MKD

THE WHITE HOUSE

WASHINGTON

March 1, 1982

Dear Mr. Roltsch:

Thank you for your letter of February 5, 1982, and the insightful memorandum that accompanied it concerning the competitive threat to our electronics industry.

I share your grave concern for the maintenance of American technological leadership, particularly in the area of microelectronics, and the conclusions we have reached are not dissimilar from those of the Perkin-Elmer study. In December, therefore, the Cabinet Council on Commerce and Trade commissioned an extensive analysis of the competitive position of the U.S. high technology industries in world trade, due to be completed in April. While it will cover a broad range of technologies, it will highlight the situation in semiconductors, computers, and other information technologies.

In the meantime, the Administration has repeatedly raised its concerns with the Japanese Government. We have urged the Japanese to open their domestic markets to the same degree that U.S. markets are open. As a result of these efforts, the Japanese Government in October, 1981, undertook a review of its barriers to imports.

In November, Japan agreed to make effective on April 1, 1982, all of the tariff cuts which it had scheduled for implementation under the MTN for fiscal years 1983 and 1984. This will benefit U.S. electronics exporters in a number of products where they are very competitive.

At the same time, Prime Minister Suzuki established a Cabinet and Liberal Democratic Party (LDP) Committee on International Economic Measures tasked with increasing U.S. export opportunities to the Japanese market. The first result of this effort was the announcement on January 30, 1982, that 67 actions be implemented to alleviate nontariff barriers, primarily in the customs and standards areas.

We expect this will be only the first in a series of actions by the Japanese to open up their markets. This, however, is not sufficient to solve the problem of access to the Japanese market, nor does it respond to the specific questions raised in your letter. We must not only be able to compete with Japanese firms on their home ground, but we must be successful in retaining our innovative capacity concerning technology for national security purposes.

With regard to your specific concerns on the VHSIC program, I am forwarding your letter to Dr. Richard D. Delauer, the Under Secretary of Defense for Research and Engineering, to conduct the review you have requested.

Thank you for sharing your views with me.

Sincerely,

MICHAEL K. DEAVER
Assistant to the President
Deputy Chief of Staff

Mr. A. L. Roltsch
Perkin-Elmer Corporation
Suite 809
1911 Fort Myer Drive
Arlington, VA 22209

PERKIN-ELMER

OPTICAL GROUP WASHINGTON OFFICE
THE PERKIN-ELMER CORPORATION
SUITE 809
1911 NORTH FORT MYER DRIVE
ARLINGTON, VIRGINIA 22209
TELEHONE: (703) 528-4080

February 5, 1982

Mr. M. K. Deaver
Assistant to the President
The White House
1600 Pennsylvania Ave., N.W.
Washington, D. C.

Dear Mr. Deaver:

Several months ago I became concerned with the health and welfare of our rapidly expanding National Electronics Industry. I began to see tendencies in the industry that emulate the tremendous recession and decline of the U. S. Automotive Industry. Therefore, I initiated a study within the Perkin-Elmer Corporation to establish knwoledge as to the accuracy of my fears. Enclosed with this letter is a report as to the results of our internal analysis.

Based upon the results of this study, I would like to make the following recommendations:

With respect to the Electronics Industry, I believe the DOD VHSIC Program should be reviewed to determine:

a. Is it adequately funded in FY83 through '85?

b. Is it adequately manned to accomplish the end item goals?

c. Are all areas relating to the end item technology being covered?

Thank you for your time and consideration of our work. If I can be of any assistance to you in the future please ask Mamie to call.

Very truly yours,

A. L. Roltsch
Perkin-Elmer Corporation

ALR:alo

JAPAN VS. UNITED STATES: A GLOBAL STRUGGLE FOR TECHNICAL SUPREMACY

January 1982

JAPAN VS. UNITED STATES: A GLOBAL STRUGGLE FOR TECHNICAL SUPREMACY

A critical struggle is being waged between the U.S. and Japan in the competition for dominance in integrated circuit technology. The stakes are high: a major share of the burgeoning semiconductor market that is projected to exceed $60 billion by 1990.

Of even greater concern is the impact that semiconductor technology will have on the worldwide electronics industry and its forecasted sales of $400 billion at the end of the decade. The health, and even the survival, of some major companies and industries may rest upon the outcome of this technological duel between the world's two high-technology superpowers.

In the early 1970's, Japan recognized that microelectronics would become the cornerstone of future industrial progress, spawning new markets for consumer goods, enhancing existing products, and giving rise to cost efficient manufacturing techniques. At that time, the Japanese government established a national objective to achieve a dominant trade position in semiconductors, computers, and telecommunications – strategic industries "growth-linked" to the other key sectors of the economy.

Japan is racing to capitalize on the highly leveraged impact associated with electronic products using advanced integrated circuits. The country currently boasts of having over 60% of the world's programmable robots, and is installing new units at an impressive rate. Hitachi, for instance, expects to boost productivity and lower manufacturing costs by replacing 70% of its assembly workers with intelligent robots by 1986.

Japan's steel, ship building, automobile, machine tool, motorcycle, TV, and camera industries are now the most automated in the world. The resulting quality and price advantages are rapidly creating a worldwide monopoly for these goods.

Although the U.S. currently produces about 65% of the world's integrated circuits, Japan provides stiff competition in a number of vital semiconductor products at the leading edge of technology. Their ability to manufacture state-of-the-art microelectronics is illustrated by Japan's spectacular come-from-behind

success in developing random access memories (RAM) - essential computer memory components.

When Japan targeted the market for the 16K RAM, a device that stores 16,000 bits of data, prices plummeted from $6 each at the start of 1980, to well under $2 at the end of the year. This caused Mostek, one major U.S. supplier, to sustain an estimated loss of $25 million, one year after their record profit of $70 million on sales of about $350 million.

While Japan enjoys 40% of the world market for the 16K RAM, they have captured 70% of the market for the more advanced 64K RAM, that is expected to become the semiconductor industry's first $1 billion component in 1984. In the case of the 64K RAM, Japan was able to dig in for the offensive without the handicap of a two-year late start. This super chip is a big factor in the explosive growth of the microcomputer and will be an integral component in next-generation super computers. In early 1980, Japanese engineers stunned their U.S. colleagues by announcing that they were evaluating laboratory prototypes for a 256K RAM that is expected to come on the market in about four years.

Japan also dominates the consumer-oriented C-MOS semiconductor technology that is essential to the manufacture of watches, calculators, and personal computers. The U.S. has virtually given up designing and manufacturing many consumer electronic products, abandoning the world market to the Japanese.

To understand Japan's recent string of successes and their prospects for the future, it is necessary to recognize and evaluate a number of key advantages they enjoy in the world market for semiconductors and electronic products.

Japan's Formidable Advantages: Threats to a Balanced World Economy

The U.S. semiconductor industry is currently suffering from excess capacity, price weakness, and soft worldwide demand. At this very time when U.S. firms are finding it difficult to maintain a competitive edge in microelectronics, Japan is continuing to win valuable market share.

The investment rate in Japan is a third of their GNP compared to about 15% in the U.S. This has a significant affect on the relative growth of each country's high-technology industries. Japanese manufacturers have less trouble financing

R&D. Furthermore, they seem to develop new products faster than U.S. firms after a consensus has been reached to target a particular market. Low cost capital is available from Japanese banking institutions, and major Japanese companies are highly leveraged vis a vis their U.S. counterparts. In addition, good cash flow is generated from rapid double-digit depreciation and the favorable treatment of R&D expenses that are allowed in Japan.

The Japanese government has supported the country's semiconductor industry with subsidies, interest-free loans, administrative planning and a sheltered home market. In the 1960's, and through the 1970's, the powerful Ministry of International Trade and Industry (MITI) played a key role in marshalling the resources and establishing long-range objectives for product development – products ranging from microprocessor IC's to mainframe computers.

In 1976, MITI established a $280 million, four-year project for developing Very Large Scale Integrated (VLSI) circuit technology. Among the participants were Fujitsu, Hitachi, NEC and Toshiba. This effort led directly to Japan's capturing 70% of the world market for the 64K RAM. While the U.S. still has an edge in VLSI technology, it is getting smaller each year.

The Japanese Government has set out to win a 30% share of the worldwide market for mainframe computers by 1990. MITI is sponsoring the aggressive development of a fifth-generation, super computer. The principal feature of this machine will be artificial intelligence; in addition to recognizing speech and handwritten copy, this advanced computer will be able to make inferences and learn by trial and error. In support of this program, MITI is also leading a national effort to upgrade Japan's software capability, an area where Japanese firms have been traditionally weak.

Japan's phenomenally rapid progress in high technology has been helped by efficient intelligence gathering. U.S. companies frequently find their products copied before they have an opportunity to exploit their sales potential. The Japan External Trade Organization (Jetro) maintains 80 offices around the world for gathering business and technology data. In addition, it is alleged that Japanese businessmen go through debriefing sessions after contact with key foreigners. Jetro, a CIA-like subsidiary of MITI, serves as a central clearing agency that disseminates industry-wide data together with digests of related foreign technical

publications. As a result, Japan can frequently circumvent costly product development and rarely enters a new market until it is first tested by U.S. firms. The U.S. has no organization as effective in market research or technology tracking.

What technology Japanese companies cannot develop or acquire, they buy or license. For example, U.S. firms have dominated the market for microprocessor integrated circuits used in instrumentation and for automated process control. Recently Fujitsu, the leading supplier of 64K RAMs, obtained a license from Intel to manufacture and market Intel's advanced 16-bit microprocessors. The license was obtained solely on Fujitsu's agreement to use these devices in a new generation of office equipment. The Intel-Fujitsu agreement is one example among many under which U.S. technology has been licensed to Japan. Rarely has Japanese technology been licensed to western nations.

Japanese firms do not suffer from an acute shortage of technical manpower. In recent years Japan has steadily pulled ahead of the U.S. in the number of graduating engineers. With only about half of the population of the U.S., Japanese universities graduated 87,000 engineers last year compared to about 63,000 in the U.S. Japanese firms also benefit from their tradition of offering lifetime employment. The turnover rate of key personnel is held to a minimum, in sharp contrast to the "job-hopping" characteristic attributed to the technical workforce in the U.S.

In Japan, the majority of semiconductor devices are manufactured by a relatively small number of large, diversified, and vertically integrated companies. Since these companies also manufacture computers and telecommunications products, American firms have accused the Japanese of treating their semiconductor products as loss leaders and on occasion raise charges of illegal dumping – a charge vigorously denied by MITI and yet to be substantiated by the Americans.

Japanese companies first gain valuable early experience with their products in their own country in an environment sheltered from foreign competition. When volume builds, they are able to rapidly enter world markets with low or even predatory prices. An excellent example was the plummet in price of 16K RAMs after Japan's sudden, high-volume entry into the U.S. market. Early market experience may be as important as the frequently touted benefits of a loyal, lower-cost labor force and Japan's pioneering methods for quality control.

U.S. semiconductor firms find it difficult to market their products in Japan unless they establish cooperative trade agreements with Japanese companies or set up Japanese manufacturing operations. Trading companies furnish an insulating blanket that limits high-technology American companies from having direct, on-going dialog and information exchanges with Japanese customers. These and other nontariff trade barriers greatly restrict U.S. operations in Japan.

It should also be recognized that, to date, U.S. firms have been relatively inflexible in meeting the special needs of the Japanese marketplace, and that they are slow on insisting that their employees learn the complex Japanese language and customs of the country. A vast cultural gap still exists between the Japanese and the Americans.

Japan is not Invincible: The U.S. Leads in Innovations

The U.S. semiconductor industry is not yet "down for the count." On the contrary, the combined resources of companies like IBM, Texas Instruments, National Semiconductor, Motorola, Intel, and others are immense. They have the capability to carry on the current technology struggle and remain principal participants in the world marketplace for years to come. Mel Ecklund, industry consultant, believes that the U.S. maintains a competitive edge in the semiconductor market because of this country's broad spectrum of products, innovative designs, and number of patent applications for new devices.

Americans will continue to be the world's leading innovators. The economic environment and incentives that exist in the U.S. for entrepreneurs and venture capitalists breed new inventions and help exploit technical breakthroughs. Innovation in Japan has a tendency to be stifled in large companies and cooperative industries. Large companies tend to avoid risk creating an environment that

inhibits innovation. In the U.S., over half the major innovations and patents originate in companies having less than a thousand employees. It is also believed that Japanese engineering schools are not as effective as U.S. universities in providing their students with hands-on training for easy assimilation into industry.

Dr. Robert N. Noyce, Vice Chairman of Intel and industry pioneer, stated that Japan's development of their 64K RAM required high technology, but not a great deal of creativity. By contrast, American companies are distinct leaders in the development of sophisticated computer architecture and software. This important capability coincides with the future trend in electronic systems design. New systems designs are becoming software intensive and less dependent upon production engineering.

U.S. firms can capitalize on their edge in innovation only if it can be made to pay off rapidly in the marketplace. Japan's edge in computerized manufacturing is not a matter of superior technology; Japanese manufacturers have simply been more successful in applying existing technology.

In mid-1979, the Yamazaki Machinery Works invested $18.6 million in a plant they opened in October that uses robots to manufacture robots. This around-the-clock operation requires only a handful of workers. The company concedes that the components that comprise the Yamazaki production line are not new and that many were provided by foreign suppliers.

Japan's labor cost advantage is becoming less of a factor in its ability to manufacture high-volume low-cost semiconductor products. The country's aging population will raise production cost since employee wages increase with age. In addition, as a result of inflation and automation, the country is facing a more aggressive labor movement.

DoD's VHSIC Program: An Important First Step

Early semiconductor device development in the U.S. was funded by DoD and NASA in support of the nation's defense and space programs. This initial federal support became insignificant during the 1970's, when the industry it spawned strove to satisfy a rapidly developing market for commercial electronics. Today, only 7% of the sales of the semiconductor industry are to the federal government.

The DoD recognized that microelectronics technology is the key to U.S. weapons superiority, and in 1980 it initiated the Tri-service's Very High Speed Integrated Circuits (VHSIC) program. This $320 million, six-year effort is an ambitious collaboration of government and industry aimed at stimulating and accelerating the development of advanced silicon IC devices.

VHSIC devices will have several hundred times the combined speed and computing power of current large scale devices. Chips containing complete systems or subsystems will replace 50 or more current IC's and provide a ten-fold improvement in system reliability. It is expected that VHSIC integrated circuits will become available years earlier than commercial devices and be more suitable for military systems application.

The overall objective of the VHSIC program is to gain and maintain a qualitative arms advantage to compensate for any numerical disadvantage U.S. Armed Forces might face in the future. This will be accomplished by placing more complex signal processing, computing, and communication functions in small packages that are easy to replace or repair by field operators having limited skill levels.

By 1985, first-generation VHSIC circuits are expected to significantly increase the efficiency, reliability, and firepower of armament components and systems, and make available high-speed signal processors and sensors for better reconnaissance and communication satellites, missiles, aircraft, tanks, radar systems, and a host of other critical military systems. Lower power, lighter weight microelectronics will, in addition to providing enhanced performance, also greatly reduce overall system costs.

While commercial success is not the principal objective of the VHSIC program, it will hasten the arrival of next-generation IC devices and advanced manufacturing process technology. As an example, optical lithography equipment is currently used to expose circuit patterns in the multiple, thin-film layers of IC devices. However, higher resolution electron beam or X-ray techniques are required to pattern next generation circuits. To meet this need, the VHSIC program is sponsoring the development of equipment utilizing both these advanced

technologies. There is little doubt that this equipment will be used to fabricate commercial products of the 1990's and the years beyond. Every future computer and communications system should benefit.

Whether the current DoD effort is sufficient, in light of the coordinated Japanese investment in IC technology, is a critical question. Japan has traditionally supported microelectronics development for commercial benefits. As an example, Japan is now sponsoring a multiyear program to develop gallium arsenide, very large scale integrated circuits for its fifth-generation, super computer. GaAs devices are at least five times faster than silicon devices. At the present time, the VHSIC program is limited to the more mature silicon technology.

The Consequences of Failure: No Quarter for The Loser

Rep. Frederick Richmond has suggested that year by year the U.S. and European industrial nations are falling into a relationship that could make us little more than economic colonies of Japan. Richmond's remark may seem extreme, but consider it in context with a recent statement made by Peter Drucker, Professor Emeritus of Management at the New York University Graduate School of Management. "Adversarial relationships in Japan have historically been fiercer, more violent, less forgiving, and less compassionate than in the West. Neither 'love thine enemy' nor 'turn the other cheek' is to be found in any of Japan's creeds. Even nature is violent in Japan." Drucker's statement does provide insight into the competitive nature of the Japanese. Japan will continue to battle fiercely for, and win, increasing shares of the world's burgeoning high-technology markets.

Japan and the U.S. are both racing to develop new semiconductor manufacturing technologies that will in the 1990's result in super integrated circuit chips. These advanced ICs will have 10 million or more transistors, a computing capability equivalent to that existing today in most major corporations. To the degree that they can be comprehended, the secondary or "growth-linked" effects of these developments on all future human endeavors are both clear and frightening.

Because of the high cost of capital in the U.S., it is essential that American microelectronics manufacturers generate profits from high-volume semiconductor device production. New integrated circuit processing lines now cost $50 million or more, since over 400 complex and low-defect steps are involved in the manufacture

of advanced semiconductor devices. Achieving economical levels of yield for these production lines is the key to semiconductor profitability. This requires intensive R&D and the development of new automated equipment incorporating the most recent advances in many leading edge technologies.

Clearly the DoD VHSIC initiative is a step in the right direction. Government-funded VHSIC contractors will assist in this effort by developing equipment and low-defect semiconductor processing techniques for replicating very large complex chips having circuit features as small as a wavelength of visible light (20 millionths of an inch). In addition to meeting its military goals, the VHSIC program should also serve as a catalyst to industry for advancing the development and economic payoff of commercial microelectronics in the 1990's and beyond.

To help ensure the economic health of U.S. industry, the DoD must maintain its solid commitment to the VHSIC program. At the same time, it is critical that greater emphasis be placed on finding better ways to exploit VHSIC technology in the commercial marketplace.

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THE WHITE HOUSE
WASHINGTON

March 1, 1982

TO: MIKE DEAVER

FROM: *CRAIG L. FULLER*

☐ **FYI**

☐ **Comment**

☐ **Action**

X Per your request

Attached is a draft response prepared by USTR in reply to Mr. Roltsch's letter to you.

OK

FROM: The Deputy United States Trade Representative

DATE: 2-23

TO: CRAIG FULLER

☐ Prepare reply for signature. ☐ Reply directly. ☐ Reply directly COPY TO ME.

☐ For your recommendations. ☐ For your action. ☐ Discuss with me.

☐ For your comments. ☐ For your information. ☐ Rewrite.

Remarks:

Attached is a draft reply for
Mr Deaver as requested in Cabinet
Staffing Memo #044301CA

Suspense date: _____

Mr. A. L. Roltsch
Perkin-Elmer Corporation
Suite 809
1911 Fort Myer Drive
Arlington, Virginia 22209

Dear Mr. Roltsch:

Thank you for your letter of February 5, 1982, and the insightful memorandum that accompanied it concerning the competitive threat to our electronics industry.

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Thank you for sharing your views with me.

SINCERELY
~~Very truly yours,~~

MICHAEL K. DEAVER
ASSISTANT TO THE PRESIDENT
DEPUTY CHIEF OF STAFF

THE WHITE HOUSE

WASHINGTON

March 2, 1982

Dear Dick:

Thank you for the article on Nancy.

I've sent it on to her. Thank you for your thoughtfulness.

Sincerely,

Mike

MICHAEL K. DEAVER
Assistant to the President
Deputy Chief of Staff

The Honorable Dick Cheney
House of Representatives
Washington, D.C. 20515

HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

DICK CHENEY
WYOMING

February 22, 1982

Dear Mike:

My district office forwarded this article to me. I thought it only appropriate that Mrs. Reagan should see that she is a very well respected lady in many parts of the country.

I hope she enjoys it!

Best regards,

Dick Cheney
Member of Congress

The Honorable Michael Deaver
Deputy Chief of Staff and
Assistant to the President
The White House
Washington, D.C. 20500

Enclosure

Dear Dick —
Thank you for the article on Nancy. She sent it on to me. Thanks more for your congratulations. Sure.

MARK O. HATFIELD
OREGON

United States Senate

WASHINGTON, D. C.

4 June 1982

Dear Mike:

Antoinette and I were really thrilled to receive the good news from the inaugural podium. You were most thoughtful to think of us.

We carry memories of the high light of our Washington tour - seeing and participating in the Reagan victory and inauguration. You and Carolyn are treasured friends.

Love again,

THE WHITE HOUSE

WASHINGTON

March 5, 1982

Dear Mrs. Gallucci:

Thank you for taking the time to send the slides, which we are returning. They certainly helped prove a point. The President appreciated your thoughtful attempt to prove him right.

Thanks, too, for your continued support.

Sincerely,

MICHAEL K. DEAVER
Assistant to the President
Deputy Chief of Staff

Mrs. Michael A. Gallucci
P.O. Box 24623
Los Angeles, CA 90024

PATRICIA AYERS GALLUCCI for CONGRESS
23rd DISTRICT

February 25, 1982

The Honorable Michael Deaver
Counselor to the President
The White House
Washington, D. C. 20500

Dear Mr. Deaver:

Perhaps you may recall my name as a long time supporter of our President, and one who ran for Congress in 1976 to give him the support he would need had he won then. As fate would have it, we were both runners-up in that election.

Upon listening to the President's Address the other day, Frank Reynolds on ABC made the comment that our President was incorrect on his dates again concerning the Viet Nam era, after Mr. Reagan had just pointed out that he was correct on five points and incorrect in only one, from another address. Frank Reynolds comment stuck in my mind, and I'm still smarting at his comment.

Fortunately, the thought came to my mind that I hope can help you prove that President Kennedy DID IN FACT send troops to Viet Nam. I enclose three kodachrome slides to help prove the point. In calling your office on Wednesday, your secretary asked that I send them to you. You will note on the slides the date: Aug 62.

To explain the occasion to you: We were in San Diego on vacation...it was the week that Marilyn Monroe died, to further establish the date. Having lived in Japan during the outbreak of the Korean War and seeing the embarkation of troops then, I was struck by what I saw in San Diego. Also, the ship, the General E. D. Patrick, was the same transport we returned to the States on from Japan. Perhaps you can follow up on the ships log or Port of San Diego records to prove the point. As you can see from the slides, the Marines from Camp Pendleton are in semi-combat gear. We learned at the time, that the troops were headed for the Philippines, and then Viet Nam.

I do hope this may help our President win another point, though small it may be. I hate these little snipes at him from our press, and also those made to Nancy. We love them both and think they are doing a fantastic job, and take much pride in the Administration.

My continued best wishes...and Good Luck!

Yours truly,

Patricia A. Gallucci

Could you return the slides when are able.

CITIZENS FOR GALLUCCI (Mrs. Michael A. Gallucci)
P. O. Box 24623, Los Angeles, CA 90024
476-1814 · ~~472-3713~~

THE WHITE HOUSE

WASHINGTON

March 5, 1982

Dear Frank:

Congratulations on becoming a full-time White House correspondent of the Sacramento Union.

I look forward to seeing and visiting with you in the office in the near future.

Sincerely,

MICHAEL K. DEAVER
Assistant to the President
Deputy Chief of Staff

Mr. Frank van der Linden
5312 Blackistone Road
Bethesda, Maryland 20816

FRANK VAN DER LINDEN
5312 BLACKISTONE ROAD
BETHESDA, MARYLAND 20816

Congrats

February 27, 1982

Mr. Michael Deaver
Deputy Chief of Staff
The White House
Washington, D. C. 20500

Dear Mike:

I'm happy to inform you that, effective immediately, I'm the full-time White House correspondent of the Sacramento Union.

Our publisher, Richard Mellon Scaife of Pittsburgh, strongly supports the President and intends to expand our coverage of Mr. Reagan and his programs.

In particular, I need to see you often on a background basis, for brief interviews, so that we can do our part in explaining the Reagan policies to the public.

I'll call your secretary and request a date for an early meeting at your convenience.

You were most helpful when I was writing my book, The Real Reagan, and, as you know, I'm gathering material for a book to define the Reagan presidency. I'm looking forward to a closer association with you.

With kindest personal regards, I am,

Sincerely,

Frank van der Linden

JOHN T. BUCHMAN
Box 2007, Olympic Valley, California 95730

March 5, 1982

Dear Caroline and Mike:

You could not have sent me anything that I prize more highly than the picture of the President and the cocktail glasses with the Presidential seal. Thank you so very much.

In spite of the weather, I hope you enjoyed Squaw as much as we enjoyed having the Deavers. We hope we can convert "Father" next year.

Sincerely,

John

Mr. and Mrs. Michael Deaver
The White House
Washington, D. C.

THE WHITE HOUSE

WASHINGTON

March 8, 1982

Dear Mr. Hart:

Thank you for your kind letter and copy of the poem, "Dealer's Choice."

I appreciate your thoughtfulness in sending it to me.

With best wishes,

Sincerely,

MICHAEL K. DEAVER
Assistant to the President
Deputy Chief of Staff

Mr. John R. Hart
12 Waltham Terrace
Blackrock
County Dublin, Ireland

Mr. Michael K. Deaver
Assistant to the President
The White House
Washington 25, D.C.

1 March 1982

Dear Michael Deaver,

You may or not be aware that President Reagan, in addition to his private letter which he sent to me last year, forwarded to me last month a copy of his Christmas message for 1981.

That Christmas message was one of the finest 'Seasonal'pieces of prose that I have yet to read and I don't care what time of the year it was sent - it was most appreciated. As my wife Nora said, "That sounds like something you would have written". What higher compliment can I pay? Only one: friends have suggested I should frame my private letter from the President. I have said, no, that it was a private letter which I am in fact keeping for my 6 year old son. The Christmas message, however, is so in keeping with my own views about that time of the year that I will in fact frame it so people can read it year around. My thanks to the President and I would be interested to know if he or one of his speech writers composed it (my own guess is that the President composed much of it from ideas tendered to him).

As you know it has beem my custom to send along a poem when it seems appropriate and im keeping with that eustom please find DEALER'S CHOICE which the President and his staff may enjoy. Im fact if I ever get back to the States it would be my natural hope to perform one or two of these poems at the White House (this would be in conjunction with the Yorkshire singer songwriter Mike Selway who I've performed my work with since 1974).

In any case I hope this letter finds you well, that the poem is enjoyed, and once again my sincere thanks for all the courtesy you have shown me in recent years.

Sincerely,

John Hart

12 Waltham Terrace
Blackrock
Co. Dublin, Ireland

THE WHITE HOUSE

WASHINGTON

March 8, 1982

Dear Senator Thurmond:

Thank you for your letter of February 12th urging support for the repeal of the Davis-Bacon Act.

As Ken Duberstein indicated in his recent response to your correspondence on this issue, your comments have been transmitted to the President's policy advisers for careful review and study. You may be assured that your views will continue to receive close attention.

Sincerely,

MICHAEL K. DEAVER
Assistant to the President
Deputy Chief of Staff

The Honorable Strom Thurmond
United States Senate
Washington, D.C. 20510

pcc: Ken Duberstein

DRAFT DRAFT DRAFT DRAFT

Dear Senator Thurmond:

Thank you for your letter of February 12 urging support for the repeal of the Davis-Bacon Act.

As Ken Duberstein indicated in his recent response to your correspondence on this issue, your comments have been transmitted to the President's policy advisers for careful review and study. You may be assured that your views will continue to receive close attention.

Sincerely,

Michael K. Deaver

The Honorable Strom Thurmond
United States Senate
Washington, DC 20510

cc: w/copy of inc, Gary Bauer - FYI

February 25, 1982

Dear Senator Thurmond:

This is to acknowledge and thank you for your recent letters to both the President and myself, urging Administration support for the repeal of the Davis-Bacon Act.

We appreciated hearing from you and receiving a copy of your speeches on this issue. I have brought your comments to the immediate attention of the President's policy advisers, and please be assured that every attention will be given to your views and suggestions regarding Davis-Bacon.

With best wishes,

Sincerely,

Kenneth M. Duberstein
Assistant to the President

The Honorable Strom Thurmond
United States Senate
Washington, D.C. 20510

cc: w/copy of inc, Gary Bauer (OPD) - for DRAFT response

cc: Pam Turner - FYI

WH RECORDS MANAGEMENT WILL RETAIN ORIGINAL INCOMING

KMD:CMP:ds--

KD

United States Senate

COMMITTEE ON ARMED SERVICES

WASHINGTON, D.C. 20510

February 12, 1982

Mr. Michael K. Deaver
Deputy Chief of Staff and
Assistant to the President
The White House
Washington, D.C. 20500

Dear Mr. Deaver:

The Davis Bacon Act should be repealed.

I am convinced that this law costs the American taxpayer several billion dollars each year.

I am convinced that this 50 year old statute discriminates against small, minority contractors who can't afford to pay Davis Bacon wages.

I know that the President has given assurances in the past that he will not seek repeal of the Davis Bacon Act. He has also pledged to get the Federal Government off the backs of the people. The Davis Bacon Act is the most onerous interference of the Federal Government into private enterprise that exists today. I have great difficulty in understanding why labor has picked the Davis Bacon Act to be sacrosanct.

I think it is important to note the recent Senate vote on a Davis Bacon waiver provision in the Military Construction Authorization Bill for FY 1982. Despite opposition from the current Administration, 42 Senators voted for the waiver provision. With Administration support, this Act could be stricken from the books with dispatch.

Recently I gave a series of speeches on the Senate Floor detailing the case for Davis Bacon repeal. I am attaching a copy of those speeches because I feel it makes the case against the Act.

I earnestly solicit your support to reopen the Davis Bacon issue within the Administration. The American people support repeal of the Davis Bacon Act.

Sincerely,

Strom Thurmond

Strom Thurmond

Attachment

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

GENERAL COUNSEL

March 8, 1982

Mr. Cliff Frazier
Let's Celebrate America, Inc.
505 8th Avenue
New York, New York 10018

Dear Mr. Frazier:

Mr. Deaver has asked me to respond to your letter concerning the Let's Celebrate America Campaign. Mr. Deaver appreciated your letter and the song enclosed with it.

In connection with Celebrate America, it may be helpful to you to have the dates of national patriotic observances. In addition to Independence Day, we will observe National Patriotism Week beginning March 15, Loyalty Day on May 1, Flag Day and National Flag Week beginning June 14 and Citizenship Day and Constitution Week beginning September 17.

Thank you for your letter and for sharing your views with us.

Sincerely,

Michael J. Horowitz
Counsel to the Director

cc: Mr. Michael K. Deaver
Assistant to the President
Deputy Chief of Staff

THE WHITE HOUSE

WASHINGTON

March 9, 1982

Dear Mr. Ambassador:

I am extremely pleased with the autographed photograph of His Majesty King Hussein. It is now proudly displayed in my White House office.

Thank you so much for your assistance in obtaining it for me.

Sincerely,

MICHAEL K. DEAVER
Assistant to the President
Deputy Chief of Staff

His Excellency
Abdul Hadi Majali
Embassy of Jordan
2319 Wyoming Avenue
Washington, D.C. 20008

Thanks

The Ambassador of Jordan

January 25, 1982

Dear Mr. Deaver:

It is my pleasure to forward the enclosed photographed of His Majesty King Hussein which you requested.

I look forward to the pleasure of seeing you again in the near future.

With my highest regards and respects,

Yours sincerely,

Abdul Hadi Majali

Mr. Michael K. Deaver,
Assistant to the President
and Deputy Chief of Staff
The White House
Washington, D.C. 20500