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WHITE HOUSE  
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WORKSHEET

- ☐ X - MEDIA  
☐ H - INTERNAL

Name of Document: BRIEFING PAPERS FOR  
PRESIDENT'S SCHEDULED  
APPOINTMENTS FOR MAY 13 81

Subject: Meeting with a coalition  
of Democratic Senators to  
discuss the economic recovery  
legislation and the budget  
resolutions -

Subject Codes:

PR 007.01

EG 035.

PL 005.02

FI 010.

BE 004.

LE

FI 004.

ROUTE TO:

ACTION

DISPOSITION

| Office/Agency (Staff Name) | Action Code | Tracking Date YY/MM/DD | Type of Response | Completion Date YY/MM/DD |
|----------------------------|-------------|------------------------|------------------|--------------------------|
| RMMATT                     | RSZ         | / /                    |                  | / /                      |

Referral Note:

THE WHITE HOUSE

WASHINGTON

JCF  
UNPUBLISHED  
May 12, 1981  
5:00 pm

THE PRESIDENT'S SCHEDULE  
Wednesday, May 13, 1981

|                                 |                                      |                                                        |              |
|---------------------------------|--------------------------------------|--------------------------------------------------------|--------------|
| 9:00 am                         | <u>Staff Time</u>                    |                                                        | Oval Office  |
| (30 min)                        | ( <del>Baker</del> , Meese, Deaver)  |                                                        |              |
| 9:30 <sup>9:35</sup> am         | <u>National Security Briefing</u>    | BUSH, MURPHY<br>HALL, ALLEN, EM, JB, MKD               | Oval Office  |
| (30 min)                        | (Richard V. Allen)                   |                                                        |              |
| 10:00 <sup>10:02-10:19</sup> am | <u>Meeting with Secretary Block</u>  | JAMES, <del>EM</del> EM, BLOCK<br>MORZIGER, FRISCHMONT | Oval Office  |
| (15 min)                        | (Pendleton James)                    |                                                        |              |
| 10:15 <sup>10:23-11:00</sup> am | <u>Meeting with Select Group of</u>  |                                                        | Cabinet Room |
| (30 min)                        | <u>Democratic Senators</u>           | (TAB A)                                                |              |
|                                 | (Max Friedersdorf)                   |                                                        |              |
|                                 | Press Photo Opportunity at Beginning |                                                        |              |
| <del>10:45 am</del>             | <u>Personal Staff Time</u>           |                                                        | Oval Office  |
| <del>(15 min)</del>             |                                      |                                                        |              |
| 11:00 <sup>11:08</sup> am       | <u>Meeting with Pendleton James</u>  | EM, MKD                                                | Oval Office  |
| (30 min)                        |                                      |                                                        |              |
| Noon                            | <u>Meeting with Attorney General</u> |                                                        | Oval Office  |
| <del>(15 min)</del>             | <u>William French Smith</u>          |                                                        |              |
|                                 | (Michael Deaver)                     |                                                        |              |
|                                 | <u>(12:15 - 12:20)</u>               |                                                        |              |
| 12:30 pm                        | <u>Return to Residence</u>           |                                                        |              |

CALL: SEN. DOMINICANI & BAKER

# THE WHITE HOUSE

WASHINGTON

May 11, 1981

## MEETING WITH A COALITION OF MODERATE TO CONSERVATIVE SENATE DEMOCRATS

DATE: Wednesday, May 13, 1981

LOCATION: The Cabinet Room

TIME: 10:15 a.m. (30 minutes)

THRU: Max L. Friedersdorf *M.L.F.*

FROM: Powell A. Moore *P.A.M.*

### I. PURPOSE

To encourage support of moderate to conservative Democrats in the Senate for the Administration's program and to comply with a request from this group to meet with the President.

### II. BACKGROUND

A group of twelve Senate Democrats, mostly Southerners, have recently informally organized with the intent of working as a coalition to develop positions and alternative directions for the Democrats in the Senate. Their organization is an outgrowth of some dissatisfaction with the direction of the Democratic Party and the Democratic leadership in the Senate. This group is the Senate counterpart to the Stenholm Group in the House.

The Senators in this group have been supportive of the Administration's position on budget reductions and have supplied the Administration with key support at crucial times during the course of consideration of the Reconciliation Resolution and the 1982 Concurrent Budget Resolution. However, they have been more difficult to convince in terms of our tax program and have recently proposed their own tax cut that they believe will provide greater encouragement to capital formation. Elements of their proposal are as follows:

1. Expand tax exemptions for income derived from savings and investment.
2. Reduce taxes on capital gain.
3. Senator Long's proposal on stock ownership by employees.
4. Reduce maximum tax on investment income from 70 percent to 50 percent.

5. Reduce tax rates on inheritance.
6. Eliminate marriage penalty.
7. Reduce corporate tax rates particularly on small businesses.

More recently, they have been developing a position to deal with crime in the United States and they would like to share their views on this subject.

The informal leaders of this group are Senator David Boren of Oklahoma and Senator Sam Nunn of Georgia. Boren is on the Finance Committee and his primary interest is tax policy. He is likely to lead the group in matters relating to taxes and spending. Senator Nunn's interests are defense and crime, having established a three year record on criminal activities in the United States as chairman of the Investigation Subcommittee of the Senate Government Affairs Committee. He is currently the ranking minority member of that subcommittee.

A meeting with this group was proposed by the Legislative Affairs Office only a few weeks after the Inauguration. Senator Boren made a specific request for this meeting shortly before they unveiled their tax program. Senator Nunn called last week requesting a meeting for this group in order to share with the President their crime program and this is the primary objective of this meeting.

### III. PARTICIPANTS

~~The President~~  
~~The Vice President~~  
~~Attorney General Smith~~  
Senator Russell Long of Louisiana  
Senator Ernest Hollings of South Carolina  
Senator Lloyd Bentsen of Texas  
Senator Sam Nunn of Georgia  
Senator Dennis DeConcini of Arizona  
Senator James Exon of Nebraska  
Senator Howell Heflin of Alabama  
Senator Bennett Johnston of Louisiana  
Senator David Pryor of Arkansas  
Senator David Boren of Oklahoma  
Senator Lawton Chiles of Florida  
Senator John Stennis of Mississippi  
Senator Harry Byrd of Virginia

#### Staff

Edwin Meese  
~~James Baker~~  
Mike Deaver  
Richard Allen  
Martin Anderson

Max Friedersdorf  
Powell Moore  
Larry Speakes  
Norman Ture of Treasury  
Dennis Thomas of Treasury  
Ed Harper of OMB  
Jonna Lynn Cullen of OMB  
Dave Swanson  
Pam Turner  
Sherrie Cooksey *Janna Small*

IV. PRESS PLAN

Photo opportunity at the beginning of the meeting. Press availability on the driveway after the meeting.

V. SEQUENCE OF EVENTS

- A. The ~~Senators~~ and Administration officials gather in the Cabinet Room.
- B. The President enters at 10:15 a.m.
- C. Meeting adjourns at 10:45 a.m.

Attachment: Talking Points

SUGGESTED TALKING POINTS FOR MEETING WITH  
A COALITION OF MODERATE TO CONSERVATIVE  
SENATE DEMOCRATS

- Extend a welcome to the group and point out that as a former Democrat, you feel at home in this company.
- You may want to quip that when you were calling undecided members of the House about the Gramm-Latta substitute, you found many Democrats much more agreeable than many Republicans with whom you talked.
- Thank them for their support on crucial votes when the reconciliation resolution and the budget resolution were before the Senate.
- Mention that you had hoped to have a meeting with this group much earlier, but the unfortunate circumstances of March 30th prevented it.
- State that you look forward to receiving their crime proposals, but would first like to comment on their tax proposal. You have promised to propose a second tax bill and many of the elements of their plan will undoubtedly be in your second proposal. Urge them to support you on your simplified initial plan to relieve the tax burden on individuals and you will work cooperatively with them later on a second plan.
- Point out that you are as concerned as they are about deficits, but you agree with John Kennedy's statement that "an economy stifled by restrictive tax rates will never produce enough revenues to balance the budget." A tax rate of almost a third

of the earnings of a middle income family is restrictive.

(If no tax reduction is enacted, median income tax levels will reach 32 percent in 1984.)

- Point out that since they want to talk about criminal justice matters that you have asked the Attorney General to be present to hear their comments. Since the discussion is likely to turn to the main topic of the day, the budget and taxes, the Secretary of Treasury and the Director of OMB were invited to be present, but Regan is testifying on the tax package before the Senate Finance Committee and Stockman is before the Appropriations Committee. Other representatives of Treasury and OMB are here to listen.
- Open the meeting for discussion.



THE WHITE HOUSE

WASHINGTON

May 13, 1981

MEMORANDUM TO THE PRESIDENT

FROM: MAX L. FRIEDERSDORF *m.6.*  
SUBJECT: MEETING WITH DEMOCRATIC SENATORS TODAY

Eleven of the thirteen Democratic senators meeting with you this morning supported the budget resolution when it passed the Senate last night by a vote of 78-20.

The following senators voted with you:

Russell Long (La.)  
Lloyd Bentsen (Texas)  
Sam Nunn (Ga.)  
Dennis DeConcini (Ariz.)  
Howell Heflin (Ala.)  
Bennett Johnston (La.)  
David Pryor (Ark.)  
David Boren (Okla.)  
Lawton Chiles (Fla.)  
John Stennis (Miss.)  
Harry Byrd (Va.)

The following senators voted in opposition:

Ernest Hollings (S.C.)  
J.J. Exon (Neb.)

With regard to Hollings, he supports the President's budget reduction fully, but has trouble with Kemp-Roth.