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THE WHITE HOUSE

WASHINGTON

May 22, 1984

MEMORANDUM FOR JAMES A. BAKER III ✓  
MICHAEL DEEVER

FROM: M. B. OGLESBY, JR. *MB*

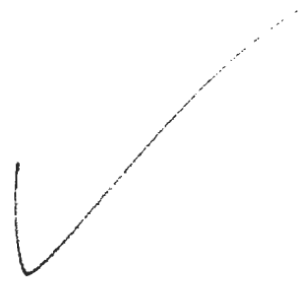
SUBJECT: Change of Congressional Schedule for Next Week

The House will be in next Wednesday and Thursday, May 30 and 31. The Senate will be in next Thursday, but does not expect to do any serious business (Howard Baker will not be in town).

THE WHITE HOUSE

WASHINGTON

June 15, 1984



MEMORANDUM FOR JAMES BAKER ✓  
FRED FIELDING  
JOHN HERRINGTON

FROM: M. B. OGLESBY, JR. *MB*

Senator D'Amato agrees to support Aquilino, if we forward Tsoucalas.

D'Amato will ask Moynihan for a minimum of two additional names to be considered with Hellerstein.

THE WHITE HOUSE

WASHINGTON

May 17, 1984

R.F.  
TO Ke ✓

MEMORANDUM FOR JAMES A. BAKER III

FROM: M. B. OGLESBY, JR. *AO*

The attached material is in regard to the Joliet Army Ammunition Plant and is being forwarded for your information.

GEORGE M. O'BRIEN  
17TH DISTRICT, ILLINOIS

COMMITTEE ON  
APPROPRIATIONS

SUBCOMMITTEES:

LABOR, HEALTH AND HUMAN  
SERVICES, EDUCATION

COMMERCE, JUSTICE, STATE AND  
THE JUDICIARY  
RANKING REPUBLICAN

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

WASHINGTON OFFICE:  
2439 RAYBURN HOUSE OFFICE BLDG  
(202) 225-3635

DISTRICT OFFICE:  
101 NORTH JOLIET STREET  
JOLIET, ILLINOIS 60431  
(815) 740-2040

TOLL FREE NUMBER  
(800) 892-9371

5/14/84

"Dear B" -

The pressure continues to build, as this excerpt from yesterday's Herald News reflects. Mayor Bourg is an ardent Democrat, aggressively so, and I believe he would go to any length to get Paul Simon into the Senate.

Please show this to Jim Baker.

George

# HERALD-NEWS

Joliet, Illinois

Friday, May 15, 1985

25¢

145th year — No. 183

## Joliet Arsenal revival?

### Group sets goals, seeks help to get the job done

By Betty Renkor  
Herald-News Writer

About 65 public officials and business people from four counties agreed Monday night on what they want to see at the Joliet Army Ammunition Plant and how to get what they want.

The group compiled a list of priorities to inject new activity into the plant and improve the employment situation. They plan to hold another meeting in June with U.S. senators and representatives to elicit promises to re-

vive the plant, which once employed 8,000 persons.

Some advocated a "get-tough" policy with the lawmakers, particularly Sen. Charles Percy, R-Ill., suggesting political arm-twisting of the "if you don't help us, we won't vote for you" style.

The meeting was organized by the Will County Economic Affairs Commission about three weeks ago and labeled the "Joliet Arsenal Coalition Meeting." The commission did not publicize the meeting to the media because it wanted to focus on the results, not

the procedures, according to Paul Rasmussen, plans and programs administrator for the county Development Department.

The commission also wanted to promote discussion and therefore invited only the Herald-News, fearing heavy media representation would stifle discussion, Rasmussen said.

State legislators, county officials, mayors, economic development group officials, bankers and some businessmen from Will, Grundy, Kankakee and Kendall counties attended. Managers of

Honeywell, Inc. ammunitions production and Uniroyal, Inc. maintenance program explained their operations at the plant. Honeywell manufactures ammunition and Uniroyal handles maintenance at the plant.

The group established five priorities for the plant during the meeting, which lasted more than two hours at the Union National Bank.

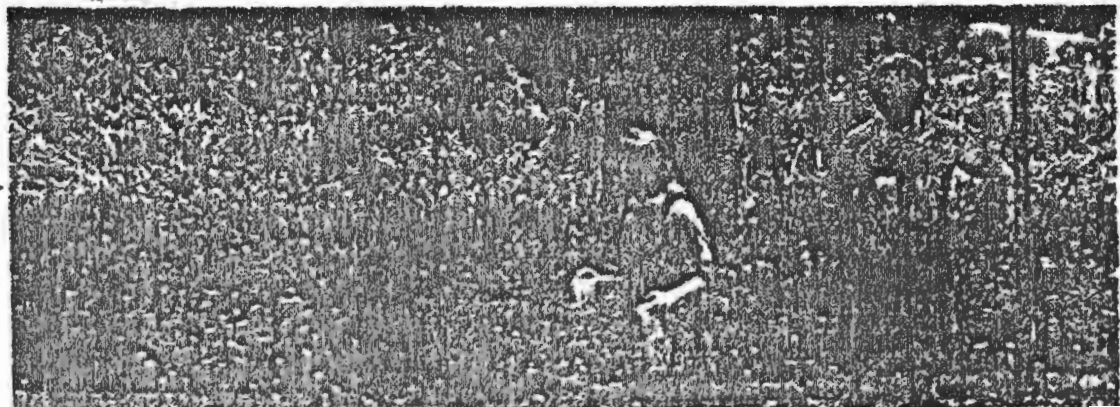
The first is to get money in the 1985 federal budget to upgrade the physical structure of the  
(Continued on Page 2)



#### Arsenal plan

- Get money in the 1985 federal budget to upgrade the plant's infrastructure.
- Win support of ammunition production contracts sought by Honeywell Inc.
- Get Army to give up 160 acres of land for a port facility.
- Establish an ordnance training school.
- Begin production of high-powered explosives.

It's cut  
force  
zens say



## Plainfield ESDA may be scrapped

PLAINFIELD — Two Plainfield Village Board members said Monday that they believe the Emergency Services Disaster Agency should be disbanded in the village.

Another member believes the program should be retained.

During an open meeting...

andorf  
ews Correspondent  
OVILLE — An ordi-

# Moon begin term

INGTON (AP) — The Myung Moon, who a victim of religious bigotry, is under orders on June 18 to begin 18-month prison sentence evasion.

Supreme Court on Monday an appeal by the Kosader of the Unification, clearing the way for ment.

Mo's lawyer, Harvard Lawrence H. Tribe, says even up. Tribe said he to a lower court to ew, unspecified evidence he said could help on's conviction.

le, U.S. Attorney Giuliani in New York. We have notified his ryer that his surrender June 18."

been free on bail outcome of his appeal at a church-owned rytown, N.Y. miyama, an associ-



REV. SUN MYUNG MOON.

ate convicted with Moon and sentenced to six months in prison for conspiring to file false tax returns, also lost his appeal to the Supreme Court.

The court, without a recorded dissent, left intact an appeals court ruling that Moon received a fair trial.

Moon was sentenced to prison and fined \$25,000 in 1982 after a federal jury in New York City, following a six-week trial, found him guilty of evading taxes on \$162,000 in income from both a bank account and an importing business.

# Group seeks help

(Continued from Page 1)

plant. Improvements are planned in the 1989 budget, and officials noted they want federal money immediately to create jobs. With planned improvements so far away, it is easy for federal officials to push them back five more years, County Development Director John Gallagher said. "Get them to put their money where their mouth is."

The second is to win support of four ammunition production contracts that Honeywell is bidding for. One person suggested: Honeywell should get the contracts if it is the low bidder or not.

Third priority is getting the Army to give up 160 acres so the Joliet Regional Port District can develop a port facility.

Fourth is establishment of an ordnance training school, where soldiers would learn how to use military equipment and ammunition.

Fifth is production of high-powered explosives.

Percy spearheaded an effort to reactivate the mostly mothballed plant and suggested it be the site of a new light infantry division. That idea was rejected by Army Secretary John O. Marsh Jr., who

suggested the plant could be used to produce the higher-powered explosive weapons.

However, Percy's efforts have been viewed by some as primary election tactics. A letter-writing campaign initiated by the Joliet City Council has resulted in the senator receiving about 2,200 letters, a number that Percy or John Bourg has said is disappointing.

He said he has heard the the new weapons production has been promised to three other states and Joliet plant doesn't stand much of chance. "I'm told people in Washington hope it has all blown over," he said. "We need to put together a plan and bring it back to Washington. Otherwise we'll only get lip service until the election."

Several participants said Percy was not hearing what people in the area are saying. "We have to tell Percy if we don't get a commitment, it'll be obvious in the fall."

But State Rep. Jack Davis, R-New Lenox, said the group should not bypass U.S. Rep. Dan Rostenkowski, D-Chicago, who chairs the House Ways and Means Committee, or Sen. Alan Dixon, who will be up for election in two years.

"Let's get political on a bipartisan basis and get definitive answers from each and every one of them (in the Illinois congressional delegation)," Davis said.

The group agreed to meet in June with the federal legislators and follow with a trip to Washington, D.C., if necessary.

Robert Rogina, Economic Affairs Commission chairman, said the ammunition plant is the largest federal facility in the area. If the area is to receive more federal dollars, they will have to come to the plant, he said.

"We want the federal legislators to tell us what they can do for us between now and November. What can they do to help?" he said.

# settles hospital rate suit

ELD (AP) — State announced an outcome of a lawsuit in which challenged the to cut the rates. It tment of Medicaid

led last summer in y the Illinois Hos-on, contended the ent of Public Aid when it made a 23 the rates hospitals ating Medicaid pa-

s made after the

General Assembly made a 23 percent cut in the budget for Medicaid reimbursement to hospitals. Public aid officials told hospitals the cuts would be made up, if possible, in fiscal 1985, which begins in July.

In November, U.S. District Judge Milton I. Shadur ruled the cuts violated the state's own standards for reasonable care, and he ordered them rescinded.

The settlement announced Monday provides for increases in some rates for outpatient treatments in fiscal 1985, and adjust-

ments in payments for inpatient treatment based on a national medical cost inflation index.

In addition, the state is to cut down on delays in reimbursements to hospitals. Some fiscal 1984 bills that were to have been paid from next year's budget will instead be paid this year, under the settlement.

The speed-up in reimbursements involved between \$65 million and \$70 million the state owes hospitals, according to Jim Broadway, spokesman for the hospital association.

itive  
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Everyone's

City suburbs  
Small

Chicago

THE WHITE HOUSE

WASHINGTON

RECOMMENDED TELEPHONE CALL FOR JAMES BAKER

TO: Congressman Larry Coughlin (R-Pennsylvania)

DATE: As Soon As Possible

RECOMMENDED BY: M. B. Oglesby, Jr. *MO*

PURPOSE: To solicit Congressman Coughlin's opposition to the Bennett-Mavroules amendment, deleting funds for the MX-Peacekeeper missiles, to the Defense Authorization Bill.

BACKGROUND: The Fiscal Year 1985 Defense Authorization bill will be considered by the House the week of May 14, 1984. In its present form, the bill authorizes thirty Peacekeeper missiles - down ten from the Administration request. It is anticipated that an amendment will be offered by Congressmen Charles Bennett (D-Florida) and Nick Mavroules (D-Massachusetts) which will delete MX production funding for FY 1985 and prevent the deployment of the Peacekeeper missiles which were already authorized for FY 1984. A bipartisan compromise amendment will be offered by Les Aspin (D-Wisconsin) in order to preempt the Bennett-Mavroules effort. While we have not endorsed the Aspin approach (15 missiles and six-month delay), it most certainly would be less damaging than Bennett-Mavroules. It is anticipated these votes on the MX missile program may occur as soon as Wednesday, May 16.

Congressman Larry Coughlin is an 8-term Republican from Pennsylvania's 13th District. He is a member of the House Appropriations Committee. He has supported the MX-Peacekeeper in the past, but is now opposed to FY 1985 production and has so stated publicly. However, he has also committed to support production and deployment in FY 1984. The FY 1985 authorization bill also contains funds for deployment of missiles authorized in FY 1984. It is important to note that a vote for the Bennett-Mavroules amendment would halt FY 1984 deployment, as well as FY 1985 production. It is felt that a call to Coughlin, emphasizing the effect of



Bennett-Mavroules on FY 1984 deployment would be persuasive with him. Coughlin attended the breakfast briefing on May 10th.

TOPICS OF DISCUSSION: See attached.

DATE OF SUBMISSION: May 15, 1984 *Said Ross had called.*

ACTION *Will probably not vote for Repin*  
*Will only vote for Repin if satisfied it has been changed. as to permit permit deployment of M-X's authorized in 84.*

TOPICS OF DISCUSSION FOR TELEPHONE CALL TO CONGRESSMAN  
LARRY COUGHLIN (R-PENNSYLVANIA)

- Larry, I am calling to ask for your help on the Peacekeeper Missile program.
  
- I believe deployment of the Peacekeeper Missile, as recommended by the Bipartisan Commission on Strategic Forces, is essential to our ability to assure a strong deterrent posture and to achieve ambitious arms control agreements that promote stability.
  
- We are having difficulty with our arms control efforts because the Soviets are playing a waiting game. They walked out of the INF talks and failed to set a resumption date for the START talks.
  
- Halting production and deployment of the missiles now, as the Bennett-Mavroules amendment would do, would only reward the Soviets for leaving START and INF and cast doubt on U.S. resolve.
  
- Larry, this is one of the few legislative issues this year which is personally important to the President. He needs your support. Can he count on you?

THE WHITE HOUSE

WASHINGTON

May 12, 1984



MEMORANDUM FOR JAMES BAKER ✓  
DICK DARMAN  
BUD McFARLANE

FROM: M. B. OGLESBY, JR. *Bo*

This is Aspin's latest amendment on MX.

SUBSTITUTE AMENDMENT OFFERED BY MR. \_\_\_\_\_  
FOR THE AMENDMENT OFFERED BY MR. BENNETT OF FLORIDA

Page 10, line 19, strike out '\$8,664,600,000' and insert in lieu thereof '\$7,756,600,000'.

At the end of title I (page 15, after line 5) add the following new section:

1 POLICY CONCERNING ACQUISITION OF ADDITIONAL MX MISSILES  
2 SEC. \_\_\_\_\_. (a) It is the policy of Congress not to take  
3 any action that would reward the Soviet Union through the  
4 unilateral cancellation by the United States of a major Air  
5 Force strategic missile weapon system for which funds are  
6 authorized in this title while the Soviet Union continues to  
7 act in a manner indicating that it is unwilling to take  
8 actions to further the control and limitation of similar  
9 types of strategic nuclear missile weapon systems.

10 (b)(1) Subject to paragraph (3), funds appropriated  
11 pursuant to the authorization of appropriations in section  
12 103(a) for procurement of missiles for the Air Force may be  
13 used to acquire not more than 15 additional operational MX  
14 missiles, but no funds may be obligated for the acquisition  
15 of such missiles until April 1, 1985.

16 (2) Immediately after April 1, 1985, the President shall  
17 determine whether the Soviet Union is acting, as of April 1,  
18 1985, in a manner indicating that it is willing to take

1 actions to further the control and limitation of types of  
2 strategic nuclear missile weapon systems similar to those  
3 authorized for the Air Force by this title and shall  
4 immediately transmit written notification of that  
5 determination to Congress.

6 (3)(A) If the President's determination under paragraph  
7 (2) is that the Soviet Union is not acting in such a manner,  
8 the amount appropriated pursuant to the authorization of  
9 appropriations in section 103(a) for the acquisition of 15  
10 additional MX missiles may be obligated, but only if the  
11 President also determines, and includes in the written  
12 notification to Congress under paragraph (2), that--

13 (i) the obligation of such funds is in the national  
14 interest; and

15 (ii) as of April 1, 1985, the United States is  
16 acting in a manner indicating that it is willing to take  
17 actions to further the control and limitation on the  
18 strategic nuclear missile weapon systems authorized for  
19 the Air Force by this title.

20 (B) If the President's determination under paragraph (2)  
21 is that the Soviet Union is acting in such a manner, none of  
22 the amount appropriated pursuant to the authorization of  
23 appropriations in section 103(a) for the acquisition of 15  
24 additional MX missiles may be obligated. However, if after  
25 the determination under paragraph (2) the President makes a

1 further determination that the Soviet Union is not acting in  
2 good faith with respect to its willingness to take actions  
3 described in paragraph (2) and transmits written  
4 notification of that determination to Congress, such funds  
5 may be obligated after the end of the 30-day period  
6 beginning on the date of the receipt of that notification by  
7 Congress unless, before the end of such 30-day period,  
8 Congress adopts a joint resolution disapproving the  
9 obligation of such funds.

10 (c) Obligation for the MX missile program of funds  
11 appropriated pursuant to the authorization of appropriations  
12 in section 103(a) is subject to section 1231 of the  
13 Department of Defense Authorization Act, 1984 (Public Law  
14 98-94; 97 Stat. 693).

THE WHITE HOUSE

WASHINGTON

May 11, 1984

MEMORANDUM FOR JAMES BAKER

FROM: M.B. OGLESBY, JR. *MO*

SUBJECT: MX Calls to Selected House Republicans

As you know, the Fiscal Year 1985 Defense Authorization will be considered on the House Floor during the week of May 14, 1984. In its present form the 1985 DOD bill would authorize thirty Peacekeeper missiles--down ten from the Administration request. It is anticipated that an amendment offered by Charlie Bennett (D-Florida) and Nick Mavroules (D-Massachusetts), which would have the effect of deleting MX production funding for 1985 and preventing deployment of the Peacekeeper missiles which were authorized to be built during 1984, will be offered very early in the debate. A bipartisan compromise amendment will be offered by Les Aspin (D-Wisconsin) to attempt to preempt the Bennett-Mavroules effort. While we have not endorsed the Aspin approach and its content is not fully developed, it most certainly will be less damaging than Bennett-Mavroules. In connection with the anticipated votes on these amendments, it would be extremely helpful if you could contact the listed House Republicans prior to Monday, May 14, 1984. At this point, I feel it would be helpful to ask for support in defeating Mavroules. Suggested talking points are attached.

Joe McDade (Pennsylvania-10) supported the MX Peacekeeper during all of the key House Floor votes last year. At this point, he is reported to be undecided on the issue in the context of the 1985 Defense Authorization bill. Following the President's May 10, 1984 breakfast briefing for selected House Republicans, McDade was generally positive but remained uncommitted on the MX. It is felt that personal contact by a ranking White House official will help him decide.

Matt Rinaldo (New Jersey-7) supported the Peacekeeper program during all of the key House Floor votes last year. He presently is reported to be leaning against continued MX production and under some pressure from nuclear freeze supporters headquartered in Princeton, New Jersey. Rinaldo needs to be reminded of the importance the President personally attaches to continued MX production.

Stewart McKinney (Connecticut-4) consistently has opposed the MX Peacekeeper. However, he was noticeably impressed by arguments made by the President and National Security Advisor Bud McFarlane during the May 10, 1984 White House breakfast briefing on arms control and the MX. It is felt that a follow up call from you could move Stewart from his present position (undecided-leaning no) to a more positive stance on the issue.



Attachment A

TALKING POINTS

- I am calling to ask for your help in defeating the Bennett-Mavroules Amendment to the Defense Authorization bill.
- This amendment would not only prohibit production of the Peacekeeper missiles in FY '85, but would prevent deployment of missiles already authorized in FY '84.
- It is important to remember that the requested deployment of the Peacekeeper missiles is in keeping with the recommendations of the Bipartisan Commission on Strategic Forces.
- This Administration shares the common desire of a strong U.S. deterrent posture together with ambitious arms control agreements that promote stability.
- We are experiencing difficulty with our arms control efforts because the Soviets are playing a waiting game--they walked out of the INF talks and failed to set a resumption date for the START talks.

- Since the December 1979 NATO decision to deploy Ground Launched Cruise Missiles (GLCM) and to replace Pershing I with Pershing II missiles, we have withdrawn over 1000 nuclear weapons from Europe.
  
- We continue to withdraw one additional nuclear weapon for each Pershing II and GLCM deployed.
  
- Further, we have announced plans to withdraw an additional 1400 nuclear weapons. The result is the withdrawal of more than five times as many nuclear weapons as are included in GLCM and Pershing II.
  
- We have been flexible in our approach to agreements in START and INF. We have tabled a new treaty banning chemical warfare and we have been met with little movement by the Soviets.
  
- Halting production and deployment of the Peacekeeper now would only reward the Soviets for leaving START and INF and cast doubts on U.S. resolve.
  
- Can we count on your help in defeating the Bennett-Mavroules amendment?

✓

THE WHITE HOUSE

WASHINGTON

May 10, 1984

MEMORANDUM FOR EDWIN M. MEESE III  
JAMES A. BAKER III ✓  
MICHAEL K. DEEVER

FROM: M. B. OGLESBY, JR. *BO*

SUBJECT: Child Protection Act (H.R. 3635, Sawyer R-Mich.)  
National Commission on Pornography

On May 8, the House adopted the above bill to strengthen penalties and enforcement procedures for child pornography officials, clearing the measure for the President. We have had expressions of interest in a signing ceremony and a schedule proposal has been prepared.

In addition, the Office of Policy Development has been reviewing a proposal made to the President by Senator Paul Trible (R-Va.), Representatives Frank Wolf (R-Va.) Dan Coats (R-Ind.), Chris Smith (R-NJ), Nancy Johnson (R-Ct.) and Tony Hall (D-Ohio) regarding the establishment of a National Commission on Pornography. It is our understanding that a draft memo is under review in Jack Svahn's office supporting such a commission and suggesting the announcement of the Commission concurrent with the signing of the Child Protection Act.

Further the Department of Justice will have some 200 Federal prosecutors and investigators in Washington during May 16-18 for training on how to successfully deal with pornography cases.

→ We will recommend a signing ceremony for H.R. 3635. The confluence of the above events suggests some orchestration for maximum impact.

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

March 22, 1984

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

Dear Mr. President:

We are enclosing information that substantiates the need for an executive order to establish a National Commission on Pornography.

Statistics reflect a marked increase in the expanding pornography market with troubling effects on its victims, our nation's families, children, and women. We need a commission to examine this evidence which is cause for concern and help establish a base of information to use in combating this problem.

The child pornography industry alone now reaps an estimated annual profit of one billion dollars from the sale of books, magazines and movies. Almost one million children are said to be involved, ranging in age from infants to 18-year-olds.

In addition, the industry as a whole is becoming increasingly violent in nature. Magazines depicting "bondage and domination" now comprise 17 percent of the market, a startling increase over their share in 1970. Law enforcement officials have also noted an increase in violent sexual crimes that imitate pornographic materials.

Finally, there is evidence that the level of violence against women in pornography has increased since the report of the 1970 Commission on Obscenity and Pornography. Violence in pornography is the key issue about which we have particularly serious concerns for the victims--the men, women and children--and their future in our society.

The nature of the pornography market has changed dramatically in the last few years and the need for new research in the field is clear. For example, technological innovations in the mass media such as cable television and the video cassette recorder have opened homes today to new forms of pornography not available 14 years ago. The number of "adult" bookstores was relatively small in 1970 compared to the 15,000 to 20,000 estimated to exist now. Pornographic movie houses have proliferated as well, and there are almost 800 operating in the United States today.

The President  
March 22, 1984  
Page 2

As you may recall, that 1970 report found no link between pornography and subsequent anti-social behavior--a conclusion so shocking that the report was summarily rejected by a Senate vote of 60-5.

We believe it is time to reexamine that conclusion and urge you to establish a new Commission on Pornography to review the issues, thoroughly examine the research conducted during the past 14 years on these volatile issues and to make suggestions on appropriate courses of action to deal with the situation.

Thank you for your time and attention to this request. We would also appreciate the opportunity to talk with you personally about this pressing matter.

Sincerely,



Paul Trible  
United States Senate

1270



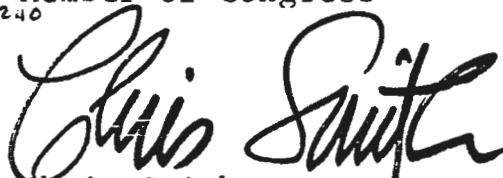
Frank Wolf  
Member of Congress

1240



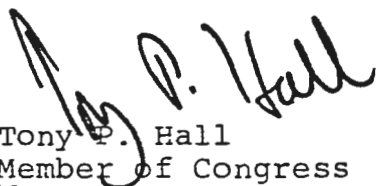
Dan Coats  
Member of Congress

1240



Chris Smith  
Member of Congress

1240



Tony P. Hall  
Member of Congress

1230



Nancy L. Johnson  
Member of Congress

1240

Write KC about my furniture —

THE WHITE HOUSE

WASHINGTON

May 9, 1984

MEMORANDUM FOR JIM BAKER ✓  
MIKE DEEVER

FROM: M. B. OGLESBY, JR. *Bo*

For your information and planning purposes, the House and Senate will be in recess May 25 - June 4 for Memorial Day.

THE WHITE HOUSE

WASHINGTON

May 9, 1984

MEMORANDUM FOR JAMES A. BAKER

FROM: M. B. OGLESBY, JR. 

Congressman Trent Lott wanted you to see this. I have circulated to Darman, Stockman, Fuller, and Svahn.





# NFIB<sup>®</sup> National Federation of Independent Business

The Guardian of Small Business.

May 7, 1984

Wilson S. Johnson  
*Chairman of the Board  
and Director*  
National Federation  
of Independent Business

John E. Sloan, Jr.  
*President, Chief Executive Officer  
and Director*  
National Federation  
of Independent Business

Frank M. Cruger  
*Vice President and Director*  
Indiana Manufacturers  
Supply Co., Inc.  
Indianapolis, Indiana

Bruno J. Mauer  
*Vice President and Director*  
Rickert Industrial Supply  
Milwaukee, Wisconsin

Bruce G. Fielding, CPA  
*Secretary and Director*  
Fielding, Locksley & Storek  
Mountain View, California

Lucy A. Fontenot  
*Assistant Secretary*  
National Federation  
of Independent Business

Ted L. Kuchenriter, CPA  
*Treasurer and  
Chief Financial Officer*  
National Federation  
of Independent Business

Ramon E. Billeaud  
*Director*  
J. B. Levert Land Co.  
New Orleans, Louisiana

Richard S. Briggs  
*Director*  
Integrated Handling Systems  
Menlo Park, California

Jerry J. Chicone, Jr.  
*Director*  
Chicone Groves Properties  
Orlando, Florida

James S. Herr  
*Director*  
Herr's Potato Chips, Inc.  
Nottingham, Pennsylvania

H. H. (Larry) Larison  
*Director*  
Columbia Paint Co.  
Spokane, Washington

Gordon L. Stone  
*Director*  
Stonehouse Signs, Inc.  
Arvada, Colorado

Dick Fisher, CAE  
*General Manager*  
National Federation  
of Independent Business

## MEMORANDUM

**TO:** Congressman Trent Lott

**FROM:** John Motley  
Director of Federal Legislation  
National Federation of Independent Business

**SUBJECT:** Key Issues Important to Small Business

A number of key issues which are important to the small business community are currently stalled primarily due to foot dragging and, at best, reluctant support by bureaucratic forces in the Administration. These issues have general public support and are extremely important to the Administration's base constituency on Main Street.

It would be tragic if this Administration, which strongly supports the goals of small and independent business, were to be blamed for failures in these key areas. Yet this is a distinct possibility unless the White House intervenes to resolve these issues. Below is a description of three issues and the action which needs to be taken.

Ncp/486R

## Telephone Access Charges

The access charges which the Federal Communications Commission (FCC) will impose in June, 1984, on businesses with more than one telephone line will seriously affect many small businesses. In a mid-1983 study done by NFIB, small business owners ranked "telephone rates" as their fourth most severe problem. The FCC access charge decision will add to this burden by requiring businesses with more than one telephone line to pay new interstate access charges of up to \$6 per line, per month. These additional charges will come on top of rising local service costs and possible intrastate access charges of up to \$6 per line, per month.

The FCC has exempted residences and businesses with only one line from the access charges until June, 1985. It is only fair to extend this exemption to multi-line businesses as well. Most small businesses have more than one telephone line, and they will suffer from the cost increases. Small businesses do not operate with the same margin and flexibility as larger businesses do, and increases in costs such as telephone service can be devastating. They do not have the option which large companies have of setting up independent systems which bypass the public phone system and save on costs overall. Neither will they benefit substantially from drops in long distance rates, as small businesses are not the primary users of long distance service.

✓ In delaying the charges for residential customers and single-line businesses, the FCC indicated more study was needed of the impact access charges would have. Multi-line businesses should be accorded the same consideration. A delay in the charges across-the-board would give the FCC time to reconsider the access charge approach and determine whether or not there is a more equitable approach.

## Paperwork Reduction Efforts and Their Impact on Small Business

Paperwork reduction remains one of the highest priority issues for small business. The Paperwork Reduction Act (Public Law 96-511) was intended to minimize the burden and cost of Federal paperwork requirements and to develop uniform Federal information policies and practices. The PRA required OMB to reduce by specified percentages the burden of Federal collections of information existing at the time of enactment. In performing its functions, the Office of Information and Regulatory Affairs (OIRA) claims to have reduced by 32% the burden of Federal collections of information within the OMB inventory. There is, however, a significant discrepancy between OIRA's much-touted accomplishments in exceeding the statutory goals for paperwork reduction and the small business perception that the burden has at least remained the same, if not actually increased.

Significant reductions have been made to date within OMB's inventory of paperwork burden. Unfortunately, OMB's inventory even now does not cover the universe of burden in existence. Put simply, OIRA is finding burden hours faster than they can be reduced.

Each time OIRA expands the universe for its inventory--coming closer and closer to a match with the true burden--the Information Collection Budget swells to unbelievable proportions. According to the ICB for Fiscal year 1984, two billion hours will be spent by the public to comply with Federal information demands. Reporting by businesses and institutions will account for 73% of this burden.

Procurement and IRS paperwork continue to be significant, continual problems for small firms. Any efforts, such as the administrative battle which was waged by IRS to prohibit OMB from reviewing paperwork requirements contained in existing regulations, or behind-the-scenes attempts to gain a legislative exemption for any agency from the Paperwork Reduction Act must be roundly and soundly defeated.

✓ The House passed amendments last year. The Senate has held hearings, but no markup has been scheduled apparently due to ongoing negotiations with OMB. Authorization for the Paperwork Reduction Act expired September 30, 1983. The Paperwork Reduction Act can only be effective if the broad authority granted by Congress to OMB over the length and breadth of the paperwork maze is executed vigorously. For this reason, it is imperative that OMB's authority be re-authorized and strengthened.

### Equal Access to Justice Act

The Equal Access to Justice Act, passed in the 96th Congress, must be reauthorized by October 1 of this year. This Act attempts to assume that agencies have adequate grounds in legal proceedings against an individual, small business, or tax exempt entity. Under this Act, if an agency loses the case, it must pay the attorney fees and other expenses unless its position is determined to have been "substantially justified."

Prior to enactment of this act, small firms were faced with a difficult challenge if they chose to engage in legal action against an agency. Extended and expensive litigation by a small businessman against a federal agency in any adjudicatory proceeding or in a civil action against a federal agency or the United States was not economically feasible. The small business owner might win the case, but face bankruptcy due to the expense of fighting it. The Equal Access to Justice Act must be reauthorized in order to keep legal recourse open to the small business owner. This act has also encouraged responsibility within the agencies and has resulted in less wasteful enforcement of government regulations.

✓ Bills to reauthorize the Equal Access to Justice Act, S. 919 and H.R. 5479, are moving through the House and Senate Judiciary Committees, but opposition to certain provisions and basic concepts in the bills, by the Justice Department and OMB, is inhibiting their progress. The few number of legislative days remaining necessitates a united effort to push these bills through to enactment.

From B. Ogleby -  
wants to talk to  
you again re this.

May 8, 1984

Senator Jesse Helms, along with several of his colleagues, have written to the President on the textile issue. A copy of Helms' letter is attached. The letter has been acknowledged and sent to USTR for a substantive response.

In the meantime, Senator Helms has called personally to indicate that he wants a meeting with the President and a small group of Republican House and Senate members to discuss this issue. He has also sought (and received) the assistance of the Senate Majority Leader in encouraging that we agree to such a meeting. Helms and others are extremely concerned about the political ramifications of our current textile situation in the states they represent. Both Helms and Thurmond are seeking reelection, and have indicated that the President's own chances for political success in their states will depend heavily on his actions with regard to textiles. Initially, Helms indicated that he just wanted some decision out of the White House, so he could go about protecting his own hide if we were not prepared to respond favorably to his request. Subsequently, his staff indicates that Helms will start looking at "extortion" measures such as holding up debt limit or other crucial legislation unless we act. Helms' staff indicates that all of Helms' requests are covered in the attached letter. Also attached are some news articles which indicate the degree of this problem in the textile states. Senator Thurmond, at the leadership meeting this morning, handed a similar article to the President.

We need some immediate guidance on dealing with this problem. Governor Hunt of North Carolina wrote to the President in April, and attached is a copy of his letter as well as Bill Brock's response. Helms, Thurmond, et al., are convinced that the President will have rough going politically in their states if favorable action is not taken.

Attachments