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# WITHDRAWAL SHEET

## Ronald Reagan Library

Collection: Baker, James: Files

Archivist: ggc/jet

File Folder: Policy Development ~~GA10515~~ Box 9

FOIA ID: F98-024

Date: 08/18/1999

DOCUMENT NO. & TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. Memo	From Louis O. Giuffrida for Edwin Meese re: Buffalo. 3p.	9/10/84	<del>P5</del>
2. Memo	From John A. Svahn for President Reagan re: FY 85 Budget. 2p.	1/9/84	<del>P8</del> <sup>683</sup> 10/5/06

### RESTRICTIONS

- P-1 National security classified information [(a)(1) of the PRA].
- P-2 Relating to appointment to Federal office [(a)(2) of the PRA].
- P-3 Release would violate a Federal statute [(a)(3) of the PRA].
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].

- F-1 National security classified information [(b)(1) of the FOIA].
- F-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
- F-3 Release would violate a Federal statute [(b)(3) of the FOIA].
- F-4 Release would disclose trade secrets or confidential commercial or financial information [(b)(4) of the FOIA].
- F-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].
- F-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
- F-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
- F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

C. Closed in accordance with restrictions contained in donor's deed of gift.

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THE WHITE HOUSE

WASHINGTON

October 31, 1984

MEMORANDUM FOR JIM BAKER

FROM: MEL BRADLEY *mb*

SUBJECT: Efforts of Black Supporters

I thought you might be interested in knowing what some of our Black supporters are doing on their own initiative. The attached is a full page campaign ad from the most recent issue of Jet Magazine which has the largest circulation of all black news publications.

Attachment

**BLACKS,  
WOMEN  
LEAD DROP  
IN NATION'S  
JOBLESS  
RATE**

*Jet Magazine.  
10/22/84*

**WE ARE VOTING  
FOR THE PRESIDENT—**

*Gloria E. A. Toote, J.D.;  
Henry Lucas, D.D.S.;  
Clarence (C.J.) Patterson;  
T.A. Adams, Jr.;  
William Thomas Twine, Sr.;  
Lee Walker;  
Dorsey Miller.*



**HOW ABOUT YOU?**

**RONALD REAGAN's** black college funding exceeded Carter/Mondale budget by 11.3%. He directed federal agencies to increase student aid, research grants and contracts, intervened to save Fisk Univ., gave Meharry Medical College \$29 million.

**JUSTICE DEPT.** in 1983 assigned 1,058 federal observers to 6 elections in Alabama, Georgia and Mississippi. 600 went to Mississippi where 1,102 were registered under a provision of the Civil Rights Voting Act never used previously by a president.

**SMALL BUSINESS ADMIN.** is directing 15% of guaranteed loans to minority business, compared to 9% under Carter/Mondale.

**JOB TRAINING PARTNERSHIP ACT (1982)** REAGAN replacement for CETA program, has trained more people. 70% of 11,500 enrolled October to March 1984 found jobs, compared to 30% yearly CETA employment rate. JTPA devotes 70% of funds for training, compared to 18% under CETA. 68% of 500,000 trainees are minorities.

**REAGAN 1983 FUNDING**

MEDICAID	\$19 billion
HOUSING	\$8.3 billion
FOOD STAMPS	\$12.8 billion

Carter/Mondale Funding
\$14 billion
\$4.5 billion
\$9.1 billion

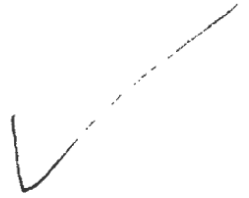
1 million blacks have obtained NEW JOBS since January 1983.

***Paid for by the above named persons. VOTE FOR RONALD REAGAN. RONALD REAGAN WILL WIN.*** Blacks **MUST** be a part of his victory if we wish access to **POLITICAL POWER.**


THE WHITE HOUSE

WASHINGTON

October 23, 1984



MEMORANDUM FOR JAMES A. BAKER III

FROM: JOHN A. SVAHN   
SUBJECT: The New Police Corps

Attached is a copy of The New Police Corps, Mr. Adam Walinsky's suggestion for helping inner city police departments in their recruiting and training. I have talked to Adam personally and we will be looking at the potential of his proposal.

Attachment



Office of the Director  
Federal Emergency Management Agency

Washington D.C. 20472

September 10, 1984.

MEMORANDUM FOR: Edwin Meese III  
Counsellor to the President

FROM: Louis O. Giuffrida  
Director

SUBJECT: Buffalo

On December 27, 1983, a propane gas explosion occurred in Buffalo, New York. The explosion took place in an urban, lower income residential district one mile east of the downtown business district. The Governor declared a "Disaster Emergency" for the area on December 28, 1983. The blast affected 30 blocks, causing major damage estimated at \$1 million on 25 houses. Damages to three businesses were estimated at \$2 million, and damage to one non-profit institution was estimated at \$225,000. Four fire vehicles were destroyed at an estimated replacement cost of \$1.1 million. The Small Business Administration made its disaster loan program available for the area on January 11, 1984. The explosion killed 7 people, including 5 city firefighters, and injured an additional 70 people, including 26 firefighters.

The American Red Cross received 204 applications for aid. Of this number, there were 121 applicants who received some form of assistance. The City of Buffalo undertook the replacement of broken windows and other minor repairs. Any remaining unmet needs for families or individuals were to be provided by the American Red Cross or by other State and local resources.

State and local governments accomplished debris removal at a cost of \$70,000.

On January 20, 1984, the Governor of New York submitted a request for an emergency declaration by the President. The request asked for replacement of firefighting vehicles and equipment which were destroyed by the explosion.

#### Discussion

There were four vehicles destroyed. Two were pump vehicles, one was a 100-foot ladder vehicle, and one was the vehicle used by the fire chief. Based on 75/25 cost sharing, the Federal share of replacing these vehicles was estimated at \$825,000 in the event of a declaration. However, it is possible that the overall cost of replacement might be less than the \$1.1 million estimate since, according to Federal disaster assistance regulations, these vehicles

would be replaced with used equipment of approximately the same age and value to the extent that such equipment is readily available. In the event it is not readily available, newer equipment can be purchased.

The lost vehicles were covered under the City of Buffalo's self-insurance plan, which apparently was not funded properly to cover this loss. The State maintained that replacement of the equipment would result in increasing taxes.

The Governor's request of January 20, 1984, was handled by FEMA in precisely the same manner that we have handled every other request. FEMA regional and national personnel, in concert with State and local officials, came to the conclusion that the Governor's request should be granted. We prepared the usual Memorandum for the President and sent it over to the White House.

At the White House, apparently, it went to somebody named Rusthoven, who works in Fred Fielding's shop. Mr. Rusthoven called over to the FEMA General Counsel's Office to ask some questions. He went into a general discussion about the request, the sequence of the timing, and the legality. Mr. Rusthoven was told by my General Counsel's Office that this request had been handled in a legal and proper manner. Apparently, Mr. Rusthoven asked if there was unanimous agreement among all the lawyers in FEMA and was told, "There never is," or words to that effect.

In any case, the next step was a call from Craig Fuller asking if I could come to meet with him, Dick Hauser, and Peter Rusthoven. My General Counsel and I met with them on March 10, 1984, for about 2 hours. In that discussion, Mr. Rusthoven made some reference to a discussion he had had with Fred Villella in which Mr. Villella said, "This thing has got political overtones; all of these things are always read that way by some people," or words to that effect. Mr. Rusthoven then said to Mr. Villella, "In my capacity as the President's lawyer, I inform you that you and I are not permitted to talk politics," or words to that effect. In any case, I explained again that we have an effective and efficient and legal system in FEMA to evaluate these requests; that I use all of these assets in a completely professional and objective manner before I send any recommendations to the White House and that is precisely the process we had followed in this one.

I believe that Mr. Rusthoven was not fully aware of the political activism of the fire service nationally. I explained as carefully as I could that the fire community nationally is a vociferous antagonist of President Reagan because it perceives him as absolutely insensitive to the national fire problem. They feel they know better than anyone outside the fire community the real impact of what happened in Buffalo. It was not just another fire: there were five firemen killed and 26 firemen injured.



September 10, 1984

I told Fuller et al. again that it was a legitimate request and a proper recommendation, and I was convinced it was such before I sent it over there. I pointed out if now we flyspecked it and disapproved it, the entire fire community in the United States was going to say again, "See, what the hell does Reagan care about us. We have five firemen killed, 26 hurt; we have a department rendered less than effective which is dependent on mutual aid from surrounding communities in a heavy snowfall area, etc." More to the point, we would be denying a legitimate request.

We then went through several weeks of talking back and forth between my General Counsel, Mr. Fielding's office, OMB, and Craig Fuller's office, the end result of which was that on May 24, 1984, the State of New York withdrew its request for an emergency declaration. This, however, did little to either solve the problem or soothe the feelings of the mayor, the fire department, and the people of Buffalo. They called me and asked if they could resubmit. Public Law 93-288, section 301, provides authority for them to do so, and the request can be reconsidered. I still think it is a legitimate request. I think it should have been approved in the first place. I might say this is the only recommendation that has ever been made by this or the preceding administration that has been rejected in the White House. Since the Governor withdrew the application, then legally it was never acted upon and can be submitted now for reconsideration.

I recommend that I "pass" the word" and have New York submit again. This would permit the President to say in Buffalo, "I am responding to Mayor Griffin's letter by assuring the Governor and Mayor that the application, when received, will be very carefully evaluated by the Federal Emergency Management Agency," or words to that effect. Governor Cuomo is leaving today to spend a couple of days at Notre Dame, but I can get the word out and have them submit that thing and the President can make his statement tomorrow.

THE WHITE HOUSE

WASHINGTON

October 17, 1984

MEMORANDUM FOR EDWIN MEESE III  
JAMES A. BAKER, III  
WILLIAM BROCK  
RICHARD G. DARMAN  
CRAIG FULLER

FROM:

JOHN A. SVAHN *JAS*

SUBJECT:

Letter from Philip Caldwell and Owen Bieber  
October 17, 1984

The attached letter was delivered to me this afternoon at 2:00 p.m. by the local representative of Ford Motor Company. It was flown down this morning by a corporate officer from Ford. The memo apparently was part of the discussion surrounding the conclusion of the Ford-UAW talks. As you can see, it calls for a early extension of the VRA with Japan. I believe that it is likely, since the UAW was interested in having the letter delivered ASAP, that this issue will arise on Sunday and a push will be made to get the President to commit to further extensions.

Attachment

October 17, 1984

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

Dear Mr. President:

As you know, Ford and the UAW have reached a three-year labor agreement that continues the spirit of cooperation among the Company, its employees, and the UAW that has developed in the last few years. The agreement allows auto workers to share in the nation's economic recovery; at the same time, it avoids renewed pressure on inflation. It provides additional personal security benefits for auto workers to protect against future workforce changes as we work to improve worldwide competitiveness.

This contract is designed to continue the substantial progress Ford and its people have made in recent years. Union adjustments in 1982 restrained wages and eliminated the paid personal holidays. This was followed by changes on a plant-by-plant basis that improved operating efficiencies, upgraded quality -- surveys show we are closing the gap on imports -- and generated increased customer satisfaction. On its part, the Company invested billions of dollars in new products and facilities, while it was losing billions of dollars. These new products are designed to meet the needs of a changing market and rising customer expectations.

Our joint determination to become competitive has extended to every facet of our business. Salaried headcount has been reduced 28%, many facilities have been consolidated, and some have been closed. To help employees during this period, a jointly administered Ford/UAW Employee Development and Training Program has already provided job counseling assistance and retraining for more than 10,000 workers. The net result of union adjustments and management cost cutting has been to reduce the Company's breakeven point dramatically, which has enabled Ford to turn the corner to profitability and has helped to lead the U.S. economy out of recession.

The preponderant share of these profits is being reinvested to strengthen further our competitive position -- through added expenditures for modernization of facilities, development of new, more advanced products, and continued improvement in quality.

The voluntary restraints that Japan adopted after negotiations with the United States Trade Representative have helped provide the time to make this progress and to assure that the benefits of our economic recovery would accrue to U.S. workers, not Japanese.

The average price increase on Ford's small cars since restraints began has been about half the rate of inflation. In fact, the price of Ford's average 1985 small car -- those that compete directly with the Japanese -- is \$195 or 2.3% less than for the 1984 model, despite increases by Japanese competition. The 1985 sticker price for Ford's most popular Escort model is \$5876 -- less than the price for the same model three years ago.

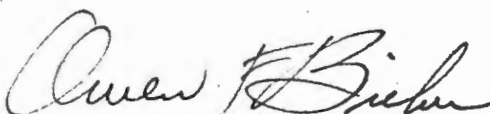
Mr. President, we in the private sector have taken actions to close the gap with competition, and the agreement just reached demonstrates that we are charting the necessary course for growth and success in the future.

It is important, however, that the industry's profit recovery and the new labor agreement not mask the seriousness of the underlying problem. The Japanese still have a substantial cost advantage on small cars. More than half of this cost advantage is due to factors beyond the industry's control. The dollar/yen imbalance alone gives Japan an unearned cost advantage of serious proportions. In addition, their tax structure encourages exports in a manner that further distorts the trading relationship. The Japanese challenge is not unique to the United States nor is it confined to the automobile industry. Because of it, all major nations that have a domestic auto industry have placed some type of restriction on the importation of Japanese cars.

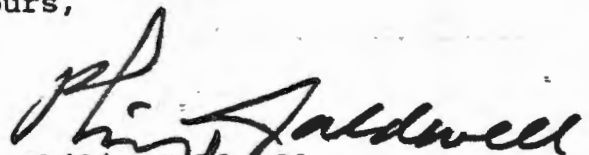
Japanese producers have the cost advantage and available productive capacity to take a much larger share of the U.S. market and automotive jobs. There is no indication that auto restraints will be lifted in Europe or in other major markets, which makes the U.S. a likely target for Japan's capacity, should the U.S. be alone without restraints. Japanese increases in U.S. sales would have substantial impacts on the U.S. trade deficit, on domestic industry volume, employment, and productivity, and on the U.S. economy as a whole. This would come at a time when many thousands of auto workers still remain on indefinite layoff; thousands more have been permanently displaced to lower-wage jobs, at great personal hardship and social cost.

We hope the Administration will recognize the benefits that the present restraints have had for the U.S. economy and we request that the Administration encourage early action by the Japanese to extend restraints at an effective level beyond the present expiration date. It is important, of course, that there be a sufficient period to provide U.S. industry with an adequate planning horizon to make further progress in improving its competitiveness and give the U.S. government time to correct the basic government policies that so deeply affect competitiveness but are outside the control of the auto companies and all of their employees. These tasks cannot be satisfactorily accomplished on the basis of year-to-year extensions.

Respectfully yours,



Owen F. Bieber  
President, International Union,  
United Automobile, Aerospace  
and Agricultural Implement Workers  
of America



Philip Caldwell  
Chairman, Ford Motor Company

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

To:

10/5/84

Jim Baker -

Jim - I've been told that there's no room for me to continue on the plane to the Baltimore event Monday. I haven't asked to travel on campaign events but I'd like to do this one. I live out there, on the Aquarium Board, member of clubs, former Comm. of S.S. - Balto's largest employer - friend of the Mayor's etc.

JAS.

JAB will get done

10/15 - 9:30 am  
Sent to JAB  
on AFI - JAB  
KC

THE WHITE HOUSE  
WASHINGTON

10/11/84

NOTE FOR JAMES BAKER III ✓  
EDWIN MEESE III  
RICHARD G. DARMAN

FROM: JOHN A. SVAHN

I received the attached letter. It makes some very interesting points. The author was Chief Economist for the largest elderly group in the country - AARP.

10/14 KC  
Back to me to  
give Bob Tucker  
for an "elderly"  
ad. Thanks.  
JAB 10/14

Attachment

THOMAS C. BORZILLERI, Ph.D.  
ECONOMIC CONSULTANT  
211 WATERGATE OFFICE BLDG. - 2600 VIRGINIA AVE., N.W.  
WASHINGTON, D.C. 20037  
(202) 337-5647

OCTOBER 8, 1984

JACK SVAHN  
ASSISTANT TO THE PRESIDENT OF THE UNITED STATES  
THE WHITE HOUSE  
WASHINGTON DC, 20500

DEAR MR. SVAHN:

I AM WRITING THIS LETTER BECAUSE OF THE DEBATE PERFORMANCE OF THE PRESIDENT LAST EVENING AND IN HOPES THAT IT WILL READ. I WAS CHIEF ECONOMIST FOR THE AMERICAN ASSOCIATION OF RETIRED PERSONS FOR SIX YEARS AND I HAVE BEEN CONSULTING FOR THEM SINCE 1978. I KNOW AS MUCH, IF NOT MORE, ABOUT SOCIAL SECURITY, THE ECONOMIC STATUS OF THE ELDERLY AND THE POLITICS OF THAT AUDIENCE AS ANYONE THE PRESIDENT HAS WORKING FOR HIM, SO LISTEN!!

YOU ARE UNNECESSARILY GETTING NAILED ON THE OLD PEOPLE ISSUES. THERE ARE A FEW SIMPLE THEMES THAT THE PRESIDENT NEED USE, TO PUT THESE MATTERS TO REST AND MOVE ON TO OTHER ISSUES. SKIP THE TREES AND LOOK AT THE FOREST.

1. ACCORDING TO THE U.S. CENSUS, SINCE 1980 THE INCOME OF THE SINGLE ELDERLY, POOR OLD WIDOWS, THE POOREST OF THE ELDERLY, ETC., HAS GONE UP 36 PERCENT! DOES THAT SOUND LIKE THE RESULTS OF AN ADMINISTRATION THAT IS DOWN ON THE AGED? END OF ARGUMENT. ONE SIMPLE NUMBER, NOT SOME INVOLVED DESCRIPTION OF CHANGES IN THE ELDERLY INCOME DISTRIBUTION, THAT SAYS THIS PRESIDENT IS BOTH "FAIR" TO THE LOW INCOME ELDERLY AND HAS NOT BEEN CUTTING SOCIAL SECURITY BENEFITS!

2. THERE MUST HAVE BEEN TEN CONGRESSIONAL PROPOSALS TO PERMANENTLY CAP SOCIAL SECURITY COST OF LIVING ADJUSTMENTS FOR THE ELDERLY OVER THE PAST 3 YEARS AND THE ELDERLY KNOW IT WELL. DID ANY OF THEM BECOME LAW? SAY WHAT YOU WILL BUT THE FACTS ARE THAT WHILE THE ELDERLY WERE CONSTANTLY THREATENED BY THE CONGRESS, THIS PRESIDENT DID NOT LET IT OCCUR. NO PERMANENT COLA REDUCTION HAS BECOME A PART OF SOCIAL SECURITY UNDER THIS ADMINISTRATION. REMINDE THEM!

3. WHEN THE PRESIDENT TOOK OFFICE, EVERY SURVEY SHOWED THAT INFLATION WAS THE MAJOR ISSUE FOR THE ELDERLY. UNDER THIS ADMINISTRATION, INFLATION HAS BEEN BROUGHT WAY DOWN AND CURRENT SURVEYS SHOW THAT INFLATION NO LONGER HEADS THE LIST OF ELDERLY CONCERNS. THAT IS CALLED DELIVERING ON A CAMPAIGN PROMISE, RESPONDING TO THE ELDERLY'S BIGGEST CONCERN, HELPING THE HELPLESS, TURNING COMPASSION INTO REAL ACTION, ETC.!!

4. BECAUSE THE ADMINISTRATION WAS SO SUCCESSFUL IN BRINGING DOWN INFLATION, THE RULES OF THE SOCIAL SECURITY SYSTEM WOULD HAVE PREVENTED A

THOMAS C. BORZILLERI, Ph.D.

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COLA. WHO FIRST PROPOSED TO OVERRIDE THE 3 PERCENT REQUIREMENT? DOES THIS SOUND LIKE AN ADMINISTRATION THAT IS AFTER THE AGED OR ONE THAT RECOGNIZES THAT THE ELDERLY ARE ESPECIALLY VULNERABLE TO INFLATION?

5. MEDICAL CARE COSTS ARE NOW THE ISSUE AND THE BIG FEAR AMONG THE AGED. YOU ARE THE FIRST ADMINISTRATION TO DO SOMETHING WITH THIS PROBLEM AND YOU HAVE DONE WELL. SAY SO!!

THE ADMINISTRATION HAS BEEN HANDED A MEDICARE DEFICIT OF A TRILLION DOLLARS. HOW DID THE PRESIDENT RESPOND? BY TAKING ON THE "SPECIAL INTERESTS", THE DOCTORS AND THE HOSPITALS (TWO OF THE MOST UNPOPULAR GROUPS IN THE COUNTRY BY THE WAY, AND GROUPS THAT THE PUBLIC SEES AS GREEDY) AND CREATING THE DRG SYSTEM: AND THE NUMBERS SAY IT'S WORKING!! NOBODY EVEN KNOWS IT HAPPENED!

WHILE MEDICAL CARE COSTS SCREAMED ALONG AT 20 PERCENT A YEAR UNDER CARTER, WHILE HE TALKED ABOUT IT A LOT, THIS PRESIDENT TOOK REAL, EFFECTIVE ACTION TO SAVE THE PROGRAM AND THE PROOF IS IN ALL THE NUMBERS. THE PRESIDENT COULD HAVE ASKED THE TAXPAYERS TO PAY MORE OR THE ELDERLY TO PAY MORE BUT INSTEAD, WENT AFTER THE HOSPITALS, WHO COULD MOST AFFORD IT! THAT IS WHY THERE ARE MEDICARE "CUTS" IN SPENDING. BECAUSE YOU ARE DOING A BETTER JOB AND YOU ARE "FAIR" TO BOOT!

6. THIS ADMINISTRATION HAS PROPOSED A PHYSICIAN'S FEE FREEZE UNDER MEDICARE, AGAIN TAKING ON THE "SPECIAL INTERESTS", THE DOCTORS AND THE AMA. THE AMA HAS TAKEN YOU TO COURT BUT YOU ARE DOING WHATS "RIGHT" AND WHAT YOU CAN, TO SHORE UP THE SYSTEM - MAKING THOSE WHO CAN MOST AFFORD IT, RICH DOCTORS, BEAR THE MAJOR PART OF THE BURDEN. I REPEAT THAT EVERY OPINION SURVEY OF THE AGED SHOWS OUTRIGHT FEAR OF MEDICAL CARE INFLATION AND THE GENERAL PUBLIC SHOWS A STRONG IRRITATION WITH DOCTORS AND HOSPITALS. USE IT!

7. THE REASON THE PRESIDENT HAS NOT LIKED SOCIAL SECURITY OVER THE YEARS IS NOT BECAUSE HE WANTS TO CUT BENEFITS FOR THE ELDERLY, CUT FUTURE BENEFITS FOR TODAY'S WORKERS, OR BECAUSE HE DISLIKES "SOCIALISM". IT IS BECAUSE HE THINKS IT IS UNFAIR THAT SOME OF TODAY'S YOUNG WORKERS WILL ONLY GET \$.50 BACK FOR EVERY DOLLAR THEY PAY IN!

THE PUBLIC CARES ABOUT FAIRNESS AND THE YOUNG BELIEVE THAT THE SYSTEM EITHER WILL NOT BE THERE WHEN THEY GET OLD OR THAT THEY COULD DO BETTER ON THEIR OWN. THATS WHAT YOU HIT ON AND IT'S A FACT FOR SOME OF TODAY'S YOUNG WORKERS!!

YOU CANNOT AVOID DISCUSSING SOCIAL SECURITY BECAUSE MONDALE WILL BRING IT UP EVERY TIME HE GETS A CHANCE SO TURN THE ISSUE TO YOUR OWN BRAND OF "FAIRNESS". IT IS POTENTIALLY DEATH TO DISCUSS THE SUBJECT BUT IT NEED NOT BE IF "CHANGE" AND "FAIRNESS" REPLACE "CUTS" IN YOUR VOCABULARY. I AM TELLING YOU THAT BOTH YOUNG AND OLD WILL RESPOND TO A "FAIRNESS" THEME. THE OLD DON'T WANT THEIR CHILDREN RIPPED OFF AND ARE QUITE VOCAL ABOUT IT. THE YOUNG DON'T WANT THEIR PARENTS INCOMES CUT.



THOMAS C. BORZILLERI, Ph.D.

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YOU WON'T TOUCH THE BENEFITS OF THOSE NOW ON THE ROLES BUT WHAT WAS MEANT BY THE WORDS "CURRENTLY ON THE ROLES" IS THAT IF THE PRESIDENT HAD HIS WAY, HE WOULD MAKE SURE THAT SOCIAL SECURITY WAS FAIR TO EVERYONE AND THAT IT WOULD BE THERE WHEN TODAY'S WORKERS RETIRE COME HELL OR HIGH WATER! THATS THE CHANGE (NOT THE CUT) IN SOCIAL SECURITY THAT THE PUBLIC WANTS, PARTICULARLY THE YUPPIE VOTE, AND THE PRESIDENT SHOULD CONSIDER TAKING THE OFFENSE HERE, MAKING "FAIRNESS" TO BOTH THE YOUNG AND OLD HIS ISSUE.

8. MONDALE WILL CONTINUE TO HAMMER YOU ON THE "PROPOSED 25 PERCENT CUT IN SOCIAL SECURITY". DEAL WITH THIS ON THE FACTS. THE ADMINISTRATION SCREWED UP WITH A FAIRLY DUMB PROPOSAL TO CHANGE SOCIAL SECURITY. EVERYONE WAS NEW ON THE JOB, UNDER A GREAT DEAL OF PRESSURE TO SAVE THE SYSTEM, AND SOME ILL-CONSIDERED PROPOSALS WERE OFFERED.

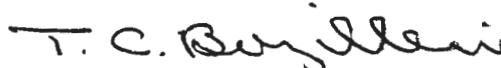
THE ADMINISTRATION SAW IT'S ERRORS AND CREATED THE COMMISSION TO MORE CAREFULLY CONSIDER THESE MATTERS. THE COMMISSION DEADLOCKED AND IT WAS ONLY BECAUSE THE PRESIDENT KICKED THEM IN THE BACKSIDE IN THE FINAL WEEK THAT THE "BIPARTISAN SOLUTION" WAS EVER ENACTED. THAT'S A FACT AND IT'S A PERFECT EXAMPLE OF PROPER PRESIDENTIAL LEADERSHIP.

THIS LETTER MAY BE IGNORED, BUT I TODAY HEARD THAT IN THE POST-DEBATE EUPHORIA, THERE IS A MAJOR NEW EFFORT ON THE PART OF THE DEMOCRATS AND "THE AGING COMMUNITY " TO PUT TOGETHER SOME OLD FOLKS FOR MONDALE, TO CONTINUE TO HAMMER THE PRESIDENT ON THESE ISSUES BECAUSE IT APPEARS THAT HE IS EXCEEDINGLY VULNERABLE. I ASSURE YOU THAT YOU WILL BE HEARING LOTS MORE FROM MONDALE ON THIS SUBJECT AND SOMEBODY BETTER PROPERLY PREPARE THE PRESIDENT TO DEAL WITH IT.

THERE IS NOT A REASON IN THE WORLD WHY THE PRESIDENT NEED BE DEFENSIVE ON THIS PART OF HIS RECORD. THE NUMBERS AND THE PRESIDENT'S RECORD ON THE ELDERLY ARE EXCELLENT AND YOU ARE MISSING THE BOAT BY NOT SAYING SO LOUD AND CLEAR.

THIS IS THE ONLY PRESIDENT WE HAVE HAD IN THE LAST 20 YEARS WHO OUGHT TO BE RE-ELECTED ON HIS RECORD ALONE. I HOPE THIS LETTER PROVIDES AT LEAST A LITTLE ASSISTANCE AND I AM PREPARED TO VOLUNTEER AS MUCH OF MY TIME AS NECESSARY SHOULD YOU CARE TO DEVELOP THESE ARGUMENTS OR OTHERS MORE FULLY.

SINCERELY,



T.C. BORZILLERI, PH. D.  
ECONOMIC CONSULTANT

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THE WHITE HOUSE  
WASHINGTON

8/28

JAB:

FYI - Bill Andres of the Retail Trade Industry Action had called in August for a group of CEO's to come in to see you re Country of Origin regulations. You asked Jim Cicomni to handle it.

Jack Svahn met with a group of these CEO's who wanted the effective date of the regulation pushed back to January 1. It was delayed by the Administration until October 1 on some goods.

Andres called again last week to see on this. But Jim Cicomni said there was no need for you to meet with them. Bob Brouse who is there Washington representative called me today re a meeting. I checked with Jack Svahn and he said there was no need for a meeting as there was nothing more we could do for them.

Bob Brouse called me back to tell me that their Executive Committee has just met, and they have decided to go to court tomorrow to get a stay of the effective date.

bh

—  
THE WHITE HOUSE  
WASHINGTON

August 1, 1984

Dear Jim -

The bottom line is that hospitals see a rate of 3.2% when they thought it was going to be 7.4%. They have a point.

Key thing to remember is that this is a proposed regulation. We will be evaluating the comments, etc. If you want I will meet with the Texas folks or arrange a meeting with the HHS people for them.

JAS

On July 3, HHS published proposed new regulations on Medicare hospital payment, including the rates to be paid in FY 85 under the DRG prospective payment system.

The following are the key points on these regulations:

- o The rate of increase for each DRG payment is proposed to be 5.6 percent.
- o The statute requires that the increase in rates be no higher than what would have been paid under TEFRA, and this has led HHS to propose rates lower than the industry expected and lower than previous years' increases in Medicare payments to hospitals.
- o The most controversial aspect of the proposed regulations is an additional feature: the weight for each DRG, which is multiplied by the average rate to give the payment amount, would be reduced by 2.4 percent.
- o HHS has said that this must be done to take account for the higher than expected hospital case-mixes, the average of the DRG weights.
- o A higher case-mix results in a larger payment to the hospital, so some increase in case-mix was anticipated as the hospitals are now taking the matter of DRG coding much more seriously.
- o However there are two other possible explanations for this observed increase in hospital case-mixes:
  - That the hospitals are "gaming" the system, and are incorrectly applying DRG codes in order to maximize their income; or
  - That the higher case-mix is due to a change in practice patterns, with less severely ill patients being treated as out-patients, leaving the more acutely ill population in the hospital.
- o The public comment on these regulations expires on August 2.
- o Almost all of the hospital industry's comments are being directed at this "2.4 percent issue," the reduction in the DRG weights.
- o They charge that in addition to the alternative explanations for the change in case-mix, the Secretary of HHS does not have the legal authority to change the DRG weights until FY 86.
- o The industry is urging that the proposed 2.4 percent reduction in DRG weights be withdrawn, and that the increase in rates remain at 5.6 percent. Final regulations are due to be published by September 1, 1984.

THE WHITE HOUSE

WASHINGTON

March 15, 1984



MEMORANDUM FOR JAMES BAKER, III

FROM:

JACK SVAHN *JAS*

SUBJECT:

Bank Closings/FDIC

I received a call from the Governor's office in California regarding a bank in Orange County which the State Superintendent of Banks is going to have to close tomorrow. They were concerned that the new "get tough" policy of the FDIC will result in people lining up in front of the bank after having lost their money.

I talked to Bill Isaacs, Chairman of the FDIC, and he indicates that they are going to force the closing of a couple of banks this weekend. All deposits up to \$100,000 are protected by the FDIC. It will only be those larger depositors, most of them through brokered deposits, who will lose money on these bank closings.

In the past, the FDIC has always allowed a new buyer to take over and buy out a failed bank. The deposits are transferred into the new organization. Under a new policy the FDIC would only allow the first \$100,000 of deposits to be transferred.

Since there are a significant number of failing banks and S&L's around the country, I think we can anticipate a stream of publicity about depository institutions failing and people losing money under this new policy. I have checked with Fred Fielding about what we can do in this area and I plan to get the various agencies together just to discuss the situation.

THE WHITE HOUSE  
WASHINGTON

3/21/84

MEMO TO: JACK SVAHN

FROM: JIM BAKER

This was give to me this morning by Tom Evans, who is now working for O'Connor & Hannon's law firm, and I send it to you for your information and without any recommendation.

JAB, III

THE WHITE HOUSE

WASHINGTON

January 28, 1984

MEMORANDUM TO: JACK SVAHN

FROM: BARBARA HAYWARD

The Aunt of one of the White House drivers is having a problem with social security. Evidently, her husband died on August 16, 1957 and she has been unable to collect her portion of his social security benefits. The problem seems to be that she does not have a record of his social security number and the social security office will not tell her what his number was.

Her name is Margie May Parker Terry Roberts, P.O. Box 581, Aulander, N.C. (919/345-1688). Her husband was Woodrow Harden Terry, born 9/30/21.

I don't know if there is anything that can be done as he died so long ago, but as her nephew works at the White House I thought I would pass this along for your comments.

Thanks.



THE WHITE HOUSE  
WASHINGTON

*Do This*

January 9, 1984

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN A. SVAHN *JAS*

SUBJECT: FY 85 Budget

At each budget review meeting, up to and including today's lunch, you have been presented with options for spending cuts, tax increases, and deficit reduction. In all meetings since our earliest it has been assumed that you would repropose all domestic spending cuts from the FY 84 budget. Most of these cuts were approved by you in January, 1983. They were agreed to by OMB and the departments during this year's budget process so most did not receive scrutiny by the Budget Review Board.

While I know it is late in the process, I recommend that we withdraw the Medicare Cost Sharing/Catastrophic Protection proposal from the FY 85 budget. This proposal is estimated to save approximately \$746 million in 1985. I recommend not including it for the following reasons:

- o The savings are made by requiring elderly Medicare beneficiaries to pay a greater amount for hospital care.
  - 98% of the total 7.5 million Medicare patients in hospitals during 1985 will pay between \$400 to \$1600 more;
  - Only 150,000 patients out of the 7.5 million might benefit from the catastrophic coverage. Many won't since 60% of them are covered by so-called "Medi-Gap" Insurance and 15% are on Medicaid.
- o The proposal was designed before the enactment of prospective payment for hospitals and is somewhat inconsistent.
  - We used to reimburse hospitals on a cost basis and therefore were concerned with per day costs.
  - The proposal was designed as an incentive to get patients out of the hospital sooner. We are no longer as concerned about the length of stay because we pay a fixed amount per illness. This reduces greatly our rationale for increased patient co-payment.



- It is unclear as to how the catastrophic coverage would be administered under the prospective system.
- o The proposal is anticipated to be used by the liberals in much the same way as the social security issue was used in 1982. It will result in 26 million elderly being frightened.
  - Tip O'Neil has signed a fundraising letter accusing this Administration of "trying to 'slash' Medicare benefits" (attached Federal Register).
  - Claude Pepper is mobilizing elderly groups as he did in 1982.
  - Mondale hit the Medicare issue during his recent Southern swing principally hitting a cuts-at-the-expense-of-the-recipient theme.
  - House Democrats "Blue Print for the Future" pledges a rescue of Medicare with no cuts in benefits, only in provider reimbursement.
  - The liberals will shortly get even more fuel for their rhetorical fire when the Advisory Council - chaired by Otis Bowen - report is released. This report will be controversial and will be painted as an Administration proposal.

Mr. President, this is one piece of our proposed spending cuts; it will not pass the Congress; our own supporters are bad-mouthing it; our rationale for originally proposing it has been substantially weakened by the passage of prospective payment for hospitals; and it could become the rallying point for another attack on the Administration like the social security issue. I believe that we should revisit this and other proposals in early 1985 as part of an overall study of structural reforms to entitlement programs.

I would recommend Option #5 of today's luncheon options with the deletion of the Medicare Cost Sharing/Catastrophic Protection proposal.

In July we voted to prohibit covert aid to Nicaraguan rebels. Many of us naively felt that this vote might make a difference and that the administration might reconsider its policy. How wrong we were. Not only did the administration ignore us, but the Senate did as well; they did not even debate the matter on the Senate floor.

The President has continued to ignore the economic bases of the region's difficulties and has, in fact, encouraged stepped-up activity by the U.S.-supported freedom fighters working to overthrow the Sandinista government. The Sandinistas have been besieged with terrorist activity causing immense damage to the country's economy and inflicting even greater hardship on the nation's people. Yet, ironically, the President continues to denounce only the destructive tactics of rebels in El Salvador.

Despite the feeling that our message has fallen on deaf ears in the past, the House must persist in insisting on a denial of funds for covert activity in Nicaragua. We must send this message loud and clear to the President, the Senate, and most importantly, to the American people.

This afternoon's session will undoubtedly create a sense of *deja vu* for many of us who joined together to pass the Boland-Zablocki amendment. Let us hope that this time our message is heard and heeded by the President.

#### THE INTELLIGENCE AUTHORIZATION BILL FOR FISCAL YEAR 1984

(Mr. LEVINE of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVINE of California. Mr. Speaker, later today we will consider the intelligence authorization bill for fiscal year 1984. This legislation contains language which would put an end to Ronald Reagan's not-so-covert war against the Government of Nicaragua.

By pursuing this covert war, President Reagan could well be following a Soviet script designed to create mass anti-American sentiment in Central America.

One of the great tragedies of the Reagan Presidency is its doctrinaire insistence that all international problems spring from a Communist source.

It seems as though each day brings new revelations about our involvement in aiding the contras in their war to overthrow the Sandinista government. Like so many of the CIA's past secret operations, this one is becoming less secret every day.

What have we accomplished to date? There is no evidence that the Nicaraguan Government is any less stable today than when the covert operations began. There is no indication that we have in any way reduced the Salvadoran guerrillas' access to arms. Many innocent men, women, and children

have died. Yet the administration seeks congressional approval for a war which not only violates U.S. and international law, but is wasting millions of dollars of funds.

I urge my colleagues to join with me today and support an end to our counterproductive covert actions in Nicaragua.

#### CARRIER ALERT

(Mrs. BYRON asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. BYRON. Mr. Speaker, I was pleased to read in Jack Eisen's column of the October 18 edition of the Washington Post that the National Association of Letter Carriers, with cooperation from the U.S. Postal Service and other organizations, has initiated a carrier alert program. It is simple and should be worthwhile.

Residents may participate in the program by registering with the Red Cross. Letter carriers have agreed to notify the Red Cross of possible signs of trouble at the homes of registered residents. In turn, the Red Cross will follow up by checking on the welfare of the resident.

I strongly support the concept of such a program. Letter carriers have always been in a unique position to know on an almost daily basis the well-being of the patrons he or she serves. I commend the National Association of Letter Carriers for its neighborly efforts and anticipate enthusiastic participation nationwide.

#### NO FIRST USE

(Mr. WEISS asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. WEISS. Mr. Speaker, today, together with 35 other Members of the House, I have introduced a joint resolution which states that it shall be the policy of the United States to renounce the first use of all nuclear weapons and urges that we conclude treaties with all nations renouncing the first use of all nuclear weapons.

Mr. Speaker, the two superpowers on Earth, the United States and the Soviet Union, both in the strategic nuclear weapons area and in the tactical nuclear weapons area, are rapidly moving toward a position where first use will become a very practical reality. We must be concerned about that. We must take every step possible to prevent the use of nuclear weapons and help to prevent the destruction of all humanity.

I urge the adoption of this resolution, and I invite all of my colleagues to become cosponsors.

The joint resolution is as follows:

H.J. RES. —

Joint resolution to renounce the first use of all nuclear weapons and to conclude treaties with all nations renouncing the first use of all nuclear weapons

Whereas the United States and the Soviet Union both have developed nuclear weaponry to retaliate to a nuclear attack with equal or even greater force; and

Whereas this capability for retaliation has created a condition of mutual deterrence; and

Whereas the delicate balance of mutual deterrence has provided a disincentive to actual nuclear warfare; and

Whereas the United States and the Soviet Union both are moving toward development in both the strategic and tactical nuclear realms of first use capabilities; and

Whereas the increasing feasibility of the first use option heightens tensions on both sides and undermines mutual deterrence; and

Whereas continued pursuit and refinement of the first-use option will encourage preemptive nuclear attack; and

Whereas exercise of the first use option, whether tactical or strategic, will result in a full-scale nuclear exchange and the subsequent destruction of much of civilization; and

Whereas the United States and all nations face no more solemn duty than preventing a nuclear cataclysm; and

Whereas this duty can best be fulfilled by maintaining mutual deterrence at lower levels than currently exist, and by working toward the elimination of all nuclear weapons; and

Whereas renouncing the first use of all nuclear weapons is consonant with these obligations and aims: Now, therefore, be it

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That it shall be the policy of the United States to renounce the first use of all nuclear weapons and to conclude treaties with all nations renouncing the first use of all nuclear weapons.

ORIGINAL COSPONSORS TO H.J. RESOLUTION INTRODUCED OCTOBER 10, 1983; SPONSOR: TED WEISS OF NEW YORK

Mr. Frank, Mr. Leland, Mr. Walgren, Mr. Fauntroy, Mr. Ratchford, Mr. Rangel, Mr. Weaver, Mrs. Schneider, Mr. Clay, Mr. Kastenmeier, Mr. Owens, Mr. Morrison of Connecticut, Mr. Ackerman, Mr. Studds, Mr. Conyers, Mr. Dellums, and Mr. Crockett.

Mr. Ottinger, Ms. Oaker, Ms. Kaptur, Mr. Moakley, Mr. Vento, Mr. Schumer, Mr. Lehman of Florida, Mr. Wheat, Mr. Brown of California, Mr. Berman, Mr. Won Pat, Mrs. Boxer, Mr. Simon, Mr. Mitchell, Mr. Gray, Mr. Edgar, Mr. Wolpe, and Mr. Seiberling.

#### THE SHAME OF THE DEMOCRATIC PARTY

(Mr. GINGRICH asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. GINGRICH. Mr. Speaker, for 3 years the Democratic Party has used fear, demagogery and distortion to protect its power. Its deceptive and fear-mongering tactics led the Washington Post recently to write an editorial about "the gutless House." The Post was talking about the Democratic leadership.

Now we have a new sample of the vicious, irresponsible, fear-mongering which cripples America as we try to face up to real problems.

This new fundraising letter is factually wrong, fundamentally misleading and essentially dishonest. It is a tragedy for the American people that the letter was signed by the highest elected Democrat, the Speaker of the House.

Deceit, distortion, and demagogery cripple the ability of a free society to survive. This letter and the strategy of fear and deceit behind it threaten our capacity as a free people to govern ourselves. The letter should be withdrawn and an apology made to the American people.

The letter follows:

DEAR FRIEND: Hardly an American could have missed the enormous battle waged here in Washington earlier this year to save the Social Security system. And when Congress placed this all-important program on a sound financial foundation for future generations, headlines and TV reports proclaimed "Social Security Saved!"

Well, sad to say, the battle is not yet over. What millions of Americans do not realize is that our battle to ensure the health and economic security of older Americans is only half-won. Because without adequate health care insurance, the economic protection that Social Security provides to millions of elderly people is hollow and meaningless.

And right this moment, my Democratic colleagues and I are in the midst of a crucial fight to block the Reagan Administration and New Right Republicans from callously slashing the benefits and services of what is literally the life's blood of our elderly—Medicare and Medicaid.

We are vehemently opposed to their vicious proposed cuts. And I am personally appealing to you to enlist your immediate help in preventing Medicare and Medicaid from being gutted. Just as the Democratic-controlled House prevented the Reagan Administration from destroying Social Security, we must now save Medicare and Medicaid. And I urge you to help us right now, by making a contribution to the Democratic Congressional Campaign Committee's Campaign To Save Medicare/Medicaid.

If you could see some of the letters I receive from older Americans throughout the country, I am sure you would be as appalled as I am with the stories all too many of them tell.

Here are honest, upstanding citizens, who have worked hard—many even fought hard in our nation's wars—to keep America strong. They have given this great country their entire lives. Their only crime is that they have gotten old and sick.

Some letters cry out how, even under current Medicare and Medicaid programs, critical health needs go untreated . . . an 80-year-old woman needs eyeglasses, but the fuel bill is overdue . . . a grandfather needs a heart operation, but cannot have the operation and pay his rent.

And with over 30 million people in this country without any medical insurance, the frequency of such tragedies is all too common.

In spite of this, Ronald Reagan and the New Right Republicans advocate a utopian kind of self-responsibility. In their country-club mentality, they seem to think that every American can somehow find the money to pay for enormous medical bills, hospitalization, and physicians' services. And in their ruthless attempt to cut to the

bare bones domestic services, they totally ignore the real facts. The average American over age 65 has a total gross yearly income of only \$9,700! The Republicans could not care less that low-income, elderly Americans are already spending at least 16 percent of their annual income on medical care!

If passed, the Republican plan would substantially increase the financial burden of medical care for older citizens. Reagan has proposed over \$1.9 billion in cuts to Medicare in the 1984 budget. More than 50 percent would come out of the pockets of the elderly.

I, for one, am not going to stand by silently and let the Republicans add intolerable medical expenses to the budgets of millions of older Americans already struggling just to get by. And I don't think you will stand by either.

That's why I'm writing to ask you to join with me and the Democrats in our Campaign To Save Medicare/Medicaid.

Medicare was first instituted under Democrat Lyndon Johnson in 1967. Medicare fulfilled the earlier commitment of Franklin Delano Roosevelt who founded Social Security, to provide the security of guaranteed medical health care. Tens of thousands of senior citizens are alive today thanks to advanced medical technologies, such as kidney dialysis, provided through Medicare. But the opportunity for a longer, healthier, and more satisfying life is being denied to many other older Americans because of Reagan's "get tough" attitude toward older citizens.

As soon as Ronald Reagan took office, he attacked Medicare by cutting millions of dollars in funding and by asking low-income elderly citizens to pick up the burden of even heavier medical expenses.

If Reagan gets his way, hospital costs alone for the average older American would increase more than 80 percent in just one year.

Medicaid was first proposed when Democrat John F. Kennedy was president and later passed into law by Democrat Lyndon B. Johnson. Medicaid took an enormous burden from families who were faced with the need to provide long-term residential care for elderly parents.

But once again, President Reagan and his New Right political allies have taken the budget axe to Medicaid during the last two years.

Reagan's 1984 budget proposes over \$250 million in cuts to Medicaid. Over three-quarters of these cuts would have to be paid for out of the pockets of all Medicaid recipients.

These Republican budget cuts would be as catastrophic to our nation's elderly as the original Reagan proposals to gut Social Security. And just as we fought off those attacks together, we must now save Medicare/Medicaid.

Over the years it has been the Democratic Party that has guarded Social Security, Medicare, Medicaid, and other critically needed programs.

With the health and economic security of millions of older Americans under attack by the Reagan Administration, we Democrats have set as our number one priority the goal of saving Medicaid and Medicare.

And believe me, there's a lot at stake for all of us. Medicare and Medicaid together account for over \$80 billion a year in federal health care expenditures.

Members of your family have probably already benefited greatly from these two programs which pay for a large part of their hospitalization, their physicians' fees, and medical necessities, such as prescription glasses and wheelchairs.

With so much at stake for all of us, here's our battle plan for our Campaign To Save Medicare/Medicaid.

1. First, the political staff of the Democratic Congressional Campaign Committee has started working up strategies to guarantee the election of a Democratic House in 1984 that will stand for, work for, and fight for strong and improved programs in both Medicare and Medicaid.

2. Next, Democratic leaders in the House are scheduling a series of hearings on the future of Medicare and Medicaid. But we also going to appear on radio and TV talk shows and write editorials for the newspapers. We intend to make the survival and improvement of Medicare and Medicaid a top political issue in the 1984 elections.

3. Third, we must bring our battle to save Medicare/Medicaid in the homes of millions more Americans like you—people who care; people who will not turn their backs on the nation's elderly.

We must seek their help through letters like this one asking for their personal support in making our Campaign To Save Medicare/Medicaid one of the very top issues of the coming campaign. And we must also urge their financial support to make sure Democrats are victorious.

Believe me, the ballot box is the most important weapon we have against those who would destroy or weaken health care service for older Americans.

But to elect and reelect candidates who will champion the defense of Medicare and Medicaid will not be easy. Nor will it be cheap.

In the 1982 midterm elections, the three Republican campaign committees outspent the Democratic committees by nearly 8 to 1. Their spending, in fact, was the largest in the annals of America politics. And their immense financial influence threatens to destroy our two-party system of government.

Of course I know we Democrats can never match them dollar for dollar. The Republican Party has always been and will always remain the party of wealth and privilege.

But to defend the future of Medicare and Medicaid on which so many older Americans critically depend, you and I must close the money gap. Next November we must be able to send to Washington more Democrats who will stand up and fight for health care service for older Americans.

But we face heavy opposition. The Republicans, now in control of both the Senate and the White House, will spend lavishly to gain control of the House . . . the last remaining governmental opponent of their cruelly indifferent public policy for our older citizens.

You and I must not turn our backs on millions of older Americans who have planned their retirement and their monthly budgets on their trust in the good faith and commitment of our federal government.

Just as Americans have a legitimate right to expect their monthly Social Security checks, so they have an equally legitimate right to expect that their government will continue to protect against the high costs of hospitalization, surgery, and the long-term care required after a devastating illness.

Growing old and getting sick is a natural part of life. Citizens should not be penalized and burdened with medical bills beyond their ability to pay.

But unless we act now, the Republicans following President Reagan's lead will penalize and burden older Americans for the natural and inevitable results of aging and illness.

The only way you and I can make sure that insensitive politicians do not undermine or dismantle Medicare and Medicaid is to elect Democrats who will stand for, work for, and fight for a strong, secure health program for older Americans.

We need Democrats in the House of Representatives who will place Medicare and Medicaid at the top of their list of priorities—not at the bottom.

As Speaker of the House, I know from firsthand experience that the threats to Medicare and Medicaid are real and imminent!

I urge your help in our Campaign To Save Medicare/Medicaid.

Your emergency membership contribution today of \$15, \$20, \$25, or more will help us launch this campaign and win this fight.

I am doing all I can every day to protect the health needs of older Americans. But more help is urgently needed now. Please me know that the Democrats in the House of Representatives can count on your help in this battle to save and improve Medicare and Medicaid services and benefits.

Age and illness befall every one of us. And that's why the stakes are so enormously high for every one of us.

Sincerely,

THOMAS P. O'NEILL, Jr.,  
Speaker, House of Representatives.

### POLITICS AND SOCIAL SECURITY

(Mr. SHAW asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. SHAW. Mr. Speaker, the gentleman from Georgia has just spoken of a letter over the Speaker's signature going out over the letterhead of the Democratic Congressional Campaign Committee. Once again it is attempting to insert into politics of the 1984 election the matter of social security. In this letter, on page 3, the Speaker states:

Over the years it has been the Democratic Party that has guarded Social Security, Medicare, Medicaid, and other critically needed programs.

I wish to remind this House that it is the Democratic Party who brought the American people the "notch," it is the Democratic Party who brought the social security system of this country within a single breath of bankruptcy.

I think, moreover, though, that perhaps the tragedy of this letter is that not as in 1982 by this letter is the Campaign Committee seeking the votes of the American people, but it is seeking their money in the form of campaign funds. This letter, which appears to be addressed to the older American is not only trying to stampede them once again into a feeling that the Democratic Party is their friend and the Republicans their enemy, but it is trying to extract from them money that would be used in this vicious campaign of lies.

Mr. Speaker, I earnestly suggest that you remove your name from this letter and that it be discredited as what it is.

### THE SPEAKER IS URGED TO ADOPT SPIRIT OF RECONCILIATION REGARDING SOCIAL SECURITY

(Mr. WOLF asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WOLF. Mr. Speaker, I just saw a copy of the letter signed by the Speaker which purports to be a "Campaign To Save Medicare and Medicaid." I wish every American could have the opportunity to see this letter.

I hear some Members chuckling about it, but this is not a laughing matter. I believe this is one of the meanest letters that I have ever read. It is devious.

To solve the problems of Medicare and the problems of social security, we must not divide this Nation, or use scare tactics. We must come together, work with the President, work with the leadership of this Congress, in a spirit of reconciliation.

I believe perhaps that maybe the Speaker did not even see this letter; perhaps it was done by a Democratic fundraiser who believed people could be intimidated on this issue.

This letter is wrong and cruel and I urge its withdrawal.

□ 1040

### STOP THE EXPORT OF NICARAGUAN REVOLUTION

(Mr. McCOLLUM asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McCOLLUM. Mr. Speaker, later today we are going to vote once again on covert aid in Nicaragua to the rebel forces that are down there. We all know that the Nicaraguans, with the assistance of the Cubans, have been exporting revolution to El Salvador and have expressed the intention to export revolution into other Central American countries.

We cannot allow this to happen. Our objective is to stop this. The question is: How do we go about achieving that objective to stop this? Do we send in American troops? Clearly, the answer is "No."

Do we sit down at the table and talk about it? They will not listen to us; we have tried that.

The only answer to this problem is to get forward with the idea of making it so painful on the Nicaraguans that they simply cannot afford to continue to do this. The only logical way to proceed with that is to continue to support the revolution inside their country that is disrupting their economy until they come to the bargaining table and stop doing it.

So today I urge my colleagues to reject the Boland amendment and to vote for the amendment by the gentleman from Virginia (Mr. ROBINSON). I think it is the answer, and the only

way we can proceed intelligently in that region of the world.

### DISCHARGE PETITION TO BRING IMMIGRATION BILL TO THE FLOOR

(Mr. QUILLEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. QUILLEN. Mr. Speaker, yesterday I introduced a resolution, House Resolution 338, providing for the consideration of H.R. 1510, the Immigration Reform and Control Act.

It is my understanding that the gentleman from California (Mr. LUNGREN) intends to file a discharge petition to bring this rule and the immigration bill to the floor of the House.

It is a shameful day in the history of this House when such an important piece of legislation is blocked for consideration. This House resolution that I introduced provides the framework for a discharge petition which can be signed 7 days from yesterday.

I think it is so important that the immigration matter be considered. Our borders are absolutely overrun with illegal immigrants coming across into this country. I think it is time that the Nation considers this matter. I think it is time that the Speaker of the House of Representatives relents in his decision not to schedule the matter, and I think it is time that the Committee on Rules takes action. That is why I introduced this House resolution, this rule, to bring the matter to the floor.

I urge my colleagues to sign the discharge petition when it is presented so that we can consider this matter.

### PRESERVE THE COMITY OF THE HOUSE

(Mr. WEBER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEBER. Mr. Speaker, when I was first elected, we went through a period called freshman orientation, and one of the things that we were taught by our leaders was that it was necessary for the country that we preserve what is called the comity of the House, and that a big part of that was respect for the Speaker. I have tried to observe that. I do think that it is important.

In that spirit, though, Mr. Speaker, I ask you, as several of my preceding colleagues have, to review this letter that was sent out under your signature by the Democratic Congressional Campaign Committee. I ask you to review it because it is a letter that drips with hatred and is filled with lies.

I do not believe, Mr. Speaker, as one of my colleagues who preceded me said, that you have seen this letter, but I ask you to come forward today,

Congressman Claude Pepper  
WASHINGTON, D.C.

Chairman, Senior PAC Advisory Board

Dear Friend:

A half-century ago in the midst of the Great Depression, President Franklin D. Roosevelt challenged the Economic Security Commission to find any means possible to protect America's senior citizens from the "hazards and vicissitudes of life."

For millions of desperate older and retired Americans, the resulting legislation of the New Deal -- the foremost being Social Security -- was a brilliant light at the end of the darkest tunnel in the history of our nation.

President Roosevelt's legislation resulted from the best instincts of fairness, pragmatism and compassion ever exhibited by any government. And it set a standard of responsiveness to human needs that has survived nearly to the present.

But as you and I and 26 million seniors today realize so painfully, that era of compassion and pragmatic concern is over -- unless we act decisively to renew it.

Incredibly, in the midst of our worst economic crisis since the Depression itself, the Reagan Administration and its allies in the Congress have decided that rather than protecting seniors from the "hazards and vicissitudes of life" they will make seniors bear an ever-increasing share of balancing the federal budget.

The light at the end of the tunnel dimmed again last month when the White House insisted that Congress include additional dramatic cuts in the compromise Social Security package...long-term cuts which I did not vote for and which should be repealed...

...like the 12.5 percent reduction in the Social Security benefits of those who will retire at age 62 (and remember, over half of those choosing to retire early do so because of ill health), and an increase in the retirement age that will reduce benefits for today's young workers and thereby further undermine the confidence in the system.

And next on the agenda are cuts in Medicare benefits, \$5.2 billion on top of the \$17 billion in cuts adopted last year.

For example, the Administration is now proposing that in

first day in the hospital, it will require patients to pay another \$28 per day for the first two weeks and up to \$1529 for a 60-day stay.

Clearly, senior citizens are not honored guests at this Administration's table. That's why I'm writing to you to tell you about the Senior Political Action Committee, Senior PAC. It's the first independent political action committee formed to fight exclusively on behalf of seniors and senior issues -- and it needs and deserves your support.

Senior PAC is our hard-nosed response to the reality that nothing gets done in Washington without political power.

The 26 million seniors in this country have always had a potentially powerful voice. But what we've lacked is an organized voice, an organized political voice like Senior PAC.

In the 1982 elections -- the first for us -- Senior PAC had incredible success. We endorsed 41 pro-senior candidates for office and 24 were elected -- people like Jeff Bingaman in New Mexico, Marty Martinez in California, Peter Kostmayer in Pennsylvania, Marcy Kaptur in Ohio, Bob Mrazek in New York and Norman Sisisky in Virginia -- all of whom defeated enemies of seniors.

I'm convinced that Senior PAC's strong political organizing in the 1982 elections was a key factor in forcing the Reagan Administration to compromise this year on the drastic cuts that had been planned for Social Security.

Unfortunately, the compromise on Social Security does not represent the end of the battle to save this great program. It's just the beginning of a long and critical campaign to save Social Security and Medicare.

The attacks will continue. The ink was hardly dry on the Social Security compromise when, on March 15th, the Wall Street Journal reported... "The conservative view of what ails Social Security is rapidly gaining support in Congress, which means major structural changes in the system are likely.... They want to solve those problems by checking the growth of benefits."

The foes of Social Security are wrong and I believe the people of this country -- young and old -- know it. No one can reasonably question the success and the importance of Social Security. Since just 1963, the poverty rate among seniors has been reduced from over 30 percent to less than 16 percent. That's progress from which we should not retreat.

And now Medicare, our bare-bones health care plan for the elderly and the disabled, is under the same kind of attack as Social Security. The President's Commission on Medicare -- dominated by health care providers -- will report soon, and is expected to call for deep budget cuts.

The Administration hides its real motives by claiming the Medicare cuts are an attempt to contain rising health care costs. But anyone familiar with the health care needs of seniors understands that these cuts attack the principal victims of rising health costs, not the causes.

Are you aware that, even with Medicare coverage, the average senior on fixed income will pay nearly 1/6th of his or her income on health care this year? That Medicare as presently structured covers only 42% of the health care costs of the elderly?

That Medicare pays nothing for seniors' outpatient prescription drugs, hearing aids, eyeglasses, foot care and dental care?

That Medicare pays little or nothing for home nursing care, physical checkups, chiropractic services or homemaking care for the bedridden?

Yet this Administration plans to cut senior health benefits even more. As I have mentioned, it has prescribed a "cost-sharing" plan which includes requiring patients to pay up to 90% more for an average hospital stay...higher deductibles and health care premiums charged to seniors...as well as a "means test" for Medicare eligibility that would effectively eliminate coverage for most middle-income seniors...and turning over key features of Medicare to private insurance companies.

This is a shocking betrayal of the national trust. Social Security and Medicare are precisely the "safety net" programs this Administration promised never to cut -- yet so shamelessly continues trying to do.

We must stop the Reagan Administration and its allies from cutting these lifeline benefits for seniors -- or we will suffer the consequences for generations to come. I'm convinced we can do it.

I can tell you I will be doing everything within my power in the Congress to save the Social Security and Medicare systems and to work for improving coverage to meet the needs of seniors today and tomorrow.

Together we can put an end to further erosion in programs vital to protecting the dignity of our nation's elderly.

But we need your help -- your political support and your financial support. Do your part by contributing as much as you can afford to Senior PAC so it can continue its work.

During the next several months Senior PAC will continue to make itself heard in the Congress on behalf of the elderly -- to ensure that their rights and interests are duly protected -- ...and to ensure that "reforms" will be in the best interests of all Americans, young and old alike.

Senior PAC will be monitoring and keeping close track of every vote in Congress -- so that as we prepare for the 1984 elections we will be able to identify and help those candidates who help us today.

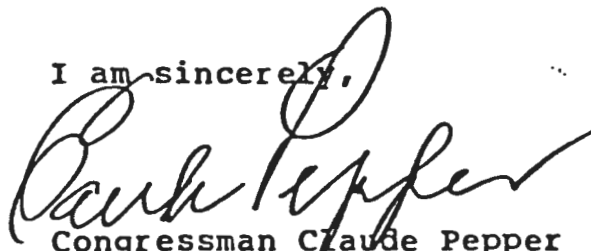
And in states like Florida, Virginia, New York, California and Colorado, Senior PAC will continue its grassroots political work including organizing pressure on members of Congress where they feel it most -- in their home districts. (Our extensive senior volunteer effort in Florida was profiled recently on CBS Nightly News.)

Please, whatever you can afford in this struggle on behalf of seniors everywhere -- whether \$20, \$50, \$100 or hopefully more -- I urge you to send it to Senior PAC today. It's a key investment in all of our futures.

Senior PAC is our chance to get tough in Washington. The fact is, there is no other senior citizens' political action committee in the country that will stand up for the seniors of today and the seniors of tomorrow.

Send your contribution to Senior PAC in the enclosed postage-paid envelope today.

I am sincerely,



Congressman Claude Pepper  
Chairman, Senior PAC Advisory Board

P.S. There literally isn't a moment to lose as the Reagan Administration prepares to reduce its deficit on the fragile backs of our elderly and infirm. Please, send a contribution to help Senior PAC continue its important work -- the health and welfare of 26 million senior citizens is on the line.

CP:lgr



# Split in Administration On Tax Moves Deepens

10 JAN 1984

NYT

By JONATHAN FUERBRINGER

Special to The New York Times

WASHINGTON, Jan. 9 — Administration officials said today that, while President Reagan remained opposed to increasing taxes to shrink budget deficits, his top aides were deeply divided on what course should be taken.

This situation emerged from a luncheon today of the President with his top advisers. Officials said no final decision was made at the luncheon about proposing a tax increase, and they would not speculate whether the final decision would be for or against tax increases.

"There are a number of decisions on the table, a number of options and a number of extremely held views," Larry Speakes, the White House spokesman, said at his daily briefing. "The tax decision has not been made; it will be made this week."

Officials said today that Treasury Secretary Donald T. Regan deepened the division in the Administration by deciding to oppose any tax rise in the budget. Such a decision, based on Administration estimates, would leave the budget deficit in the \$180 billion to \$200 billion range until the end of the

decade. A separate Administration forecast, which some officials acknowledged was more likely if no tax increases were adopted, shows the deficit rising to \$268 billion by 1988.

One official said one new possibility was setting up an advisory commission that would study the deficit problem, including spending cuts and tax rises, and possibly a long-term plan to redesign the income tax system.

The tax decision is the last major one the President has to make before completing the budget for the 1985 fiscal year, which he is to send to Congress on Jan. 30. Just weeks ago, many of the President's advisers had expected Mr. Reagan to accept a tax increase, effective in the 1986 fiscal year and contingent on prior approval of all the Administration's proposed spending reductions for the 1985 fiscal year, which begins next Oct. 1.

"We're nowhere," said one official after the luncheon. "We're floundering around trying to decide if we can live politically with a deficit that the Congressional Budget Office will say is a quarter of a trillion dollars." The budget office analyzes the President's budget to help the Congressional budget committees draft reso-

lutions for consideration by the House of Representatives and the Senate.

The Federal budget deficit, which was \$195.4 billion in the 1983 fiscal year, forces the Government to borrow. Some economists say that continued borrowing at this rate will push up interest rates and could threaten the economic expansion.

One of the difficulties involved in resolving the tax issue is the belief of some Presidential advisers that Congress will not approve any tax rises or spending cuts that the President proposes in this election year. Therefore, they do not want the President to hurt his re-election chances, if he runs, by

making unpopular proposals that would not go anywhere. "There was no groundswell of support for a tax increase," one official said. "There was no groundswell of support for big deficits and there was no groundswell of support for going beyond the spending cuts" the President has tentatively approved, the official added in summarizing the problem.

Martin S. Feldstein, the chairman of the Council of Economic Advisers, who opposes Secretary Regan's view, last week urged the President to support a straightforward tax rise of \$50 billion a year, not contingent on other events, to begin "sometime in 1985." But one White House official said that

"that is not going to happen."

There are also two proposals in the middle, officials said. One is a contingency tax increase, such as the one proposed in 1984, which Mr. Feldstein would support as would David A. Stockman, the director of the Office of Management and Budget, officials said. Some Congressional leaders contend that this is equivalent to proposing no tax rises at all because the spending cuts — the basis of the "contingency" — will not be approved.

The 1984 budget included a contingency tax increase, but the Administration never sent a specific proposal to Congress because, officials said,

all the President's spending reductions were not approved.

The other proposal is an "assumed" revenue increase, which would be used to lower deficit projections. But this would only be tied to a promise that the income tax would be redesigned, sometime after the election, to make it simpler and fairer. This would give the President a good campaign issue, officials said, without any controversial details until after the election.

The confusion over taxes is similar to past years, when Presidential decisions that some officials thought were final were undone at the last moment.

Some officials also acknowledged today that there was some last-minute skirmishing over some of the tentative spending decisions the President has made, including the size of the military budget and the size of the spending reductions, which are concentrated in Medicare and benefit programs for the poor.

## Should Set Tone of Debate

The outcome of the tax decision is important because it should set the tone of the budget debate in Congress, which, like the President, is facing the rigors and restraints of an election year. The final decision could also affect the financial markets and their expectations about future deficits and interest rates.

What makes the decision difficult is that economists, business executives and politicians are divided themselves on what political and economic course should be taken and what the consequences of either course will be. As of now, the President seems to be leaning toward waiting until 1985.

Alan Greenspan, the economist and close outside adviser to the Reagan Administration, argues that what Mr. Reagan decides does not matter. He contends that, even if the President does recommend tax legislation this year, none will be enacted because Congress and Mr. Reagan will be unable to come to terms.

Assigning more significance to the President's budget, Alan Sinai, an economist with Lehman Brothers Kuhn Loeb, said: "What the President puts on the table is the critical first step. A document that invites compromise with the Congress would be constructive for the financial markets and the economy."