Collection: Baker, James A.: Files
Folder Title: [New York N-Z]
Box: 13

Dear Mr. BAKER –

would appreciate having the copies distributed to President Reagan (PERSONAL), the Atty. General and the Secretary of State.

Am distributing 25,000 copies.

2000 to Congress + media – Washington, D.C (2 copies to each)

10,000 to 50 States –

400 each VIA MAIL

3,000 FOREIGN + KEY SOURCES IN THE U.S.

I am now devoting my time to WORLD PEACE.

I wrote President Reagan to be a part of it – BUT SINCE HE WANTS PEACE VIA STRENGTH – WHICH ACTUALLY MEANS MUNITIONS FOR ANNIHALATION, I WILL GO IT ALONE. IF I ENCOUNTER ANY UNFAIR ROADBLOCKS – I WILL COUNTER ATTACK!!!

IN HIS NAME –

Fred J. Bunes

Copy for President Reagan

Mr Dear Senator Kennedy: December 30, 1984

In full respect of your brother Jack who helped me in my professional social work in Massachuchusetts and on the federal scene, I wish to thnk you for your letter below.

However, I cannot accept the details for they are not the Gospel Truth. If I were to say that the entire Immigration problem might have been solved if you had cooperated with me in 1977, I would be hitting the nail on the head 100%. On 3 occasions, I pleaded, begged and even demanded that you head up a National Survey to determine how many over-stayed immigrants there were in our country - FOR THE NUMBERS ARE THE KEY TO SOLVING this Human Rights problem. You ignored me even though your Administrative Aide concurred. Your excuse was that you had to clear with the Justice Dept. (Mr Perkins - ?) and that never came. Even though I had the proof from my Survey which Senator De Concini endorsed, (LESS THAN 500,000 - not 12,000,000), you violated your Public Trust.

I have asked to see you several times and to no avail. Your Brother Jack and I met personally about 25 times and he even passed a $50,000,000 Youth Bill when he became President. Unfortunately, your Brother Bob spent it all political-unwise. C'est la vie!).

You were on the U.S. Senate Select Committee in 1980 or so and you looked the other way when Big Bill Eastland pulled his dastardly shenanigan. You still have a chance to change the past. There is still time and if Reagan refuses like Carter did to make a Survey, you can ask for it. It won't take up much of your time - and you will be known as Mr.TRUE!

IN THE NAME OF THE ALMIGHTY, F.P.A. (212) 927 4587

United States Senate

WASHINGTON, D.C. 20510

Mr. Fred P. Ames
812 West 181st Street
New York, New York 10033

December 17, 1984

Dear Mr. Ames:

Thank you for your letter concerning the Immigration Reform and Control Act, also known as the Simpson-Mazzoli bill.

In the final days of the 98th Congress, House-Senate Conferees worked to reach agreement on disputed provisions in the Act. However, conferees proved unable to reach agreement on several key provisions, including federal funding for social services extended to millions of illegal aliens who would be granted amnesty under the proposed legislation.

I voted against the Senate version of the Act because I felt it strayed too far from the goals of immigration reform which I support, and represented immigration restriction instead. I offered several amendments to change the Act, but they were not adopted.

There were three provisions in the Senate bill which I found most unfortunate. The first included restrictions on family reunification. In the process of controlling the flow of illegal migrants into our country, the bill arbitrarily penalized legal immigration. For the first time, immediate relatives of United States citizens would have been placed under a rigid ceiling, and second and fifth preferences would have been restricted.

Second, I objected to the early cut-off date for the legalization program contained in the bill. By failing to establish a reasonable and timely cut-off date, the program failed to legalize that subclass of illegal aliens who have continued to be exploited in our society.

Finally, I was concerned that serious discrimination against aliens would result from employer sanction provisions and that employers would be faced with an unnecessary burden of paperwork. Amendments I offered to provide some relief for employers were rejected.

These were my principal reservations about the bill, and I am glad to be able to share them with you. In the future, I feel the Congress has a responsibility to do a better and fairer job if immigration reform is to be worthy of the name.

Thank you again for writing with regard to this important subject.

Sincerely,

Ted Kennedy

Edward M. Kennedy

Copy for Secretary of State Schultz

Mr Dear Senator Kennedy:

December 30, 1984

In full respect of your brother Jack who helped me in my professional social work in Massachuchusetts and on the federal scene, I wish to thnk you for your letter below.

However, I cannot accept the details for they are not the Gospel Truth. If I were to say that the entire Immigration problem might have been solved if you had cooperated with me in 1977, I would be hitting the nail on the head 100%. On 3 occasions, I pleaded, begged and even demanded that you head up a National Survey to determine how many over-stayed immigrants there were in our country - FOR THE NUMBERS ARE THE KEY TO SOLVING this Human Rights problem. You ignored me even though your Administrative Aide concurred. Your excuse was that you had to clear with the Justice Dept. (Mr Perkins - ?) and that never came. Even though I had the proof from my Survey which Senator De Concini endorsed, (LESS THAN 500,000 - not 12,000,000), you violated your Public Trust.

I have asked to see you several times and to no avail. Your Brother Jack and I met personally about 25 times and he even passed a $50,000,000 Youth Bill when he became President Unfortunately, your Brother Bob spent it all political-unwise. C'est la vie!).

You were on the U.S. Senate Select Committee in 1980 or so and you looked the other way when Big Bill Eastland pulled his dastardly shenanigan. You still have a chance to change the past. There is still time and if Reagan refuses like Carter did to make a Survey, you can ask for it. It won't take up much of your time - and you will be known as Mr.TRUE!

IN THE NAME OF THE ALMIGHTY, F.P.A. (212) 927 4587

United States Senate

WASHINGTON, D.C. 20510

Mr. Fred P. Ames
812 West 181st Street
New York, New York 10033

December 17, 1984

Dear Mr. Ames:

Thank you for your letter concerning the Immigration Reform and Control Act, also known as the Simpson-Mazzoli bill.

In the final days of the 98th Congress, House-Senate Conferees worked to reach agreement on disputed provisions in the Act. However, conferees proved unable to reach agreement on several key provisions, including federal funding for social services extended to millions of illegal aliens who would be granted amnesty under the proposed legislation.

I voted against the Senate version of the Act because I felt it strayed too far from the goals of immigration reform which I support, and represented immigration restriction instead. I offered several amendments to change the Act, but they were not adopted.

There were three provisions in the Senate bill which I found most unfortunate. The first included restrictions on family reunification. In the process of controlling the flow of illegal migrants into our country, the bill arbitrarily penalized legal immigration. For the first time, immediate relatives of United States citizens would have been placed under a rigid ceiling, and second and fifth preferences would have been restricted.

Second, I objected to the early cut-off date for the legalization program contained in the bill. By failing to establish a reasonable and timely cut-off date, the program failed to legalize that subclass of illegal aliens who have continued to be exploited in our society.

Finally, I was concerned that serious discrimination against aliens would result from employer sanction provisions and that employers would be faced with an unnecessary burden of paperwork. Amendments I offered to provide some relief for employers were rejected.

These were my principal reservations about the bill, and I am glad to be able to share them with you. In the future, I feel the Congress has a responsibility to do a better and fairer job if immigration reform is to be worthy of the name.

Thank you again for writing with regard to this important subject.

Sincerely,

Ted Kennedy

Edward M. Kennedy

Copy for Atty - General

Mr Dear Senator Kennedy:

December 30, 1984

In full respect of your brother Jack who helped me in my professional social work in Massachuchusetts and on the federal scene, I wish to thnk you for your letter below.

However, I cannot accept the details for they are not the Gospel Truth. If I were to say that the entire Immigration problem might have been solved if you had cooperated with me in 1977, I would be hitting the nail on the head 100%. On 3 occasions, I pleaded, begged and even demanded that you head up a National Survey to determine how many overstayed immigrants there were in our country - FOR THE NUMBERS ARE THE KEY TO SOLVING this Human Rights problem. You ignored me even though your Administrative Aide concurred. Your excuse was that you had to clear with the Justice Dept. (Mr Perkins - ?) and that never came. Even though I had the proof from my Survey which Senator De Concini endorsed, (LESS THAN 500,000 - not 12,000,000), you violated your Public Trust.

I have asked to see you several times and to no avail. Your Brother Jack and I met personally about 25 times and he even passed a $50,000,000 Youth Bill when he became President. Unfortunately, your Brother Bob spent it all political-unwise. C'est la vie!).

You were on the U.S. Senate Select Committee in 1980 or so and you looked the other way when Big Bill Eastland pulled his dastardly shenanigan. You still have a chance to change the past. There is still time and if Reagan refuses like Carter did to make a Survey, you can ask for it. It won't take up much of your time - and you will be known as Mr.TRUE!

IN THE NAME OF THE ALMIGHTY, F.P.A. (212) 927 4587

United States Senate

WASHINGTON, D.C. 20510

Mr. Fred P. Ames
812 West 181st Street
New York, New York 10033

December 17, 1984

Dear Mr. Ames:

Thank you for your letter concerning the Immigration Reform and Control Act, also known as the Simpson-Mazzoli bill.

In the final days of the 98th Congress, House-Senate Conferees worked to reach agreement on disputed provisions in the Act. However, conferees proved unable to reach agreement on several key provisions, including federal funding for social services extended to millions of illegal aliens who would be granted amnesty under the proposed legislation.

I voted against the Senate version of the Act because I felt it strayed too far from the goals of immigration reform which I support, and represented immigration restriction instead. I offered several amendments to change the Act, but they were not adopted.

There were three provisions in the Senate bill which I found most unfortunate. The first included restrictions on family reunification. In the process of controlling the flow of illegal migrants into our country, the bill arbitrarily penalized legal immigration. For the first time, immediate relatives of United States citizens would have been placed under a rigid ceiling, and second and fifth preferences would have been restricted.

Second, I objected to the early cut-off date for the legalization program contained in the bill. By failing to establish a reasonable and timely cut-off date, the program failed to legalize that subclass of illegal aliens who have continued to be exploited in our society.

Finally, I was concerned that serious discrimination against aliens would result from employer sanction provisions and that employers would be faced with an unnecessary burden of paperwork. Amendments I offered to provide some relief for employers were rejected.

These were my principal reservations about the bill, and I am glad to be able to share them with you. In the future, I feel the Congress has a responsibility to do a better and fairer job if immigration reform is to be worthy of the name.

Thank you again for writing with regard to this important subject.

Sincerely,

Ted Kennedy

Edward M. Kennedy

Copy for Mr. BAKER

Mr Dear Senator Kennedy:

December 30, 1984

In full respect of your brother Jack who helped me in my professional social work in Massachuchusetts and on the federal scene, I wish to thnk you for your letter below.

However, I cannot accept the details for they are not the Gospel Truth. If I were to say that the entire Immigration problem might have been solved if you had cooperated with me in 1977, I would be hitting the nail on the head 100%. On 3 occasions, I pleaded, begged and even demanded that you head up a National Survey to determine how many over-stayed immigrants there were in our country - FOR THE NUMBERS ARE THE KEY TO SOLVING this Human Rights problem. You ignored me even though your Administrative Aide concurred. Your excuse was that you had to clear with the Justice Dept. (Mr Perkins - ?) and that never came. Even though I had the proof from my Survey which Senator De Concini endorsed, (LESS THAN 500,000 - not 12,000,000), you violated your Public Trust.

I have asked to see you several times and to no avail. Your Brother Jack and I met personally about 25 times and he even passed a $50,000,000 Youth Bill when he became President. Unfortunately, your Brother Bob spent it all political-unwise. C'est la vie!).

You were on the U.S. Senate Select Committee in 1980 or so and you looked the other way when Big Bill Eastland pulled his dastardly sheanigan. You still have a chance to change the past. There is still time and if Reagan refuses like Carter did to make a Survey, you can ask for it. It won't take up much of your time - and you will be known as Mr.TRUE!

IN THE NAME OF THE ALMIGHTY, F.P.A. (212) 927 4587

United States Senate

WASHINGTON, D.C. 20510

Mr. Fred P. Ames
812 West 181st Street
New York, New York 10033

December 17, 1984

Dear Mr. Ames:

Thank you for your letter concerning the Immigration Reform and Control Act, also known as the Simpson-Mazzoli bill.

In the final days of the 98th Congress, House-Senate Conferees worked to reach agreement on disputed provisions in the Act. However, conferees proved unable to reach agreement on several key provisions, including federal funding for social services extended to millions of illegal aliens who would be granted amnesty under the proposed legislation.

I voted against the Senate version of the Act because I felt it strayed too far from the goals of immigration reform which I support, and represented immigration restriction instead. I offered several amendments to change the Act, but they were not adopted.

There were three provisions in the Senate bill which I found most unfortunate. The first included restrictions on family reunification. In the process of controlling the flow of illegal migrants into our country, the bill arbitrarily penalized legal immigration. For the first time, immediate relatives of United States citizens would have been placed under a rigid ceiling, and second and fifth preferences would have been restricted.

Second, I objected to the early cut-off date for the legalization program contained in the bill. By failing to establish a reasonable and timely cut-off date, the program failed to legalize that subclass of illegal aliens who have continued to be exploited in our society.

Finally, I was concerned that serious discrimination against aliens would result from employer sanction provisions and that employers would be faced with an unnecessary burden of paperwork. Amendments I offered to provide some relief for employers were rejected.

These were my principal reservations about the bill, and I am glad to be able to share them with you. In the future, I feel the Congress has a responsibility to do a better and fairer job if immigration reform is to be worthy of the name.

Thank you again for writing with regard to this important subject.

Sincerely,

Ted Kennedy

Edward M. Kennedy

extra!

CHALLENGE: It is up to each Administrative Aide to bring this Human Rights matter to the attention of their Legislator.

DYNAMIC TRUTH — DARING NEWS NEWS — DEPENDABLE TOGETHER

TNT

WHO? HOW? WHY? WHEN?

WHAT "Dead end Alley" is NEXT!

In 1965 America experienced what is called the Black Revolution. Slavery was to be abolished and this adversely affected many employers who had deliberately violated Human Rights for years.

In 1968, a secret meeting was held in Washington D.C. between certain legislators and various well-to-do employers. The theme of the meeting was "where do we get workers to replace theBlacks?" Prominent at the meeting were Senator Big Bill Eastland of Mississippi, Representatives of the Farm Labor Groups and even members from the AFL-CIO. An agreement was reached whereby the Hispanics and West Indians would replace the 400 year old slave market. So as to readily reach their goal, the Western Hemisphere quota of 170,000 was cut to 120,000. This was done in spite of the House of Representatives vote against same and the wishes of the U.S. Senate Select Committee under Richard Stammon who were also opposed to the nefarious plan. However, in the closing 1968 Session of Congress, a Consent

"INS is biased, inept, unmanageable, corrupt and working with outmoded laws. This finding was in 1980 and since then, the much needed Immigration Bill has been unethically and unwisely delayed. There has been no real progress to overcome the worst indictment of any U.S. agency operating at taxpayer's expenses. The result is that up to 500,000 immigrants have had to stay in hiding and suffer unbelievably so. They have been ripped off by vulturous attorneys, greedy landlords, Non- taxpayers, blackmailers and sex fiends." (All of them are disreputable Americans.) In the 1982 House Hearings of the immigration bill, the Chairman, R. Mazzoli stated in the Congressional Record that House Leaders were blocking passage of the bill. He did not name anyone. (Why?) It was obvious who he was referring to as each legislator showed his hand in subsequent public statements. (O'Neill, Wright, Rodino, Garcia and two Rules Committee Chairmen.)

Then President Reagan entered the Game of Deception - conspiring with Senator Simp-

WHO? HOW? WHY? W

WHAT "Dead end All

is NEXT!

In 1965 America experienced what is called the Black Revolution. Slavery was to be abolished and this adversely affected many employers who had deliberately violated Human Rights for years.

In 1968, a secret meeting was held in Washington D.C. between certain legislators and various well-to-do employers. The theme of the meeting was "where do we get workers to replace theBlacks?" Prominent at the meeting were Senator Big Bill Eastland of Mississippi, Representatives of the Farm Labor Groups and even members from the AFL-CIO. An agreement was reached whereby the Hispanics and West Indians would replace the 400 year old slave market. So as to readily reach their goal, the Western Hemisphere quota of 170,000 was cut to 120,000. This was done in spite of the House of Representatives vote against same and the wishes of the U.S. Senate Select Committee under Richard Stammon who were also opposed to the nefarious plan. However, in the closing 1968 Session of Congress, a Consent Calendar Arrangement was smuggled through Congress - with hardly a handful of legislators present.

Prior to this, the Western Hemisphere quota was always shy of meeting its quota. However, like prohibition, the numbers involved became greater and 50,000 Mexicans and other Hispanics decided to come as usual. When many of them arrived on the farms, they were told in no uncertain terms: "You are now illegal and if you want to work you will be paid only 50¢ per hour." This also meant that the employers would not have to pay the minimum wage taxes since they were violating the law. Ironically, the migrants were labelled as being illegal aliens and were used as whipping boys. (They were also accused of taking jobs away from Americans.)

Without realizing it, Canada became the breeding ground for those who wanted to come to the United States, but they (Canada) took a more positive step when they realized that those from the West Indies (Trinidad, Barbados, Grenada, Jamaica, Guyana and St Kitts) were valuable assets since they were good workers and were willing to do jobs that many Canadians frowned upon.

A pre-registration Amnesty campaign was undertaken and the Canadian Parliament decided to give Blanket Amnesty to all those who were overstayed and working. Their guessestimate was one million plus - however, when they granted the Blanket Amnesty, they learned to their dismay that there were only 39,000. The cost of granting the Amnesty was minimal and they considered it a plus factor in the final analysis. (They still continue to grant Amnesty to those who come in after 1973 to the present day.)

In 1974, the Concerned Citizens Crusade for Justice for Immigrants was undertaken after consulting with Consul Generals of both the United States and Canada. The power brokers of Washington, D.C. who had deliberately created the illegal alien dilemma installed road block after road block in the path of the profesisonal Social Workers who initiated the reform. For ten solid years, political ploy after political ploy to prevent Amnesty was carried out by the special interest groups, their "sold out" legislators and eletist (?) media buddies.

The unsuspecting American citizens were never informed of the Gospel truth. They were fed ridiculous guessestimates of 12 million and even up to 25 million. Through five private surveys, the Concerned Citizens Campaign caused the guessestimates to dwindle down from 25 million to 12 million (Nixon's presidency), to 8 million (Ford) to six million (Carter) and from six to three, and down to two million (Reagan). The ironical ridiculousness of these figures is that the Immigration Dept. only deports 20,000 per year. (This will only total 200,000 in ten years.)

In 1978, Eastland pulled the rug out from under the Senate Hearings on Amnesty which began on May 5th. A Special Commission was selected to investigate the Immigration Dept., and its policy. After two and one half years of barnstorming around the country and spending valuable taxpayers funds, the Commission which was comprised of: four Cabinet Members, four U.S. Senators, four Congressmen and four leading citizens under director, Herr Fuchs - a Brandeis staff member - came up with these findings:

"INS is biased, inept, unmanageable, corrupt and
finding was in 1980 and since then, the much needed I
and unwisely delayed. There has been no real progress
any U.S. agency operating at taxpayer's expenses. T
grants have had to stay in hiding and suffer unbelieva
vulturous attorneys, greedy landlords, Non-taxpayers,
them are disreputable Americans.) In the 1982 House
Chairman, R. Mazzoli stated in the Congressional Re
ing passage of the bill. He did not name anyone. (Why?
to as each legislator showed his hand in subsequent
Rodino, Garcia and two Rules Committee Chairmen.

Then President Reagan entered the Game of Decep
son and Budget Director, Stockman (See page 3.)

Congress is returning in January and certain "ille
scheming to maintain the problem which Canada solv
be a Government of the people for the people and by th
"blockade runner" be deported back to their home sta
fathers came from as immigrants. Just as soon as they a
reapplly for permanent residency and we will do our
U.S.A.

Senator Simpson "sold" the United States Senate (7
the country and through his swivel chair, slide rule spec
everyone. (?) Give two million who have been in the cou
amnesty, permit two million to work as serfs or sla
remaining two million. It can be said - as was said in th
of his cotton picking mind." Simpson also blurted o
there were 600,000 Salvadorians here in the United Sta
he is from the back woods of Wyoming and all he is ca
-The true legal Americans - are on Wyoming's reserva
rightfully so.)

Finally, President Reagan like former President Ca
1981. If there are only 500,000 altogether, then where
Western Hemisphere 750,000 Amnesties which were c
SIPPI. There are two remaining points which should b
themselves.

1. In granting Amnesty to those who came before
helping these unfortunate people in the Immigratio
Wonder boy Stockmen figures the amnesty will cost $
REVEAL TO CONCERNED CITIZENS WHAT H
should be tarred and feathered. The actual number i
even if he computes $2000 per immigrant, the cost will
$1 billion.

Blame has to be put on Mr. Reagan , former PR
-along with the failure on the part of each Congress
twenty formal requests to take pre-amnesty surveys.
during a seven year span with results and proof were d
and the White House - via hand. It is overtime for Am
matter which the Wall Street Journal asked for in
Cardinal Cooke of New York for Amnesty, and the
Conference of Catholic Bishops in 1977, which were

"WHY CAN'T THE PRESIDENT AND CONGR
1985 - TO ADMIT ITS MISTAKE AND SOLVE TH
CANADA DID - IN 1973?"

Mr. President: Why

WHAT PRICE 3-Day Surve

er
slator.

S S

HOW? WHY? WHEN?

T "Dead end Alley"

is NEXT!

the Black Revolution. Slavery was to be
yers who had deliberately violated Human

gton D.C. between certain legislators and
meeting was "where do we get workers to
re Senator Big Bill Eastland of Mississippi,
d even members from the AFL-CIO. An
d West Indians would replace the 400 year
, the Western Hemisphere quota of 170,000
louse of Representatives vote against same
ee under Richard Stammon who were also
osing 1968 Session of Congress, a Consent
Congress - with hardly a handful of legisla-

a was always shy of meeting its quota.
became greater and 50,000 Mexicans and
many of them arrived on the farms, they
al and if you want to work you will be paid
loyers would not have to pay the minimum
ically, the migrants were labelled as being
hey were also accused of taking jobs away

ing ground for those who wanted to come
nore positive step when they realized that
Grenada, Jamaica, Guyana and St Kitts)
ers and were willing to do jobs that many

ndertaken and the Canadian Parliament
who were overstayed and working. Their
en they granted the Blanket Amnesty, they
00. The cost of granting the Amnesty was
final analysis. (They still continue to grant
present day.)
stice for Immigrants was undertaken after
ed States and Canada. The power brokers
ed the illegal alien dilemma installed road
sisonal Social Workers who initiated the
litical ploy to prevent Amnesty was carried
" legislators and eletist (?) media buddies.
r informed of the Gospel truth. They we re
ven up to 25 million. Through five private
d the guessestimates to dwindle down from
million (Ford) to six million (Carter) and
gan). The ironical ridiculousness of these
rts 20,000 per year. (This will only total

r the Senate Hearings on Amnesty which
ected to investigate the Immigration Dept.,
f barnstorming around the country and
ion which was comprised of: four Cabinet
and four leading citizens under director,
with these findings:

"INS is biased, inept, unmanageable, corrupt and working with outmoded laws. This finding was in 1980 and since then, the much needed Immigration Bill has been unethically and unwisely delayed. There has been no real progress to overcome the worst indictment of any U.S. agency operating at taxpayer's expenses. The result is that up to 500,000 immigrants have had to stay in hiding and suffer unbelievably so. They have been ripped off by vulturous attorneys, greedy landlords, Non-taxpayers, blackmailers and sex fiends." (All of them are disreputable Americans.) In the 1982 House Hearings of the immigration bill, the Chairman, R. Mazzoli stated in the Congressional Record that House Leaders were blocking passage of the bill. He did not name anyone. (Why?) It was obvious who he was referring to as each legislator showed his hand in subsequent public statements. (O'Neill, Wright, Rodino, Garcia and two Rules Committee Chairmen.)

Then President Reagan entered the Game of Deception - conspiring with Senator Simpson and Budget Director, Stockman (See page 3.)

Congress is returning in January and certain "illegally motivated legislators are still scheming to maintain the problem which Canada solved so easily. Since this is supposed to be a Government of the people for the people and by the people it is recommended that each "blockade runner" be deported back to their home states and or to the country where their fathers came from as immigrants. Just as soon as they acquire a humane conscience, they can reapplly for permanent residency and we will do our best to get them a green card in the U.S.A.

Senator Simpson "sold" the United States Senate (74-14) that they were up to 6 million in the country and through his swivel chair, slide rule specialist staff determined a way to please everyone. (?) Give two million who have been in the country for seven years or more - blanket amnesty, permit two million to work as serfs or slaves for several years and deport the remaining two million. It can be said - as was said in the case of Senator Eastland - "He is out of his cotton picking mind." Simpson also blurted out over the Donahue T.V. show that there were 600,000 Salvadorians here in the United States illegally. This is further proof that he is from the back woods of Wyoming and all he is capable of is to count how many indians -The true legal Americans - are on Wyoming's reservations. (They consider him illegal and rightfully so.)

Finally, President Reagan like former President Carter promised 1.2 million Amnesties in 1981. If there are only 500,000 altogether, then where is the problem? Actually we owe the Western Hemisphere 750,000 Amnesties which were caused by the Alcoholic from MISSISSIPPI. There are two remaining points which should be mentioned and they are real jokes in themselves.

1. In granting Amnesty to those who came before 1977, there are already provisions for helping these unfortunate people in the Immigrations Law of many years ago, 2. When Wonder boy Stockmen figures the amnesty will cost $12 billions -- YET HE REFUSES TO REVEAL TO CONCERNED CITIZENS WHAT HIS STARTING figures were, then he should be tarred and feathered. The actual number in the country is less than 500,000 and even if he computes $2000 per immigrant, the cost will not exceed Mr. Reagan's Guideline of $1 billion.

Blame has to be put on Mr. Reagan, former PRESIDENTS CARTER AND FORD -along with the failure on the part of each Congress to enact the bill - for there had been twenty formal requests to take pre-amnesty surveys. Five private surveys had been taken during a seven year span with results and proof were delivered to every member of Congress and the White House - via hand. It is overtime for America to admit its tragic mistake in this matter which the Wall Street Journal asked for in 1977. Also an appeal was made by Cardinal Cooke of New-York for Amnesty, and there was a favorable vote by the U.S. Conference of Catholic Bishops in 1977, which were ignored.

"WHY CAN'T THE PRESIDENT AND CONGRRESS BE BIG ENOUGH - EVEN IN 1985 - TO ADMIT ITS MISTAKE AND SOLVE THE IMMIGRANT PROBLEM LIKE CANADA DID - IN 1973?"

F.P.A.

ident: Why wait?

T PRICE 3–Day Survey?

You NAME'em we'll EXPOSE 'em - to over 00,000 Concerned Citizens in our Beloved U.S

Elitists need to be eliminated!

sts mug kpatrick

MAX LERNER

The infighting is rarely done by straight reporting, which operates by known rules of evidence and checking. It is done by leaks and counter leaks, by "informed" anonymous sources that are protected by the folklore of journalism.

It is time to take the politics of leaks and "informed sources" seriously — and their ethics as well.

Usually the political murder and mayhem inflicted on reputations are carried out discreetly, with few outcries from the victims. The case of Jeane Kirkpatrick is important because her intellect is too fierce to yield to a muffled masochist discretion. The interview she gave to the Los Angeles Times compares her treatment by the "informed sources" of the President's men with the "disinformation" attacks on her by the KGB.

She may have signed her political death warrant by her directness. But she will not be forgotten, nor her charges of how the President's men and the media collaborated to squeeze her out of a place in the geography of power.

What it comes down to is the role of the President's advisers in controlling the flow of information and opinion to him. They are the warders of the passes that lead to the President's mind and judgment, and are in a position to shape his perceptions of whomever they disapprove. Alexander Haig belatedly described his disastrous experience with them in a book called "Caveat," which translates as "Beware!" Jeane Kirkpatrick hasn't waited.

Politically we live and die by symbols and semantics. The current descriptive nouns for Mrs. Kirkpatrick are "ideologist" and "conservative", and for the President's men "pragmatists" and "moderates."

There is a concealed savagery here, which is the result of the collaboration between the presidential and media elite.

It may be what the President requires now in preparing for a second-term detente, like Nixon's, with the Soviet Union. But for Jeane Kirkpatrick — and others before and after her — it adds up to the killing ground where credibility and prestige perish at the hands of undeclared enemies.

Reagan denounces S. Africa apartheid

AP

President Reagan during speech commemorating International Human Rights Day at the White House.

By BARBARA REHM

Washington (News Bureau)—In a significant shift from the U.S. policy of "quiet diplomacy," President Reagan yesterday publicly denounced racial discrimination in South Africa and urged the apartheid regime to end repression of the nation's 22 million blacks.

In a speech commemorating International Human Rights Day, Reagan denounced human rights abuses throughout the world as "affronts to the human conscience," but he stressed that the repression of blacks "can only comfort those whose vision of South Africa's future is one of polarization, violence and the final extinction of any hope for peaceful, democratic government."

REAGAN ALSO signed a proclamation in which the United States criticized repression in the Soviet Union, Poland and other Eastern European nations, Iran, Chile, Paraguay, Nicaragua, Cuba, Vietnam, Afghanistan and Cambodia.

A State Department official said Reagan's public statement against the South African regime does not mean the administration is abandoning its policy of "constructive engagement" with the government, but rather marked "a shift in tactics to try and clarify the administration's long-standing opposition to the racial policies" of the Pretoria regime.

The official indicated the desire for such a public statement grew out of Reagan's White House meeting with Bishop Desmond Tutu, Nobel prizewinner and eloquent spokesman for South Africa's oppressed blacks.

"HE WANTED to clear up all misunderstandings of our policy, and he wanted to state publicly and clearly for the record just what the policy is," the official said.

The Reagan decision to speak out came after a series of daily protests in cities throughout the United States against the South African regime and calls from Congress—even from New Right conservatives—for sanctions against the Pretoria government.

tta give n credit

ART BUCHWALD

"We can't stay in business if people just keep using plastic and don't honor their debts."

"Don't worry about getting paid. My tax advisers are working on a plan to see that you get your money."

Mrs. Reagan yelled from the top of the stairs, "Tell him we didn't run up the bill. Congress did."

The Visa man heard her. "The card is made out in your name, Mr. Reagan. Whether you like it or not you're responsible."

"Don't worry, we'll borrow the money to pay you," the President said.

"Do you realize how going to pay on $210 billion?

"Mr. Reagan, the reason we gave you a Gold Visa card is that in 1980 we considered you a good credit risk.

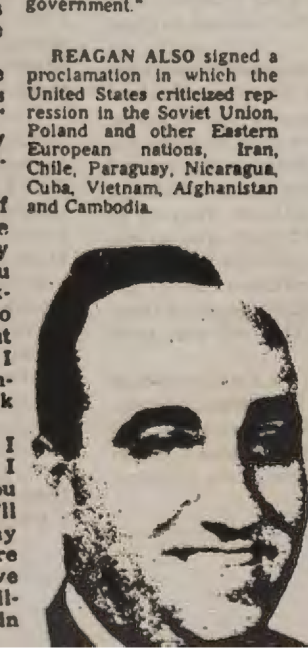
REPRINTS

The Visa man yelled back, "American Express wouldn't touch you people with a 10-foot pole."

"I don't think this is the time and place to discuss how much we owe you," the President said. "Why don't you come to my office in the morning?"

"Because your staff won't let me in," the Visa man said. "Every time I ask to see you they tell me you're taking a nap. I don't like to make night calls, but that is the only time I get to speak to the principals who are in hock up to their ears."

"Okay, so maybe I spent more than I should have. But if you let me keep my card, I'll cut back on all my spending and I assure you by 1988 I won't owe you more than $100 billion. Would that be in your ballpark?"



CITIZEN to CITIZEN

Immigrat ? Reforn

Q: Mr. Mondale, many now saying that actually eign policy problem toda remains almost totally u Massive illegal immig economically collapsing They are saying that it is territorial threat to the A tion-state. You yourself 1970's that we had a "he our borders" yet toda backed off any immigra such as the balanced crafted Simpson-Mazzol What would you do inst anything?

MONDALE: Ah, this is ous problem in our count to be dealt with. I object of the Simpson-Mazzoli think is very unfair and to be so. That is the part employers to determine ship of an employee be hired. I am convinced th of this would be that pe Hispanic, people who ha languages or speak wit would find it difficult to b

I think that's wrong. had citizenship tests in before. And I don't thin have a citizenship card t counterproductive. I do other aspects of the Simp Bill that strengthens en the border, strengthens dealing with undocumen in this difficult area and the problem of settling have lived here for many and do not have an establ I further strongly reco this Administration do has not done. And strengthen enforcement der, strengthen the offi Government that deal mented workers and to d that's responsible and wi stitution of the United S

REAGAN: Georgie, and me, supported the Simp Bill strongly, and the bill t of the Senate. However, things added in in the Ho we felt made it less of a g matter of fact, made it a in conference, we stayed conference all the way to Senator Simpson did not w the manner in which it wo of the conference comm were a number of things weakened that bill — I can tail about them here. But borders are out of control, that this has been a situ borders back through a n ministrations.

And I supported this bi the idea of amnesty for th put down roots and wh here, even though some may have entered illeg gard to the employer must have that — not that we can identify th but also, while some about what it would do there is another emp shouldn't be so concer these are employers years who have encoura entry into this country then hire these them at starvation none of the benefits normal and natural country. And the plain because of thei don't think that those allowed to continue this was why the pre in with regard to

And I'm going to and all of us in the to join in again

December 12, 1984

Mr. Ronald Reagan
President of the United States
The White House
1600 Pennsylvania Avenue N.W.
Washington, D.C.

Re: Treasury Department Tax Reform Proposal

Dear Mr. President:

I believe that the current Treasury Department tax proposals, if enacted, would do irrepairable damage to the economy of the United States. I voted for you in the last two elections and I believe that the proposals are diametrically opposed to your philosophy of free enterprise, capital formation, and smaller government. I therefore urge you to take a strong position against the enactment of these proposals.

The efficiency of the United States economy is based on supply, demand, and incentives to the private sector. Supply and demand are obvious, but incentives are more complex. The Government provides incentives through the tax code. Incentives to build housing, incentives to contribute to charities, incentives to build factories and equipment, which provide employment and to increase the gross national product.

The current Treasury proposals would change this system of incentives. It would, in a broad bush stroke, nationalize the tax system by eliminating many incentives to make investments. By eliminating incentives to invest, it would place the burden of certain industries, housing, and heavy manufacturing from the private sector to the government. Then as the cost of labor increases to the employer through elimination of fringe benefits, etc., and the increased cost of equipment through the elimination of the investment tax credits and longer depreciable lives of equipment and property, industries will move abroad or lose out to foreign competition.

CORNERSTONE CAPITAL LIMITED 122 East Fifty-fifth Street, New York, New York 10022 (212) 888-6222

Once the government gets into housing and heavy industries the government will need aditional revenues and will continuingly raise taxes (i.e. Britain) until the economy stagnates as the government becomes a larger and more inefficient employer while investment in the private sector continues to dwindle.

I agree the deficit must be reduced but the deficit reduction should be accomplished through traditional means, i.e. raising taxes, shifting incentives, and controlling government spending. Propose an equivalent to the alternate minimum tax for individuals for businesses. Increase depreciable lives by 2 to 4 years and decrease the investment tax credit but do not destroy a tax structure that has kept the United States strong and the private sector thriving for over 50 years.

I again urge you to publicly reject the Treasury proposals and raise taxes through the existing and proven taxing system.

Very truly yours,

Stephen C. Kratovil
President

SCK:k

cc: Edwin Meese, III, Esq.
James A. Baker, III

PETER M. FASS

45 East 89th Street
New York, New York 10028

December 14, 1984

James A. Baker, III Chief of
Staff
The White House
Washington, D.C. 20500

Re: Treasury Department Tax Reform Proposals

Dear Mr. Baker:

I urge you to immediately take a strong position against the tax reform proposals recently issued by the U.S. Department of Treasury. The uncertainty of future legislation is causing havoc in the investment community. This uncertainty is likely to result in an acceleration of the recessionary pressures already building in the present economic climate.

I believe that if enacted, certain provisions contained in the Treasury proposal would create a disincentive for capital formation, thus greatly damaging the economy of the United States. This in turn will cripple the construction and development industries resulting in the loss of millions of jobs, and ultimately creating a severe housing shortage and higher rents for millions of tenants across the United States. The proposal is economically damaging and ineffectual and conflicts with the underlying philosophy of the Reagan administration and re-election. I, therefore, urge you, in the strongest terms, to publcly oppose the recent Treasury proposal.

Very truly yours,

PETER M. FASS

PMF/mf

FIRST REALTY RESERVE

December 11, 1984

James A. Baker III
Chief of Staff and Assistant
to the President
The White House
Washington, DC 20500

RE: Treasury Department Tax Reform Proposals

Dear Mr. Baker:

We urge you to immediately take a strong position against the tax reform proposals recently issued by the U. S. Department of Treasury. The uncertainty of future legislation is causing havoc in the investment community. This uncertainty is likely to result in an acceleration of the recessionary pressures already building in the present economic climate.

We believe that if enacted, certain provisions in the Treasury proposal would create a disincentive for capital formation, thus greatly damaging the economy of the United States. This in turn will cripple the construction and development industries resulting in the loss of millions of jobs, and ultimately creating a severe housing shortage and higher rents for millions of tenants across the United States. The proposal is economically damaging and ineffectual and conflicts with the underlying philosophy of the Reagan administration and re-election. We, therefore, urge you, in the strongest terms, to publicly oppose the recent Treasury proposal.

Sincerely,

Jeffrey E. Britz
President

dbk

8 WEST 40TH STREET
NEW YORK NEW YORK 10018
212-819-9500
800-237-3600

BURTON R KASSELL PICO ALEXANDER
1700 BROADWAY
NEW YORK NY 10019 16AM

Western Union Mailgram

1-0022398351 12/16/84 ICS IPMMTZZ CSP WHSC
2123628000 MGMB TDMT NEW YORK NY 65 12-16 0841A EST

CHIEF OF STAFF JAMES A BAKER III
ASSISTANT TO THE PRESIDENT
CARE WHITE HOUSE
WASHINTGON DC 20500

TREASURY PROPOSALS COUNTERPRODUCTIVE TO CAPITAL FORMATION, AND DAMAGING TO AMERICAN ECONOMY; WOULD CRIPPLE CONSTRUCTION AND DEVELOPMENT, RESULTING IN JOB LOSSES, HOUSING SHORTAGES AND HIGHER RENTS. PROPOSALS CONFLICT WITH PHILOSOPHY OF REAGAN RE-ELECTION; I URGE OPPOSITION

BURTON R KASSELL PICO ALEXANDER CAPITAL CORP
1700 BROADWAY
NEW YORK NY 10019

08:43 EST

MGMCOMP

5241 (R 7/82)

TO REPLY BY MAILGRAM MESSAGE, SEE REVERSE SIDE FOR WESTERN UNION'S TOLL - FREE PHONE NUMBERS

The Radnor Group

100 EAST 42nd STREET
SUITE 2501
NEW YORK, NEW YORK 10017
(212) 661-3440

November 17, 1984

Mr. James A. Baker, III
Chief of Staff and Assistant to the President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. Baker:

I urge you to immediately take a strong position against the tax reform proposals recently issued by the U.S. Department of Treasury. The uncertainly of future legislation is causing havoc in the investment community. This uncertainty is likely to result in an acceleration of the recessionary pressures already building in the present economic climate.

I believe that if enacted, certain provisions contained in the Treasury proposal would create a disincentive for capital formation, thus greatly damaging the economy resulting in the loss of millions of jobs, and ultimately creating a severe housing shortage and higher rents for millions of tenants across the United States. The proposal is economically damaging the ineffectual and conflicts with the underlying philosophy of the Reagan administration and re-election. I, therefore, urge you, in the strongest terms, to publicly oppose the recent Treasury proposal.

Very truly yours,

Paul B. Liles

PBL/mh

UNION PACIFIC CORPORATION

345 PARK AVENUE NEW YORK, N. Y. 10154

WILLIAM S. COOK
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

December 21, 1984

The Honorable James A. Baker, III
Chief of Staff and Assistant
to the President
The White House
1600 Pennsylvania Avenue
Washington D.C. 20500

Dear Mr. Baker:

We at Union Pacific are seriously concerned by the Treasury's new tax plan and its effect on the nation's economy. We are convinced that these proposals, especially repeal of the Accelerated Cost Recovery System (ACRS) and investment credit (ITC), will have severe disruptive effects. It is shocking that these changes alone would increase corporate taxes by $100 billion in 1990, only partially offset by rate reductions and dividend deductibility.

Simplification of the tax code is a worthwhile goal -- as are capital formation, job creation, international competitiveness and national security. The current tax code reflects an attempt to balance such goals through the political process. It is thus appropriate to evaluate tax reform proposals from a macro-economic as well as a simplification perspective. Various economists have begun to do so, and they foresee higher costs of capital, lower investment and diminished job creation or actual loss of jobs to foreign competitors. The story with Union Pacific would be much the same. Loss of capital formation provisions would force us to borrow more. The ensuing increased cost of capital would put restraints on our capital expansion plans.

The 1981 tax cuts and ACRS are one of the very meaningful achievements of this Administration. They have led to a robust economic expansion, an unprecedented burst of job formation and the reelection of the President by one of the greatest margins in history. Let's not replace those known, positive achievements with a new tax scheme whose benefits are uncertain at best and whose detriments include impaired capital formation, fewer jobs and increased calls for protectionism as higher stateside capital costs strengthen our foreign competitors.

We are enclosing an outline of our thoughts on the Treasury's tax proposal along with a summary of various economists' views. The plan has very real negative effects that have not received adequate attention. I would welcome the opportunity to speak with you about them and how they would specifically affect Union Pacific.

ACRS/ITC incentives have worked very well. Let's not destroy them.

Sincerely yours,

William S. Cook

WSC/lfm
Enclosures

An Analysis of the Treasury Department's Corporate Tax Reform Proposals

Introduction

The Treasury's recent proposals for changes in the corporate income tax (the "Plan") would have severe negative and disruptive effects. The Accelerated Cost Recovery System (ACRS) and investment tax credit (ITC) have effectively functioned as incentives to investment in equipment and as spurs to job formation through their lowering of the cost of capital. Many companies and industries -- and the jobs therein -- would suffer from a repeal of ACRS/ITC. This one change would increase corporate taxes by $100 billion in 1990 alone. The apparently beneficial offsetting provisions still leave business with $44 billion more in taxes in that year. Economists are already voicing concern about the very doubtful benefits and quite real detriments that would ensue.

These corporate tax proposals have a "reform" and a revenue raising aspect. The former should be carefully considered and debated; the latter should be put into effect to reduce the deficit only after appropriate spending cuts are made. We propose that a variety of base broadening measures as outlined by the Treasury be put into effect to contribute to deficit reduction in the event that spending cuts are not sufficient to reduce the deficit. Reform should be put off until the necessary economic analyses have been done and a national consensus with regard to a shift in economic and business policy emerges.

The above points are expanded upon in the outline below and are supported by statements of experts in the attached Appendix.

Analysis

A. The plan would have a negative effect on basic U.S. industries and on the economy as a whole.

- Basic industry and the energy sector would be adversely affected.

  (1) The ACRS/ITC repeal and the indexing of interest deductions would raise the cost of capital significantly.
  (2) Cutting back on the recovery of intangible drilling costs and mine development and exploration costs would dramatically increase the cost of finding minerals.

- The effect on many industries would be severe.

  (1) Higher cost of capital would kill many equipment-intensive major projects, make them more difficult

to finance, lower corporate credit ratings or put pressure on weak profit margins.

(2) Companies producing products or commodities with a global market would not be able to raise prices above the world price to offset this higher cost, nor would other firms that sell abroad be able to raise prices unless their product was unique or the dollar declined by a large amount.

(3) Companies in depressed areas unable to raise prices (such as steel and airlines) could be put out of business or forced to make drastic cut-backs.

° Opposition from economists and others has raised the following concerns:

(1) Cutbacks or closures in basic industry would lead to a loss of jobs, with a rise in local and federal outlays for unemployed workers, perhaps widening the deficit.

(2) Basic industry decline and job contraction would have significant ripple effects:

(i) Capital goods manufacturers, high tech and service companies that sell to basic industry would be hurt.

(ii) Homebuilders, merchants and service establishments would lose business due to the unemployment of their customers who work at basic industry jobs.

(3) A loss of capacity in the basic industry and energy sectors would make the economy more dependent on foreign suppliers.

(4) The increased cost of capital and diminished after-tax cash flow for basic industries would put pressure on interest rates (if projects are not scrapped) and downward pressure on stock prices.

(5) A decline in equipment investment would damage the recovery that occurred, in part, as a result of enactment of the 1981 tax cuts and ACRS system. The mere threat of ACRS/ITC repeal is already causing some businesses to rethink long-range projects, thereby lengthening the economic pause that is occurring.

B. The offsetting benefits of the Plan are actually less than might at first appear, so that service, trade and high tech companies are not necessarily "winners" either.

° Most companies make some investment in equipment, so that higher capital costs would adversely impact most business.

° Hi-tech companies would be adversely affected in their capital raising ability by the capital gains change, which disfavors fast-growing enterprises by its inflation protection rather than risk reward.

- Start-up or loss companies would gain little from the lower tax rates and have a diminished ability to realize benefits through leasing.

- High taxpaying companies with foreign operations would lose much of the benefit of their foreign tax payments because lower U.S. rates would increase the foreign tax credit limitation without saving them any money, and the proposed per-country restrictions would further reduce benefits.

C. The Plan ignores the reasons for the incentives and valid distinctions that are now in the tax code.

- Corporate tax preferences are not "loopholes". They are incentives Congress designed to encourage certain economic activities deemed desirable. ACRS, the cornerstone of the President's successful 1981 tax plan, was designed to encourage investment in equipment so as to spur recovery, job formation and increases in productivity, all of which have occurred.

- Justification for the apparent differences in effective tax rates exists. The concept of effective tax rates is misleading when used to measure one company or industry against another in terms of its "fair share" of tax. This is so because:

  (1) Most economists agree that all corporate taxes ultimately fall on consumers or shareholders.
  (2) Some companies pay high taxes because of very high real income. Steel companies and other heavy industries are not as profitable under any measure as is high tech and pay low income taxes because they have had low real income during the worst recession since the depression. Heavy industry is cyclical, and it is unfair to measure the fairness of its tax payments during recession years.
  (3) Capital intensive companies' taxes have been lower than usual because ACRS started in 1981, and the heaviest cost of that system naturally falls in the five years following 1981.
  (4) Heavy industry paid over 46% in taxes before the modernization of the capital recovery system, which was enacted to mitigate the impact of inflation. The publicity about effective tax rates fails to account for inflation. For example, according to a recent report, Santa Fe Industries was paying a 500% effective tax in 1982 on a price-level adjusted basis.

(5) The amount recorded on financial statements as current tax expense is less than taxes actually paid because deficiencies are often accounted for through deferred tax expense.
(6) Effective tax rates depend upon book accounting options such as whether straight line or unit of production depreciation is used.

D. The Plan is a drastic shift in economic policy that is not based on macro-economic analysis and requires a national consensus.

- The Treasury admits that the proposals are not based on macro-economic analysis.

- Economists and industry groups reviewing the proposals have begun such analyses, pointing to high direct and hidden costs.

- A tax code is by its very nature an industrial policy of sorts, and the Treasury has failed to advance cogent reasons why the policy should be changed. Generalities about free markets, level playing fields and the like are not enough unless it can be shown that the Treasury's new industrial policy, which is pro service and high tech and anti basic industry, will lead to better overall results.

- The consequences of such a shift of policy should be made clear rather than hidden in a "reform" proposal and should be the subject of open debate among all elements of our society before being adopted as new national goals.

E. The Plan, particularly repeal of ACRS/ITC, would lead to results that are economically, politically and internationally disruptive.

- The economy would be severely affected:

  (1) Deindustrialization of America, less investment, loss of jobs and lower output would occur because of reduced capital formation.
  (2) U.S. firms would be put at a competitive disadvantage with foreign companies. Our capital recovery system would become the worst in the industrialized world. Further growth of jobs and industry abroad would occur.

- The political and budgetary consequences of a depression in the capital goods sector would be severe:

  (1) Undercutting of supply-side economics and its pro-growth approach.

(2) Calls for a comprehensive national industrial policy.
(3) Calls for various protectionist trade measures to maintain essential industries.
(4) Expensive job retraining programs and increased assistance for displaced workers.

° The international consequences would be dangerous:

(1) Trade disagreements and conflicts over hidden versus direct subsidies.
(2) Weakening of our alliances.
(3) Less international stability where U.S. must rely on foreign sources.

° National security would be jeopardized where such basic industries as machine tools, chemicals, plastics, energy and mining were weakened by high capital costs and strengthened foreign competition.

F. The Plan does not meet its professed goals of neutrality, simplification and more efficient allocation of capital.

° Neutrality is a mirage, since clear economic consequences -- which the Treasury has not quantified -- would ensue.

° Simplification of corporate taxes does not occur where:

(1) the capital loss/ordinary loss distinction is retained;
(2) rules about outbound transfers, subpart F, intercompany pricing and foreign taxes are not affected; and
(3) the reorganization rules continue to apply.

ACRS was not complicated to begin with, and in fact arose in part as a response to the complicated and arbitrary "real economic life" concept of depreciation that the Treasury now recommends we go back to. ITC would not be so complex if Congress did not amend, repeal and reinstate it every few years. There would be far greater complexity where tax basis and interest costs had to be constantly adjusted for inflation and where a bureaucracy was responsible for determining economic life for depreciation purposes.

° Capital allocation within the equipment intensive sector is not being rendered more efficient. Any allocation is from that sector to the retail, service or high tech areas. This represents a significant shift in economic/industrial policy from encouragement of investment in tools for workers to encouragement of consumption.

G. The Plan is politically unwise.

- It conflicts with the President's goals through its redistributive and disruptive effects, which undercut supply-side economics. Why did persistent critics of the President's policies promptly embrace and endorse the Treasury's proposals?

- It would undercut the international free-trade consensus painfully crafted in the GATT negotiations over the past several years once calls for protectionism arise.

- It would eventually have ordinary voters up in arms due to loss of portfolio values in the equity portion of pensions and IRA's and loss of jobs in basic industries.

H. Finally, the Plan is based on flawed reasoning and is structurally unsound.

- The Treasury's study focuses on alleged investment allocation distortions. A Congressional Research Service analysis by Jane Gravelle concludes that such distortions are negligible.

- It is argued that high tech industries get few tax benefits as compared with heavy industry. However, this is not true. Such companies get to expense their labor cost, research costs, and get a 25% credit for research, all of which is retained in the Plan.

- The benefits of lower marginal tax rates are overstated. A corporate rate reduction is not as efficient a tax incentive as is ACRS/ITC, which economic studies have shown encourages the greatest new investment per dollar of lost tax revenues.

- Indexing of interest and basis is seen to be a benefit of the Plan and indeed has theoretical appeal. However, such a system has been tried in a number of countries for some years without any particularly miraculous results. Does that kind of system, especially when linked with cost of living escalators in labor contracts and entitlement programs, make citizens and government less likely to fight inflation itself?

- The high tech and service industry tilt in the Plan rests on a misunderstanding of our economy. First, basic industry and the energy sector are important segments of the economy, with skilled workers who cannot easily be retrained. Secondly, a recent study shows that many basic industry manufacturing companies, railroads and airlines, among others, are the principal users of computer technology. Where would all our high tech businesses market their talents if basic industries disappear? These two problems alone suggest that the proposed changes should be accompanied by lengthy phase-in periods and effective dates.

- The Treasury has based its depreciation rates on a study by Hulten and Wykoff. Their analysis, which was prepared without any industry input, has never been subjected to a thorough review. Yet it is being used as the authoritative source to place an unrealistically long life on locomotives, for example, that may make railroads non-competitive with trucks.

- Indexing interest deductions -- a major part of the tax increase -- is unfair. The CPI has often exceeded general interest rate levels in the past, which would mean there could well be years when none of a corporation's nominal interest payments would be deductible under the Plan. No provision is being made to protect outstanding debt, which was issued with the expectation that the interest would be deductible. Furthermore, the amount of increased tax attributable to disallowance of corporate interest payments is obscured because the revenue effect is mixed in with government bonds held in banks and other items.

- Determining "real" economic lives, which was tried for 60 years and always proved a failure, could result in real unfairness. The Plan's reinstitution of something like the prior Office of Industrial Economics and its bureaucracy does not present a hopeful sign for industry.

- The Plan is misleading in its depiction of the change from "5 year ACRS property" to the new "Class 4" property with a 12% rate. This sounds like an 8-year life for ordinary equipment but is not, because 200% DB or 150% DB is not available. 100% DB, which is worse than straight line depreciation, is used instead, leading to a <u>17-year</u> total life for most equipment. That's how the Plan can raise $68 billion a year through "details". This may well be worse than anything since 1954, when accelerated methods were generally introduced. The Treasury's silver lining is that industry would not come out worse under the new system than under ACRS if inflation would resume and continue at a very high rate.

- In the last revenue act, the Treasury dealt with premature accruals. This approach has been extended to disallow reserves for bad debt. The Treasury's thinking is that the deductions should be taken when paid rather than when accruable. To be consistent, a cash basis should be allowed for plant and equipment.

- The Treasury decries "front ending" of depreciation resulting from declining balance methods and may be correct in an individual tax shelter context. However, since 1954 the tax code has recognized that the most productive use of a machine is in its early years, when product price and volume demand are usually higher and repairs are less, thus increasing productivity.

- Any perceived abuses in the ACRS/ITC area, such as use of depreciation deductions by high-income individuals or overstimulation of nonproductive investment, can be rectified without repealing the entire system.

Appendix

Experts' Views of the Treasury's Plan (the "Plan")
(Quoted or summarized)

- Joel L. Prakken; Economist; Laurence H. Meyer & Associates

  The Meyer Firm has been commissioned by the President's Council of Economic Advisers to analyze the Plan. The study is not finished, but initial calculations show that the changes would result in a net increase in the cost of capital investment. With a higher investment cost, you can expect less investment.

- President's Commission on Industrial Competitiveness

  Urges immediate expensing of all assets. On tax reform, the Commission concluded that productive investment should be stimulated by restructuring the tax code so that the efficiency with which resources are allocated is improved and the cost of capital lowered.

- Robert Baldwin; Chairman of the Board; Morgan Stanley, Inc.

  Amazed at the Treasury Department position on depreciation.

- Murray Weidenbaum; Former Chairman of the Counsel of Economic Advisors

  The Plan is misguided. Flat-tax initiatives that eliminate the investment tax credit would hurt the economy. Without investment incentives, the result would be a weaker economy and higher levels of unemployment than would result from keeping the existing tax system.

- Jerry Jasinowski; Chief Economist; National Association of Manufacturers

  The negative effect on investment caused by losing depreciation and investment credit tax benefits will not be made up by the lower overall tax rate. The repeal of both the investment tax credit and ACRS would result in an increase in the cost of capital, leading to reduction in both economic growth and unemployment.

- <u>Nariman Behravesh; Economist; Wharton Econometrics</u>

  For all the rhetoric we've heard about supply-side economics, this is sort of an anti-supply-side approach. It provides a disincentive for investment.

- <u>Allen Sinai; Chief Economist; Shearson Lehman/American Express</u>

  A world with tax incentives in it will produce more capital formation than without them.

  Business taxes will increase with each passing year under the Plan. Higher business taxes might do more than just retard corporate investment; they could be inflationary if business passes on the tax increase.

  The overall effect would be less growth, more personal saving, less business capital formation and, because of lower business investment, lower interest rates.

- <u>Norman Ture; Former Under Secretary of the Treasury for Tax and Economic Affairs</u>

  The Plan is far less generous than ACRS/ITC unless inflation is high. Furthermore, at any inflation rate, it would not provide the extra cash flow in early years (thus helping finance new investment) that accelerated depreciation does.

  We haven't had as illiberal a depreciation schedule since pre-1954.

- <u>John Makin; Director of Fiscal Policy Studies; American Enterprise Institute</u>

  The boom in capital investment in the last three years is attributable to ACRS, which effectively lowered the cost of investment capital in spite of high real interest rates.

- <u>Milton W. Hudson; Head of Economics Analysis Department; Morgan Guaranty Trust Company</u>

  The present tax system should be restructured, but over an extended period of time, since putting the Plan into effect quickly would create severe hardships for many individuals and organizations.

o <u>Jay N. Woodworth; Vice President and Economist; Bankers Trust Company</u>

The ACRS/ITC details of the Plan could have a chilling effect on investment.

o <u>Albert T. Sommers; Senior Vice President and Chief Economist; the Conference Board</u>

The Plan redistributes money away from heavy industry, which needs help now. These are the companies beleaguered by imports, and to remove an incentive to invest when we have an import deficit of $150 billion or so, all of it in goods, is an excessive alteration of the tax structure.

o <u>Arthur S. Hoffman; Accounting Tax Partner; Oppenheim, Appel, Dixon & Company</u>

Concerned that no evidence has been offered that the economy would be better off under the Plan, which would make radical changes in the tax system. The interrelationship between the economic and tax systems has been so deeply interwoven for so long that if you tinker with the system, you don't know what will happen.

o <u>Roger Brinner; Chief Economist; Data Resources Inc.(selected quotes applicable to the corporate provisions)</u>

The effect on corporations would be mixed. The statutory tax rate would be reduced to 33% from the current 46%, half of dividend payments would be excluded from the tax base, and business would be permitted to use indexed FIFO for inventory accounting (reducing taxation of paper profits). But the proposal would also dramatically reduce the book value of depreciation and the investment tax credit. Initially, the cost of equipment would go up 15% and the cost of structures would fall 1%. The price and cash flow effects would drive equipment investment down 6.3% below the baseline and structures investment down 3.5%. By 1995, both types of investment would recover to the baseline level.

Weaker investment would reduce GNP growth in the first few years after enactment of the Plan.

Business would curtail capital spending due to higher after-tax bond costs, weaker share prices, repeal of the investment tax credit for equipment, less generous near-term depreciation allowances, and greater investor pressure for dividend pay-out.

The heavier corporate tax burden would mean a 5-8% decline in the stock market.

Relative to current law, the Plan would treat all investment more harshly.

The question must be asked whether the current economic climate is an appropriate one in which to introduce such a set of changes. This is not a healthy climate for fixed investment. Without the strong countervailing tax incentives of the 1981 ERTA legislation, business fixed investment would be dismal today.

Can and should Congress address this tax reform package before dealing with the deficit? Probably not, given the major risk of reducing per capita living standards due to sagging investment.

o <u>Lawrence Chimerine; Chairman; Chase Econometrics</u>

You'd get higher consumer spending and somewhat lower investment and overall somewhat lower growth.

o <u>Leif Olsen; Chief Economist; Citibank</u>

It is absurd to spend a lot of political energy in a very contentious proposal that does nothing to cut the deficit.

o <u>J. D. Forsythe; Professor; Central Washington University</u>

The implication that some sectors of the economy as compared with others are being favored with a tax subsidy, e.g. manufacturing over services, is simply not the case. I doubt, for example, if computer-software firms would be willing for tax purposes to capitalize research and development expenditures, and then amortize them over a five-year recovery period. Service-oriented firms can write off most of their expenses within their fiscal year. This treatment is highly advantageous when compared with industries with substantial fixed costs. An elimination or modification of depreciation rules would change the rate-of-return assumptions used in planning the purchase of plant and equipment. How can American industry do long-range planning in an environment of periodic and confused tax law changes?

o <u>Barber B. Conable; Retiring Ranking Republican on the House Ways and Means Committee</u>

Before we leap into tax reform, let's be realistic in our expectations and aware of the limitations our system imposes on the scope and timing of change. Let's take the risks into account before we advocate change so massive that we create an economic limbo during a necessarily protracted decision-making process.

- U.S.A. Today

  Published a public opinion survey showing that individuals are unwilling to give up their tax deductions in exchange for a flat tax system. (Likewise, Americans do not favor the Plan to have the Government compute their taxes for them.)

- The New York Times, in a December 11, 1984 article captioned "Analysts Wary of Shift in Tax Incentive Policy", summarized the thinking of many economists as follows:

  When President Reagan took office, he championed an approach to tax policy that greatly expanded incentives for specific types of business investment. This program has been credited with helping spur a recent surge in capital investment.

  Now, however, if the President endorses the Treasury's plan for overhauling the tax system, many economists feel that he would be abandoning this strategy of encouraging production through tax incentives -- a strategy favored by supply-side theorists, among others -- in the hope that free market forces would nurture fruitful investment.

  Some analysts fear that removing these tax incentives would hurt business investment that they consider crucial to economic growth.

  Some economists are also concerned that abolishing the present array of special tax incentives would amount to a sudden abandonment, after many decades, of the Government's practice of carrying out industrial policy through the tax structure. It has been used to encourage investments in such sectors as home building and oil drilling.

  The nation has lived with this practice for so long, these economists say, that discontinuing it would cause substantial shocks to many parts of the economy. If free-market forces were to come into wider play under the Treasury's plan, critics warn, tax favored commodities such as housing and energy might no longer be available in what the public deems adequate supplies at acceptable prices.

Many economists are doubtful that reducing rates and providing a more even allocation of resources would bolster investment as much as the special tax incentives do now.

The reason the present program of accelerated depreciation and investment tax credits is so much more effective in spurring investment, is that a company must invest in plant and equipment to receive these benefits. Lower tax rates, on the other hand, would apply to any company, even if it made no investment at all.

The results of specific tax incentives have been demonstrated in economic studies. According to research conducted by Allen Sinai, chief economist at Shearson Lehman/American Express, and the late Otto Eckstein of Data Resources Inc., accelerated depreciation provides an increase in business investment of 81 cents for every dollar of tax revenue lost, while the investment tax credit provides 76 cents of increased investment. By comparison, the research showed, only 19 cents of increased investment was generated by reductions in corporate tax rates.

o <u>Paul Craig Roberts; Former Assistant Treasury Secretary for Economic Policy</u>

The Treasury Department's tax-reform proposal is a retreat from the supply-side principles put in place by President Reagan during his first term. The threat to free trade posed by the decline in U.S. labor productivity growth has serious implications for the future of the Western alliance. Only a sustained rise in productivity can prevent the unraveling of free trade and the Western alliance. Supply-side economics rose in response to these fundamental economic and strategic challenges. This fundamental change was possible only because the Reagan administration brought its tax policy to office with it (along with policy officials to enforce it) and did not permit the bureaucracy in the Treasury's Office of Tax Policy to determine policy or to design the 1981 legislation. If the permanent government had controlled the policy, it would have substituted its own agenda and never permitted the drop in the cost of capital that constituted the fundamental achievement of the 1981 bill.

A logical approach to tax reform consistent with the administration's supply-side policy would have been to move to expensing (first-year write-off of capital investments) from the accelerated capital cost recovery system (ACRS) of the 1981 bill. Expensing would raise the investment rate and push the economy to a higher growth path. In addition, it would be a giant step toward tax neutrality. Furthermore, expensing would redress the double taxation of saving and move toward neutrality between the taxation of saving and consumption. Expensing also has much to recommend it politically.

Unfortunately, Treasury's tax reform went in the opposite direction and substantially raises the cost of capital by greatly lengthening the write-off period and adopting a slower write-off rate than straight line. Since no one can know in advance the economic life of different investments in machinery and structures or the pattern of the loss of value over that life, economic depreciation gives the bureaucracy the power to classify assets and assign economic lives for depreciation purposes in an entirely arbitrary manner. If the Treasury's proposal were to be implemented in its present form, the U.S. would be deindustrialized within a decade. Every category of capital equipment and every manufacturer would be harmed by the proposal. Since the so-called "smokestack" industries are particularly hard hit, the Treasury proposal amounts to an industrial policy designed to accelerate the transformation to a service economy. The obvious implication is that the Treasury bureaucracy has no idea of the economic impact of its proposal. The proposal shows many signs of either incompetence or book-cooking.

o <u>Merton H. Miller; Professor; University of Chicago, Graduate School of Business</u>

An old tax is a good tax; we've learned to live with it. With regard to the proposal to adjust various items to keep up with inflation -- If this is simplification, I'd hate to see complification.

·Doherty Realtors·

383 Park Ave., Rochester, N.Y. 14607

Area Code (716)
271-8600

Est. 1914

Multiple Listing
Service

December 13, 1984

Mr. James A. Baker III, Chief of Staff and Assistant to the President
The White House, 16000 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Re: Treasury Department Tax Reform Proposals

Dear Mr. Baker:

I urge you to immediately reconsider the tax reform proposals recently issued by the U.S. Department of Treasury. The uncertainty of future legislation is causing havoc in the investment community. This uncertainty is likely to result in an acceleration of the recessionary pressures already building in the present economic climate.

I believe that if enacted, certain provisions contained in the Treasury proposal would create a disincentive for capital formation, thus greatly damaging the economy of the United States. This in turn will cripple the construction and development industries resulting in the loss of millions of jobs, and ultimately create a severe housing shortage and higher rents for millions of tenants across the United States. The proposal is economically damaging and ineffectual and conflicts with the underlying philosophy of prosperity of the Reagan administration and re-election. <u>I, therefore, urge you, in the strongest terms, to reconsider the recent Treasury proposals.</u>

Very truly yours,

R. Timothy Doherty

RTD:sbs

JOHN E.D. GREENWOOD
19 PARK AVE
WARWICK NY 10990 13AM

Western Union Mailgram

1-039778S348 12/13/84 ICS IPMMTZZ CSP WHSC
9149862482 MGMB TDMT WARWICK NY 355 12-13 0448P EST

JAMES BAKER
CARE WHITE HOUSE
WHITEHOUSE DC 20500

1984 DEC 14 AM 8 47

TO THE PRESIDENT OF THE UNITED STATES
MY NAME IS JOHN GREENWOOD A LONG TIME SUPPORTER AND BOARD OF DIRECTORS OF NEW YORK BRANCH CONGRESSIONAL BOOSTERS CLUB OF WHICH I WAS ONE OF THE INITIAL AND CONTINUOUS SUPPORTERS ALSO HAVE CONTINUOUSLY SUPPORTED ALL REPUBLICAN PRESIDENT'S SENATE CAMPAIGN COMMITTEE AND MANY OTHER INDIVIDUAL REPUBLICAN CAMPAIGNS.

IF THE PRESENT TREASURY PLAN FOR TAX MODIFICATION IS ADOPTED IT WOULD BE AN OUTRIGHT DISASTER FOR AMERICAN INDUSTRY PARTICULARLY, AND MOST PARTICULARLY, FOR THE HIGH-TECHNOLOGY INDUSTRIES WHICH ARE OUR LAST HOPE AGAINST CHEAP-LABOR AND PROTECTIVE FOREIGN ECONOMIES SUCH AS JAPAN. THE PROPOSAL TO SCRAP RAPID DEPRECIATION DESTROYS AMERICAN MARKETS FOR HIGH-TECHNOLOGY PRODUCTIVITY-IMPROVEMENT PRODUCTS AND THE HIGH-TECHNOLOGY COMPINES MANUFACTURING THEM. ALSO, THE DIVIDEND TAX CREDIT TO DIVIDEND PAYING COMPANIES PERPETUATES THE UNPRODUCTIVE AMERICAN COMPANIES WHO HAVE NO NEED FOR INTERNAL INVESTMENT AND ARE THEREFORE ARE ABLE TO PAY DIVIDENDS. THE HIGH-TECHNOLOGY COMPANIES DESPERATELY IN NEED OF CAPITAL REQUIRE EVERY CENT OF INTERNAL GENERATED FUNDS AND WILL ADDITIONALLY BE HANDICAPPED IN AS MUCH AS THEY CANNOT PAY CASH DIVIDENDS.

THE TREASURY TAX PROPOSAL IN ITS ENTIRETY IS A CONSUMER SPENDING INITIATIVE AND OVER-ALL INVESTMENT-DESTRUCTIVE PROPOSAL; AND AS A MAJOR FINANCIAL STRATEGY TO REDUCE DEFICITS WILL ONLY RESULT IN THE MOST INCREDIBLE TIME CONSUMING LEGISLATIVE BOONDOGLES. IF THE TREASURER OF THE UNITED STATES CAN NOT SEE WHAT IS HAPPENING IN WORLD CAPITAL MARKETS AS A RESULT OF THESE PROPOSALS, AND IF THE ADMINISTRATION CAN NOT UNDERSTAND THAT AN ATTEMPT AT SUCH CATACLYSMIC FINANCIAL CHANGE AT A TIME WHEN THE WHOLE WORLD IS CLOSE TO SERIOUS FINANCIAL DIFFICULTIES THEN IT WILL NOT BE SURPRISING IF AN EXPRESSION OF TOTAL LACK OF BELIEFS IN THIS ADMINISTRATIONS FINANCIAL POLICIES BECOMES EXTREMELY EVIDENT IN THE VERY NEAR FUTURE. THE ONLY ANSWER TO THE DEFICIT PROBLEM IS VERY DRASTIC CUTS ACROSS THE BOARD INCLUDING NON-WEAPONEDRY DEFENSE AND WITH DUE RESPECT YOU THE PRESIDENT OF THE UNITED STATES SHOULD APPEAL IMMEDIATELY AND FREQUENTLY TO THE PEOPLE OF THE UNITED STATES
RESPECTFULLY SUBMITTED
JOHN E.D. GREENWOOD
19 PARK AVE
WARWICK NY 10990

Western Union Mailgram

16:48 EST

MGMCOMP