producing nations for the foreseeable future.
3. We, as coal producers, must have a new dialogue regarding the growing problem of government regulation with the ultimate consumer of the products generated or manufactured from our coal.
4. We must better understand and work with the public and political processes.

Some questions have been raised, and discussions held, regarding The Rocky Mountain Coal Mining Institute in this regard. Should we continue to be a forum to discuss the problems of the coal industry in the western United States, or should we expand, add professional staff, and become a strong professional lobbying organization?

During a meeting early this year, some of the officers and executive board members met in Denver, at which time it was decided that other effective lobbying organizations for the coal industry are in existence, and that the Institute should continue to remain strictly a forum for discussion. But, this decision does not mean that we here today, who are attempting to cope with our government's stifling excesses, should not do everything possible to influence and lobby as individuals and through other established industry organizations.

5. We must work toward an efficient and balanced resource management mechanism in this country, and we must allow the forces of supply and demand to function in the marketplace.
6. We must make certain that all government regulations are cost-effective, in addition to achieving their narrow objectives.
7. We must see that the 96th Congress amends or repeals much of the legislation that has crippled the coal industry. Further, we must see that it accelerates synthetic fuels from coal programs.

On the positive side, there are evidences that we are making progress toward eliminating at least some of our government's stifling excesses.

1. A massive synthetic fuels energy development bill has been proposed by the Congressional leadership which would require the Federal government to purchase synthetic fuels derived from coal and other sources. The bill would provide \$2 billion to the Defense Department under a "take or pay" mechanism which guarantees the purchase of the fuel.

Projects could be expedited through provisions of the bill which would remove environmental barriers and accelerate approvals. One part of the Senate version of the bill would force the Energy Department to provide loan guarantees for large plants that would demonstrate such technologies as liquid fuels and gas from coal.

In addition, the Carter Administration now supports private sector initiatives to commercialize coal gasification. The President has asked the Department of Energy to continue its assistance in minimizing the regulatory, financial, and institutional barriers involved in such development.

It is ironic that, on the 6th of this month, an Administrative Law Judge for the Federal Energy Regulatory Commission denied a consortium of five major natural gas and pipeline companies, who are our customers, the right to build and finance a 125 MM cubic foot per day coal gasification plant in North Dakota. Even though the consortium represented one-third of the nation's gas customers, the judge ruled that the costs of the project must be borne by the entire country.

Hopefully, this decision will be overturned by the full Commission, as our nation needs to get at least one commercial-sized coal gasification plant on stream.

2. This month, the Environmental Protection Agency has proposed revising Ohio's State Implementation Plan (SIP) to allow an electric utility to burn high sulfur coal at two of its plants. The revised SIP would allow the emission of over six pounds of sulfur dioxide per million BTU, whereas under EPA's original emission standard, both



3. On February 14, 1979, U. S. Court Judge Earl M. Williams issued a temporary injunction barring the enforcement of the Federal surface mining laws in Virginia. In rendering his decision, Judge Williams said, "Looking at beauty with an empty stomach doesn't coincide with the public interest."
4. The various industry lawsuits against the Department of Interior relative to the rules and regulations being promulgated by the Office of Surface Mining pursuant to the Federal Surface Mining Control and Reclamation Act are currently progressing well. Furthermore, governors or state regulatory officials in Kentucky, Indiana, North Dakota, Wyoming, West Virginia, and other states are attacking OSM's promulgation and enforcement of these regulations.
5. Lastly, our country's embryonic taxpayers' revolt looms as a sure cure to our stifling regulatory woes. It seems simple enough, that, if we shut off the money to Washington and demand a balanced budget, the regulatory rampage will be reined to a halt.

Our great nation has known recoverable coal reserves of 218 billion tons, computed at 50 percent of demonstrated recoverable reserves. Estimates of the ultimately recoverable U. S. coal reserves range from 1.04 to 1.79 trillion tons. This fuel comprises about 80 percent of our indigenous energy reserve.

Coal must play a major role in meeting the nation's incremental energy needs for the remainder of this century and thereafter. The only alternative to this is a permanent slow-down of our economy, with a possible consequent threat to our national security.

The obstacles to increased coal production must be removed. Government and private industry must become partners, not adversaries, in our quest for a solution to the national energy dilemma.

In conclusion, we should remember Thomas Jefferson's words, "the government that governs best, governs least."



**WHITE HOUSE  
CORRESPONDENCE TRACKING WORKSHEET**

*FE*

- O - OUTGOING
  - H - INTERNAL
  - I - INCOMING
- Date Correspondence Received (YY/MM/DD) 83102109

Name of Correspondent: Larry E. Craig

MI Mail Report      User Codes: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

Subject: writes on behalf of Mr. Bob Berlich who has suggested use of the term "people of the United States" rather than "Americans"

ROUTE TO:		ACTION		DISPOSITION	
Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Completion Date YY/MM/DD
<u>LA Dule</u>		ORIGINATOR	<u>83102109</u>	<u>KD</u>	<u>A 83102118</u>
<u>SD Berg</u>		<u>A</u>	<u>83102118</u>		<u>C 83107125</u>

- ACTION CODES:**
- A - Appropriate Action
  - C - Comment/Recommendation
  - D - Draft Response
  - F - Furnish Fact Sheet to be used as Enclosure
  - I - Info Copy Only/No Action Necessary
  - R - Direct Reply w/Copy
  - S - For Signature
  - X - Interim Reply
- DISPOSITION CODES:**
- A - Answered
  - B - Non-Special Referral
  - C - Completed
  - S - Suspended

**FOR OUTGOING CORRESPONDENCE:**  
 Type of Response = Initials of Signer  
 Code = "A"  
 Completion Date = Date of Outgoing

Comments: \_\_\_\_\_

Keep this worksheet attached to the original incoming letter.  
 Send all routing updates to Central Reference (Room 75, OEOP).  
 Always return completed correspondence record to Central Files.  
 Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

# RECORDS MANAGEMENT ONLY

## CLASSIFICATION SECTION

No. of Additional Correspondents: \_\_\_\_\_ Media: L Individual Codes: 1140 \_\_\_\_\_

Prime Subject Code: FE \_\_\_\_\_ Secondary Subject Codes: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

## PRESIDENTIAL REPLY

Code	Date	Comment	Form
C	_____	Time: _____	P- _____
DSP	_____	Time: _____	Media: _____

**SIGNATURE CODES:**

- CPn - Presidential Correspondence
- n - 0 - Unknown
- n - 1 - Ronald Wilson Reagan
- n - 2 - Ronald Reagan
- n - 3 - Ron
- n - 4 - Dutch
- n - 5 - Ron Reagan
- n - 6 - Ronald
- n - 7 - Ronnie

- CLn - First Lady's Correspondence
- n - 0 - Unknown
- n - 1 - Nancy Reagan
- n - 2 - Nancy
- n - 3 - Mrs. Ronald Reagan

- CBn - Presidential & First Lady's Correspondence
- n - 1 - Ronald Reagan - Nancy Reagan
- n - 2 - Ron - Nancy

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- O - Memo
- P - Photo
- R - Report
- S - Sealed
- T - Telegram
- V - Telephone
- X - Miscellaneous
- Y - Study

THE WHITE HOUSE  
WASHINGTON

Date: 2-23-83

TO: *Aran Berkhan*

FROM: *DAVID R. GERGEN*

FYI:

LET'S DISCUSS:

COMMENT:

February 17, 1983

Dear Larry:

Thank you for your letter transmitting Mr. Bob Berlik's suggestion that the Administration use the terms "people of the United States" or the "Republic of the United States" in lieu of the terms "Americans," the "American people" or "America".

We appreciate your interest in sharing this thought with us. Please know that your constituent's suggestion will be brought to the attention of the appropriate offices here.

With best wishes,

Sincerely,

Kenneth M. Duberstein  
Assistant to the President

The Honorable Larry E. Craig  
House of Representatives  
Washington, D.C. 20515

KMD:CMF:krj

cc: w/copy of inc to Dave Gergen - for appropriate action

WH RECORDS MANAGEMENT HAS RETAINED ORIGINAL

February 17, 1983

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KMD:CMP:krj

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WH RECORDS MANAGEMENT HAS RETAINED ORIGINAL



INTERIOR AND INSULAR AFFAIRS  
COMMITTEE

SUBCOMMITTEE ON  
PUBLIC LANDS AND NATIONAL PARKS

SUBCOMMITTEE ON  
MINES AND MINING

EDUCATION AND LABOR  
COMMITTEE

SUBCOMMITTEE ON  
HEALTH AND SAFETY

SUBCOMMITTEE ON  
ELEMENTARY, SECONDARY,  
AND VOCATIONAL EDUCATION

SELECT COMMITTEE ON AGING

LARRY CRAIG  
1ST DISTRICT, IDAHO

Congress of the United States  
House of Representatives  
Washington, D.C. 20515

WASHINGTON OFFICE:  
515 CANNON HOUSE OFFICE BUILDING  
WASHINGTON, D.C. 20515  
(202) 225-6611

DISTRICT OFFICES:  
134 BORAH POST OFFICE BUILDING  
BOISE, IDAHO 83702  
(208) 334-9046

903 D STREET  
LEWISTON, IDAHO 83501  
(208) 743-0792

FEDERAL BUILDING  
COEUR D'ALENE, IDAHO 83814  
(208) 667-6130

February 2, 1982

123573

Mr. Max L. Friedersdorf  
Assistant to the President for  
Legislative Affairs  
The White House  
1600 Pennsylvania Avenue, SW  
Washington, D.C. 20500

Dear Mr. Friedersdorf,

I am writing this letter in behalf of Mr. Bob Berlik of Boise, Idaho who has brought to my attention a very noteworthy idea.

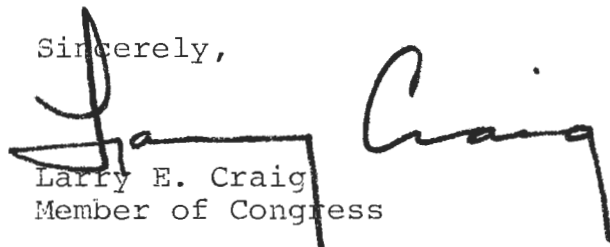
As Mr. Berlik has indicated his suggestion is strictly semantics by nature but has very important implications. He suggests that the President directs his administrators to use the term "people of the United States" or the "Republic of the United States". He suggests that these terms be used instead of "Americans", the "American people", or "America".

Mr. Berlik declared that the people of Canada and Mexico are American as well as people of the United States. He points out that all people in North and South America are Americans. He says that using correct language we demonstrate our nationality and pride in the United States. He also noted that, in this way, we do not subordinate the people of other lands on the American continent.

Mr. Berlik has some very good points. I would appreciate your careful consideration.

Thank you.

Sincerely,

  
Larry E. Craig  
Member of Congress

LEC:oo

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sal DG

ID # 133968

FE

### WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

O - OUTGOING

H - INTERNAL

I - INCOMING

Date Correspondence Received (YY/MM/DD) 83103125

Name of Correspondent: Robert L. Brown

MI Mail Report

User Codes: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

Subject: Response favorably to the President's March 18 letter re a leader and more efficient Federal Government.

#### ROUTE TO:

#### ACTION

#### DISPOSITION

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Completion Date YY/MM/DD
<u>CA Full</u>	ORIGINATOR	<u>83103125</u>		<u>C 83103125</u>
<u>SS Damm</u>	<u>A</u>	<u>83103128</u>		<u>C 83103128</u>
<u>RAA</u>	<u>C</u>	<u>1 1</u>		<u>1 1</u>
		<u>1 1</u>		<u>1 1</u>
		<u>1 1</u>		<u>1 1</u>

#### ACTION CODES:

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- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure

- I - Info Copy Only/No Action Necessary
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#### DISPOSITION CODES:

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- B - Non-Special Referral
- C - Completed
- S - Suspended

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- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: \_\_\_\_\_

Keep this worksheet attached to the original incoming letter.  
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 Always return completed correspondence record to Central Files.  
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# RECORDS MANAGEMENT ONLY

## CLASSIFICATION SECTION

No. of Additional Correspondents: \_\_\_\_\_ Media: L Individual Codes: 1140

Prime Subject Code: FE Secondary Subject Codes: PR 003  
FI 001.02  
ST 011.

## PRESIDENTIAL REPLY

Code	Date	Comment	Form
C	_____	Time: _____	P- _____
DSP	_____	Time: _____	Media: _____

**SIGNATURE CODES:**

- CPn** - Presidential Correspondence
  - n - 0 - Unknown
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  - n - 3 - Ron
  - n - 4 - Dutch
  - n - 5 - Ron Reagan
  - n - 6 - Ronald
  - n - 7 - Ronnie
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  - n - 0 - Unknown
  - n - 1 - Nancy Reagan
  - n - 2 - Nancy
  - n - 3 - Mrs. Ronald Reagan
- CBn** - Presidential & First Lady's Correspondence
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  - n - 2 - Ron - Nancy

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- O** - Memo
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- R** - Report
- S** - Sealed
- T** - Telegram
- V** - Telephone
- X** - Miscellaneous
- Y** - Study



DEPARTMENT OF STATE  
INSPECTOR GENERAL  
WASHINGTON, D.C. 20520

133958

March 23, 1983

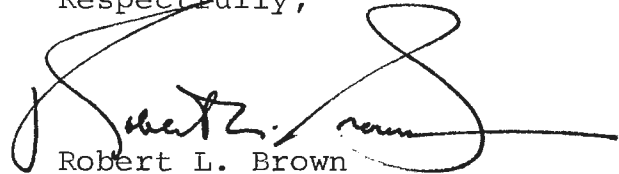
The President  
The White House

Dear Mr. President:

I very much appreciated your letter of March 18. The fact is that your goal of a leaner and more efficient Federal Government is one which I believe, like you, is not only in the national interests but one which is attainable.

You may be assured that these fundamental objectives of your Administration continue to have my full support.

Respectfully,



Robert L. Brown

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83 MAR 28 49:00

SA/DG

ID # 142186

FE

# WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

- O - OUTGOING
- H - INTERNAL
- I - INCOMING

Date Correspondence Received (YY/MM/DD) 83,05,06

Name of Correspondent: Michael A. Bennett

MI Mail Report User Codes: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

Subject: Outlines his company, Aloha Leasing's, experiences with a funded agency in New York City.

ROUTE TO:		ACTION		DISPOSITION	
Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Completion Date YY/MM/DD
	<u>Co/Kell</u>	ORIGINATOR	<u>83,05,06</u> <sup>WS</sup>		<u>C83,06,07</u> <sup>PS</sup>
	<u>OMB</u>	R	<u>8305,10</u> <sup>WS</sup>		<u>A83,06,07</u> <sup>CS</sup>
		Referral Note:			
			<u>/ /</u>		<u>/ /</u>
		Referral Note:			
			<u>/ /</u>		<u>/ /</u>
		Referral Note:			
			<u>/ /</u>		<u>/ /</u>
		Referral Note:			

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15758

# RECORDS MANAGEMENT ONLY

## CLASSIFICATION SECTION

No. of Additional Correspondents: \_\_\_\_\_ Media: L Individual Codes: 4200 \_\_\_\_\_

Prime Subject Code: FE \_\_\_\_\_ Secondary Subject Codes: FI 001.02 \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## PRESIDENTIAL REPLY

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C		Time: _____	P- _____
DSP		Time: _____	Media: _____

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- P - Photo
- R - Report
- S - Sealed
- T - Telegram
- V - Telephone
- X - Miscellaneous
- Y - Study



JUN 7 1983

Mr. Michael A. Bennett  
Vice President  
Aloha Leasing  
6700 Thompson Road, North  
Syracuse, New York 13211

Dear Mr. Bennett:

Thank you for your letter to Ms. Higgins. The White House has referred your letter to the Office of Management and Budget which is coordinating the President's effort to control fraud, waste and abuse in Federal programs.

Your letter concerning Opportunities Industrialization Center is an example of mismanagement and waste of Federal tax dollars. Because this type of matter should be investigated fully, I am referring your letter to the Inspector General at the Department of Labor.

The Inspector General and his staff will be able to review the management practices of Opportunities Industrialization Center to determine whether illegal practices have taken place or if, as your letter indicates, mismanagement and wasteful use of funds continues to take place. Inspector General recommendations generally receive prompt attention by agency and grantee officials and result in program and system improvements.

I have enclosed a copy of a transmittal letter to Deputy Inspector General Brian Hyland for your information.

Again, thank you for your letter to Ms. Higgins and for bringing this matter to the attention of the Office of Management and Budget.

Sincerely,

(Sgd) Melissa Allen

Melissa Allen  
Acting Deputy Associate Director  
for Interagency Activities

Enclosure

cc: Melissa Allen  
Steve Mertens  
Correspondence Unit  
White House Liaison ✓

OMB #15758  
WH #142186  
IAC:SMertens:SM 6-6-83

JUN 7 1983

Mr. J. Brian Hyland  
Deputy Inspector General  
Department of Labor  
Washington, D. C. 20210

Dear Mr. Hyland:

The enclosed letter was received by the Office of Management and Budget. The correspondent raises issues which may contributed to fraud and waste in Federal programs which the President is determined to eliminate.

Since specific allegations and concerns are most effectively handled by Inspectors General, we are forwarding this correspondence to your office for action. By copy of this letter, we are notifying Mr. Bennett of this referral.

Please ensure that he received a response to his allegations and concerns.

Sincerely,

(Sgd) Melissa Allen

Melissa J. Allen  
Acting Deputy Associate Director  
for Interagency Activities

Enclosure

cc: Mr. Michael a. Bennett  
Melissa Allen  
Steve Mertens  
Correspondence Unit OMB #15758  
White House Liaison ✓ WH #142186  
IAC: Pile/Chorn

IAC:SMertens:sm 6-6-83

00MB  
RECEIVED

THE WHITE HOUSE OFFICE  
MAY 11 9:33 83

DIRECTOR'S  
PRESIDENTIAL CORRESPONDENCE UNIT  
REFERRAL

MAY 10, 1983

TO: OFFICE OF MANAGEMENT AND BUDGET

ACTION REQUESTED:  
DIRECT REPLY, FURNISH INFO COPY

DESCRIPTION OF INCOMING:

ID: 142186  
MEDIA: LETTER, DATED MAY 4, 1983  
TO: ANNE HIGGINS  
FROM: MR. MICHAEL A. BENNETT  
VICE - PRESIDENT  
ALOHA LEASING  
6700 THOMPSON ROAD, NORTH  
SYRACUSE NY 13211

SUBJECT: OUTLINES HIS COMPANY, ALOHA LEASING'S  
EXPERIENCES WITH A FUNDED AGENCY IN NEW  
YORK CITY

PROMPT ACTION IS ESSENTIAL -- IF REQUIRED ACTION HAS NOT BEEN  
TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE  
UNDERSIGNED AT 456-7486.

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE  
(OR DRAFT) TO:  
AGENCY LIAISON, ROOM 91, THE WHITE HOUSE

SALLY KELLEY  
DIRECTOR OF AGENCY LIAISON  
PRESIDENTIAL CORRESPONDENCE

15758

X ref. 15758

Sally - Beth  
attach to file  
#142186  
aloha leasing

May 9, 1983

ONE RECEIVED

23 MAY 16 A 9: 08

DIRECTOR'S CORRESPONDENCE UNIT

Ms. Anne Higgins  
Special Assistant to the President  
and Director of Correspondence  
The White House  
Washington, D.C.

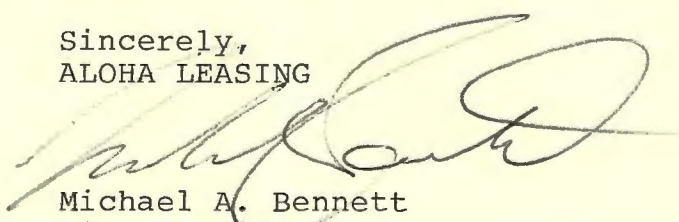
Dear Ms. Higgins:

Enclosed you will find a copy of an article which appeared in the May 6th edition of the Wall Street Journal. This article directly related to my May 4th letter to the President and therefore I felt it would be good to send a copy.

If your staff decides to look into this and wishes to talk to me, I am scheduled to be in Washington May 16th to meet with the GSA.

If you have any questions, feel free to call.

Sincerely,  
ALOHA LEASING



Michael A. Bennett  
Vice-President

Enclosure

MAB/mcd

# aloha leasing

May 4, 1983

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

Dear President Reagan:

I am writing this letter to you due to my knowledge of your feelings on the public assistance programs which are wasting our taxpayer dollars. The following is one clear example of this:

In late 1980 our company entered in various Non-cancellable lease agreements with:

Opportunities Industrialization Center  
of New York, Inc. (OIC)  
460 Park Avenue, South  
New York, NY 10016

The leases were for office equipment. Most of it was used for their training classes. During the next year, our company encountered continuous problems in collecting our lease payments and when we did receive money it was paid in a manner which led me to believe the people running the organization didn't know what they were doing. Throughout the ~~the~~ following months, our office continued to work with their office even though it was taking a great deal of time and effort on our part to collect the money.

In early 1982 our office began receiving notices from OIC indicating their intent to cancel our contracts. We responded by pointing out that our contracts were non-cancellable but their only response was to demand the equipment be removed. At this point our company could no longer justify its efforts in attempting to work with OIC. We therefore placed OIC in default and repossessed the equipment.

Our next step was to commence legal action against OIC. Pursuant to our agreements, Aloha was allowed to sue OIC for the outstanding balance of payments owed on the contract. Over the period of a few months, our legal counsel issued Summons

15758

# aloha leasing

May 4, 1983  
President Ronald Reagan  
Page 2

and Complaints on OIC for each contract they defaulted on. After the first Summons was served on OIC, their attorney contacted our counsel on the day the answer was due and asked for an extension. We granted this request. During the extension period, their attorney contacted our counsel and indicated to him that the people at OIC told him not to answer our Summons. The Summons were not answered and our company received Default Judgements on all the machines.

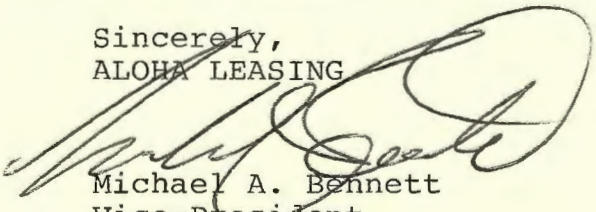
The final result was: OIC ended up paying all the payments of the original contract, incurred some legal expenses and ended up without any equipment to show for it. What we were surprised at was that they did not answer the Summons. Even though the issue was clearly in our favor, a defendant usually answers the summons and attempts to settle the dispute. This is WASTE!

I thought this was a good example to use during your fights to reform public assistance programs.

Also, our company is currently working with Congressman George Wortley in an attempt to save the government money. Currently, the federal government is wasting much money renting equipment on a long term basis. Within the next few weeks, I will be meeting in Washington with the GSA to discuss my ideas on how the government could save money.

If your office has any further questions on our company's experiences with OIC, please have them contact my office at any time.

Sincerely,  
ALOHA LEASING

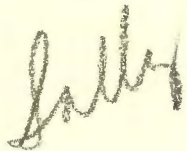


Michael A. Bennett  
Vice-President

MAB/mcd

aloha leasing

May 4, 1983



142186

Ms Anne Higgins  
Special Assistant to the President  
and Director of Correspondence  
The White House  
Washington, D.C.

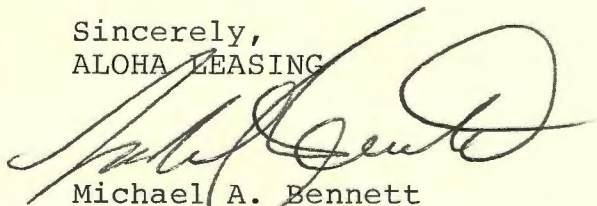
Dear Ms. Higgins:

Enclosed you will find my letter to President Reagan  
outlining our experiences with a funded agency located  
in New York City.

I thought the President would like to use this example  
during his fight to reform this area of government  
spending. I am in total agreement with the President  
on his views on many of the public assistance programs  
which are wasting the taxpayers dollars.

I would be happy to lend my assistance to the President  
in this matter, if requested.

Sincerely,  
ALOHA LEASING



Michael A. Bennett  
Vice-President

MAB/mcd

Enclosure

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# Probe of Failed New York City Job Program Centers on Alleged Misuse of Public Funds

By STANLEY PENN

Staff Reporter of THE WALL STREET JOURNAL

NEW YORK—Since 1967, labor experts have hailed the job-training program of Opportunities Industrialization Center of New York Inc. The nonprofit company placed some 1,200 people each year as typists, key-punch operators, mechanics and restaurant workers.

But on March 18, city officials here canceled the city's contracts with the company, known as OIC, and padlocked its doors. A U.S. attorney in Manhattan has subpoenaed OIC's books as part of a federal investigation into whether OIC officials misspent, or stole, more than \$2 million of public funds. OIC says it owes more than \$3 million, and it is seeking protection from its creditors under Chapter 11 of the Bankruptcy Code.

OIC officials deny criminal wrongdoing, although they do acknowledge improper bookkeeping. But more is at stake than the fate of these officials. OIC's parent company is one of the largest publicly funded job-training organizations in the country, and the New York troubles could impede its ability to raise needed new money.

## The Biggest Losers

Meanwhile, the effect of OIC's troubles already is evident. "The biggest losers are the people of the city of New York," says Meir Seeman, a labor standards investigator for New York state's Labor Department. "There are precious few viable job-training outfits. We lost the best one we had."

OIC is the largest affiliate of Opportunities Industrialization Centers of America, based in Philadelphia. The parent group has 141 job-training affiliates in 41 states, with aggregate contracts of \$68 million.

More than 95% of OIC's funds have come from the federal government, which has cut its annual contribution to \$3 million from a peak of \$12 million in fiscal 1981. In addition, New York City and some large corporations—including Bankers Trust Co. and General Motors Corp.—have chipped in money.

Rev. David W. Barry, an OIC director, says that because of "slow payments from the city," OIC "always has been a deficit operation. It operates under the assumption that funds are due from the city. The city takes a long time in deciding whether the funds are justified."

## Questions About Debt

But it isn't so much the debts that raise questions, but rather the way some of the debts were incurred. OIC admits in papers filed in federal bankruptcy court that it failed to pay "certain taxes and pensions." What this means, say investigators, is that OIC withheld income taxes from employees' paychecks, but didn't turn in the money to the government. OIC owed \$1.4 million to tax authorities, including the U.S. Internal

Revenue Service, as of Jan. 31, according to OIC.

Ronald Gault, commissioner of New York City's Department of Employment, which dispensed federal funds to OIC, says that OIC submitted documents to his department that showed payments had been made to the government for income taxes and pensions. "The documents, based on preliminary findings, were misrepresentations," says Mr. Gault. He says that the Department of Employment canceled its contracts with OIC when it learned of the misrepresentations.

The Rev. Milton Galamison, OIC's chairman and a former vice president of New York City's Board of Education, in court papers points to two former OIC finance directors in his explanation of the tax problem. In 1978, he says, the finance director "did not understand the tax-payment process, and tax payments fell woefully behind." Under the subsequent finance director, he says, tax

***"The biggest losers are the people of the city of New York," a state labor official says about the closing of Opportunities Industrialization Center of New York Inc. "There are precious few viable job-training outfits."***

indebtedness mounted, "and got increasingly out of hand." Neither of the former finance directors could be reached for comment.

Harris D. Leinwand, OIC's attorney, insists that the city knew all this. "The fact that OIC didn't pay pensions and didn't pay all the withholding—the Department of Employment was familiar with that," he says. "They knew it for years." Mr. Gault denies this.

There are other allegations of wrongdoing. Mr. Gault says that OIC wrote checks to purchase supplies and equipment, and then showed these checks to the Department of Employment, which reimbursed OIC. "We learned that the checks were not paid to the vendors," Mr. Gault says, "and that the funds that were made available to cover the checks were spent for other purposes—a misrepresentation."

Mr. Gault doesn't say where these diverted funds went. But he does contend that OIC wasted money. OIC, for instance, wanted money to carpet the office of the ex-

ecutive director. "We felt the cost was excessive and refused to approve it," Mr. Gault says, but OIC bought the carpet anyway.

Employees provide further indications that OIC didn't pay its bills and that it may have wasted money. Jeannie Sabol, a testing psychologist recently laid off by OIC, assumed that medical insurance would pay her bills when she was hospitalized for major surgery. But, she says, OIC hadn't paid medical insurance premiums since last August, and Miss Sabol had to foot the \$1,950 medical bill.

Roland Durant, former operations manager at an OIC branch, says that his office in 1981 operated with 55 employees, "although we were supposed to have 73 persons." Still, he says, OIC's central office received funds for books, typing paper, pens and pencils and other office supplies for a staff of 73. "What was that extra money used for?" Mr. Durant asks.

## Barbecues and Trips

One OIC employee talks of a day-long barbecue staged by OIC for its 450-member staff at a New York state park in 1980. The employee says that her boss told her that OIC justified the cost to the Department of Employment by calling the picnic a "staff-training program."

OIC employees allege that the OIC top brass used anti-poverty funds on fancy restaurants, trips to the Virgin Islands and other extravagances. Two former executives also complain about the size of the expenses drawn by Mr. Galamison, OIC's unpaid chairman.

In reply, Mr. Galamison says that money wasn't spent recklessly, and that his "expense account amounted to peanuts. There were years I didn't use any expense money at all. I don't have to explain my integrity to anybody. After 35 years in this community, if my reputation can't stand up, something is really wrong."

Mr. Galamison also disclaims personal responsibility for the financial mess. "I was not in the day-to-day operation of the agency," he says.

Meanwhile, the parent company says it isn't at fault either. "Each affiliate manages its own affairs," says the Rev. Leon Sullivan, chairman of the parent.

Mr. Sullivan says that his group is "making a close inspection of the New York situation." He says he hopes that as a result of the federal budget cutbacks, the OIC affiliates will become "more fiscally effective," so that "we won't bite off more than we chew."

OIC also hopes to open its doors again. It wants to raise \$950,000 through the sale of two of its buildings. And in August, it will try to raise \$100,000 with an outing billed as "a boat ride to nowhere."



