Collection: Roberts, John G.: Files
Folder Title: JGR/Presidential Remarks, [Statements, & Addresses] (06/20/1985-08/31/1985)
Box: 41

THE WHITE HOUSE

WASHINGTON

June 20, 1985

MEMORANDUM FOR BEN ELLIOTT
DEPUTY ASSISTANT TO THE PRESIDENT
AND DIRECTOR OF SPEECHWRITING

FROM: JOHN G. ROBERTS, JR.
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Insert for Address to International Lions Club - Dallas

Counsel's office has reviewed the above-referenced proposed insert, and finds no objection to it from a legal perspective. In line 9, "never" should be deleted (it appears in the next line). In the second line of the third paragraph, "and" should be deleted. In the last line on page 1, "what" should be inserted between "of" and "President."

Finally, I am concerned that the last sentence could be misinterpreted, since the phrase "let us put this incident behind us" is often used to the effect of "forget about it." I would substitute "let us resolve this matter now" or "those holding them should free the hostages now" or something along those lines.

cc: David Chew

ID # CU

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING

☐ H - INTERNAL

☐ I - INCOMING

Date Correspondence Received (YY/MM/DD) __ / __ / __

Name of Correspondent: Dave Chew

☐ **MI Mail Report** **User Codes:** (A) ______ (B) ______ (C) ______

Subject: Insert for address to international Lions Club - Dallas

ROUTE TO: Office/Agency (Staff Name)	ACTION: Action Code	ACTION: Tracking Date YY/MM/DD	DISPOSITION: Type of Response	DISPOSITION: Code	DISPOSITION: Completion Date YY/MM/DD
CUHOLL	ORIGINATOR	85/06/20			/ /
	Referral Note:				
CUAT18	R	85/06/20		S	85/06/20 3pm
	Referral Note:				
		/ /			/ /
	Referral Note:				
		/ /			/ /
	Referral Note:				
		/ /			/ /
	Referral Note:				

ACTION CODES:

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure
- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

DISPOSITION CODES:

- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

FOR OUTGOING CORRESPONDENCE:

Type of Response = Initials of Signer
Code = "A"
Completion Date = Date of Outgoing

Comments:

Keep this worksheet attached to the original incoming letter.
Send all routing updates to Central Reference (Room 75, OEOB).
Always return completed correspondence record to Central Files.
Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

Document No. ____________

WHITE HOUSE STAFFING MEMORANDUM

DATE: 6/20/85 ACTION/CONCURRENCE/COMMENT DUE BY: 3:00 P.M. TODAY

SUBJECT: INSERT FOR ADDRESS TO INTERNATIONAL LIONS CLUB - DALLAS

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT			LACY		
REGAN		✓	McFARLANE	✓	
STOCKMAN			OGLESBY	✓	
BUCHANAN	✓		ROLLINS	✓	
CHAVEZ	✓		RYAN		
CHEW	P	✓ SS	SPEAKES		✓
DANIELS			SPRINKEL		
FIELDING	✓		SVAHN	✓	
FRIEDERSDORF	✓		TUTTLE		
HENKEL	✓		ELLIOTT		✓
HICKEY					
HICKS					
KINGON	✓				

REMARKS:

Attached is an insert for tomorrow's address to the Lions Club, which cover the recent international events. Please provide any edits directly to Ben Elliott by 3:00 p.m. today, with an information copy to my office. Thank you.

RESPONSE:

David L. Chew
Staff Secretary
Ext. 2702

(Rohrabacher)
June 20, 1095
draft

PRESIDENTIAL ADDRESS: INSERT FOR INTERNATIONAL LIONS CLUB CONVENTION
DALLAS, TEXAS
FRIDAY, JUNE 21, 1985

(To be inserted after third full paragraph on page 9)

In the last few days it has become ever more clear that the criminal threat to civilization is no mere domestic problem. In El Salvador three young men, Marines in civilian clothes, along with other customers of a sidewalk cafe, were gunned down. What we are talking about is wanton murder. These killers and the other members of their Communist death squads, may believe the goal of Marxist paradise justifies this bloodshed and the other acts of grizzly inhumanity they are perpetrating on the people of Central America. Well, I can promise them this, they never will never succeed in their dirty game.

In Beruit Americans are held hostage, innocent travelers being brutally victimized over a matter that has nothing to do with them and little to do with their country. We consider this abduction of our citizens and the murder of an unarmed and defenseless American sailor as an attack on the United States.

We have awesome weapons of destruction available to us, yet because we value human life and we hestiate to unleash our power. We will continue to act with restraint and do our best to end this crisis without further loss of life. But let no one doubt our resolve. Those who have committed this crime should be aware of the truth of President Theordore Roosvelt observed, "The

American people are slow to wrath, but when their wrath is once kindled it burns like a consuming flame."

Our patience will not last forever. For everyone's sake let us put this incident behind us.

THE WHITE HOUSE

WASHINGTON

June 24, 1985

MEMORANDUM FOR BEN ELLIOTT
DEPUTY ASSISTANT TO THE PRESIDENT
DIRECTOR, PRESIDENTIAL SPEECHWRITING

FROM: JOHN G. ROBERTS
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Remarks: Dropby Briefing for State and Local Officials

Counsel's Office has reviewed the above-referenced remarks, and finds no objection to them from a legal perspective.

cc: David L. Chew

ID # ______________ CU

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING
☐ H - INTERNAL
☐ I - INCOMING
Date Correspondence Received (YY/MM/DD) ___/___/___

Name of Correspondent: Dave Chew

☐ **MI Mail Report** **User Codes:** (A) ________ (B) ________ (C) ________

Subject: Remarks: Dropby briefing for State and Local officials

ROUTE TO: ACTION DISPOSITION

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
CUHOLL	ORIGINATOR	85/06/24			/ /
	Referral Note:				
CUAT 18	R	85/06/24		S	85/06/25 12N
	Referral Note:				
		/ /			/ /
	Referral Note:				
		/ /			/ /
	Referral Note:				
		/ /			/ /
	Referral Note:				

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5/81

Document No. ____________

WHITE HOUSE STAFFING MEMORANDUM

DATE: 6/24/85 **ACTION/CONCURRENCE/COMMENT DUE BY:** NOON TOMORROW, 6/25

SUBJECT: REMARKS: DROPBY BRIEFING FOR STATE AND LOCAL OFFICIALS (6/24 - 9:30 am draft)

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	LACY	☐	☐
REGAN	☐	✓	McFARLANE	☐	☐
STOCKMAN	✓	☐	OGLESBY	✓	☐
BUCHANAN	✓	☐	ROLLINS	✓	☐
CHAVEZ	☐	☐	RYAN	✓	☐
CHEW	☐P	✓SS	SPEAKES	☐	✓
DANIELS	✓	☐	SPRINKEL	✓	☐
FIELDING	✓	☐	SVAHN	✓	☐
FRIEDERSDORF	✓	☐	TUTTLE	☐	☐
HENKEL	✓	☐	ELLIOTT	☐	✓
HICKEY	☐	☐	______	☐	☐
HICKS	☐	☐	______	☐	☐
KINGON	✓	☐	______	☐	☐

REMARKS:

Please provide any edits directly to Ben Elliott by noon tomorrow, June 25th with an information copy to my office. Thank you.

RESPONSE:

1985 JUN 24 AM 11: 04

David L. Chew
Staff Secretary
Ext. 2702

(Robinson/Gilder/BE)
June 24, 1985
9:30 a.m.

Received S S
'85 JUN 24 P3:49

PRESIDENTIAL REMARKS: DROPBY BRIEFING FOR STATE AND LOCAL OFFICIALS
THURSDAY, JUNE 27, 1985

Good afternoon and welcome to the White House. It's an honor to welcome here today so many Governors, State Legislators and officeholders, Mayors, and local officials. Sometimes I can't help thinking of people like you as emissaries from the real world -- that great land that lies beyond the Potomac, where a special interest is a hobby like fishing and a lobbyist is someone who hangs around in hotels.

Now, I know that you've already been briefed on a number of specific aspects of our tax proposal -- a plan that I like to call the Fair Share Tax Plan. Permit me, then, to give you an overview of why I believe this plan is so important and how it will affect you in those very difficult jobs that you have to perform in your States and localities.

When the income tax first became law back in 1913, the tax code ran to 30 pages. Today, it runs to 33 volumes, longer than the Encyclopedia Britannica, and takes up 12 feet of shelf space. The complexity itself is staggering. But worse is the unfairness, the simple injustice, that such complexity engenders. You just know that with a tax code that complicated, there are going to be accountants and lawyers who know how to make it work to their advantage and to the advantage of their clients -- and that ordinary Americans who can't afford such high-paid professional help will end up paying for it with higher taxes.

When it comes to fairness, one man's loophole is another man's noose.

Many Americans -- individuals and families -- paid more in taxes last year than the gigantic corporations they work for. And well-to-do individuals are able to take so-called "educational" ocean luxury cruises or attend "business conferences" that enable them to work on their golf game -- and write it all off in expenses. Now, I'm certainly not against big business or businessmen. These are the people who provide many of our jobs and create much of America's wealth. What I am against is the unfair tax system that allows them to take perfectly legal deductions that, by virtually any standards of fairness, are ludicrous.

The key idea in our proposal is that by ironing out the complexities and closing unfair loopholes -- by making everyone pay their fair share -- we can make the system more equitable and dramatically lower marginal tax rates without a loss in revenue. Lower marginal rates -- for both individuals and corporations -- will mean a greater reward for work, saving, and risk-taking; more efficient use of scarce capital; and a stronger and healthier economy. In other words, our Fair Share Tax Plan is also a pro-growth tax plan.

Another key component of our proposal is to provide America's families with a long-overdue break by practically doubling the personal exemption. The Children's Defense Fund called this provision "a giant step toward providing working-poor families with children desperately needed Federal tax relief."

Indeed, our plan would drop virtually every poor family in America off the tax rolls altogether, and a working family with two or three children would likely pay no more than 5 cents of income tax on each dollar it earns, well into the $25 to $30,000 range.

Now, I know that many are concerned about our proposed elimination of the State and local tax deduction. Well, the first point to make here is an argument for fairness. Only about one in four itemize their deductions and get the benefit of this deduction and, in the words of Congressman Pete Stark, there is "no good reason" for a preference that gives the wealthiest one taxpayer in three a rebate on local taxes, while his less fortunate neighbors pay a full dollar locally, plus higher Federal taxes in order to fund that rebate.

Recently, too, I heard some good news from my home State of California. Now, California is generally considered one of the high tax States and, so according to the prevailing wisdom, would have most to lose from the loss of deductibility. The Los Angeles Times reported, however, that the State Franchise Tax Board has completed a study finding that California would dramatically benefit under the Fair Share Tax Plan.

In the end, all America will benefit from this fairer, pro-growth tax plan. In the words of Democratic Governor Michael Dukakis of Massachusetts, "If my taxpayers are better off -- particularly my middle-income taxpayers are better off -- under this plan . . . that's really the issue, isn't it?"

Lower tax rates, doubling the personal exemption, an end to loopholes -- it all adds up to fairness, more growth, more jobs, and renewed hope for our future. And my friends, isn't that why we're all in Government in the first place?

Thank you, and God bless you all.

THE WHITE HOUSE

WASHINGTON

August 21, 1985

MEMORANDUM FOR PEGGY NOONAN
SPECIAL ASSISTANT TO THE PRESIDENT
FOR PRESIDENTIAL SPEECHWRITING

FROM: JOHN G. ROBERTS
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Remarks: Santa-Cali-Gon Days Celebration

Counsel's Office has reviewed the above-referenced draft remarks.

I would rephrase lines 4-5 on page 3. Our goal is not to have the rich carry the burden, while sparing the typical family, but rather to have each carry a fair share. You could change "do the rich carry the burden, and the typical family is spared?" to "does everyone pay a fair share?"

A more serious problem is presented by the first full paragraph on page 4. The remarks focus too much on a particular tax shelter solicitation. I appreciate the rhetorical value of a concrete example, but in this case the President's criticism presents legal difficulties. If the described solicitation is illegal -- and a 52-1 write-off would certainly attract the attention of IRS agents and Justice attorneys -- the President's remarks would prejudice, perhaps irreparably, any potential criminal prosecution of the promoters or participants. If the solicitation is not illegal, but acceptable under the Tax Code, the promoters would have a legitimate gripe about such disparaging remarks from the President, gripes that could, in this commercial context, even result in litigation. (In this context I would note that the comment in the last line on page 3 -- "it's all perfectly legal" -- should be changed to "many perfectly legal." Many shelter schemes are not legal, and the IRS and the Department of Justice are constantly investigating and prosecuting promoters of those that are not.)

The paragraph could be change to something along these lines: "The advertisements promise huge tax write-offs in exchange for limited investments. The promises are possible because the investments are so awful, running large depreciable losses. The greater the loss, the greater the write-off, so the advertisements go on and on about what a bad investment they have to offer! They tell you how much money you can lose, on paper, if you'll only invest now." I recognize that the "punch" of the paragraph will be slightly weaker, but we will not have to worry about a legal counter-punch.

On page 5, line 15, I assume "Ilikeitbutts" should be "Ilikeitbuts."

cc: David L. Chew

ID # ______________ CU

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

☐ **O - OUTGOING**
☐ **H - INTERNAL**
☐ **I - INCOMING**
Date Correspondence Received (YY/MM/DD) __ / __ / __

Name of Correspondent: D. Crew

☐ **MI Mail Report** **User Codes: (A)** ______ **(B)** ______ **(C)** ______

Subject: Remarks: Santa-Cali-Don Days Celebration

ROUTE TO: ACTION DISPOSITION

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
CUHall	ORIGINATOR	85,08,20			/ /
Referral Note:					
CUAT 18	R	85,08,20		S	85,08,21 10 am
Referral Note:					
		/ /			/ /
Referral Note:					
		/ /			/ /
Referral Note:					
		/ /			/ /
Referral Note:					

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WHITE HOUSE STAFFING MEMORANDUM

DATE: 8/20/85 **ACTION/CONCURRENCE/COMMENT DUE BY:** 10:00 a.m. 8/21/85

SUBJECT: REMARKS: Santa-Cali-Gon Days Celebration

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	LACY	☐	☐
REGAN	☑	☐	McFARLANE	☐	☑
WRIGHT	☑	☐	OGLESBY	☑	☐
BUCHANAN	☑	☐	ROLLINS	☑	☐
CHAVEZ	☑	☐	RYAN	☐	☐
CHEW	☐ P	☑ SS	SPEAKES	☐	☐
DANIELS	☐	☐	SPRINKEL	☑	☐
FIELDING	☑	☐	SVAHN	☑	☐
FRIEDERSDORF	☑	☐	THOMAS	☑	☐
HENKEL	☐	☐	TUTTLE	☐	☐
HICKEY	☐	☐	NOONAN	☐	☑
HICKS	☐	☐	____	☐	☐
KINGON	☑	☐	____	☐	☐

REMARKS: Please give your comments/recommendations to Peggy Noonan by 10:00 a.m. Wednesday, August 21st. Thanks.

1985 AUG 20 PM 2:04

RESPONSE:

David L. Chew
Staff Secretary
Ext. 2702

Received SS 1985 AUG 20 PM 1:55

(Noonan/PJB)
August 20, 1985
1:00 p.m.

PRESIDENTIAL REMARKS: SANTA-CALI-GON DAYS CELEBRATION
INDEPENDENCE, MISSOURI
MONDAY, SEPTEMBER 2, 1985

Thank you very much. It's wonderful to be in Independence for this Labor Day celebration. I'm especially pleased to be here for the 13th annual Santa-Cali-Gon Days celebration.

I was born in the Midwest some time back. Not that long ago. There's no truth to the rumor I waved goodbye to the Donner Party. But the trails we remember today were still being used up until near the turn of the century, and when I was born the tales of the pioneers and what they went through were still close to our experience. To this day you can see the wheel ruts of the trails. Out in the fields in Idaho you can still bend down and touch the tracks left by the covered wagons that travelled the Oregon Trail. Here in Independence you can go by the points where the Santa Fe, California, and Oregon trails began. So none of this is far from our experience, and the spirit that won the West is still, in my opinion, very much with us in this country. Which is lucky, because we have great challenges ahead of us, and we're going to need it.

Now this is the first time I've really been out on the stump since I was in the hospital, and I missed it. I miss my hecklers. (Oh there you are. Hi, how are you?)

I want to talk today, briefly, about tax reform. You haven't been hearing too much about that subject lately. Part of the reason is that I was out of action for a while, and part is that tax reform has a lot of enemies among the elites, the people who have a vested interest in the status quo, and they weren't about to bring it up.

But...I'm back, I'm rarin' to go, and I'm up for the battle -- and tax reform is not only back on the agenda, it is the agenda, and the battle has only just begun. In fact, when I think of all the good people who've pleaded with the Federal Government for years to reform our tax structure, I'm reminded of a recent movie. And in the spirit of "Rambo", let me tell you: We're gonna win this time.

Now I'll be very direct about what I think of our current tax structure. I think it's unfair, unworkable, and unproductive. It is a system that yields great amounts of revenues, but even greater amounts of discontent, disorder and disobedience. I have gone throughout the country the past year asking people if they think the current system is fair or productive and not once has anyone ever stood up and said it is. (Except for my heckler, and he's a tax lawyer.)

Our current tax system is anti-family: it gives a measly little deduction of a thousand dollars for each dependent. And it's only a thousand because our administration raised it!

The current system is an assault on personal improvement and effort: it taxes you at such high rates when you work overtime that the harder you work, the smaller the share of your income you take home.

Our current tax law is anti-growth: it discourages enterprise, and it discourages productive investment. Our current tax law is unfair: it clobbers people who don't have three tax lawyers to look after their interests. It's supposedly progressive -- meaning the very rich are supposed to pay a greater percentage than, say, the typical middle class family. Does it work out that way -- do the rich carry the burden, and the typical family is spared? ?

Recently we asked the Treasury Department to do a study on the taxes paid by the very rich. They got the facts and gave us the picture. It was not a pretty sight.

In the year 1983 there were 260,000 persons who had incomes above a quarter of a million dollars a year. Less than half paid 20 percent or more of their income in taxes. That's a substantial amount. But what about the rest? A lot of them paid a pittance in taxes. Almost two thousand of them paid nothing at all.

There were 28 thousand people who made a million dollars or more in 1983. More than 300 of them didn't pay a dime in taxes. More than 3,000 of them paid less than 5 percent.

Treasury added it all up. And they found that 17,000 taxpayers whose income was anywhere from a quarter million dollars a year to millions and millions of dollars a year -- 17,000 of these people paid taxes of no more than $6,272 apiece on their earnings. I want you to know that $6,272 happens to be the average tax paid by a family of four that takes in $45,000 a year.

Now, this ought to be shocking. But it's not. We all know the score. There are shelters to hide in, loopholes to get lost in, and it's all perfectly legal, and if you've got the wherewithal to look for places to hide your money, you'll find 'em. I've been collecting advertisements for the hiding places.

Here's a letter from a securities firm telling its clients to get in on a partnership put together to raise capital to build a big office building back east. It's a great letter. It starts out, "A 52 to 1 write-off for 1984!" It goes on to promise a $41,000 tax write-off for a limited partnership that costs $795. It explains how this is possible: depreciable losses are running 3-1/2 million a month, and the losses for November alone look like they'll be terrific! I'm serious, this letter goes on and on about what a bad investment this building is, and how much money you can lose, on paper, if you'll only invest now. 7

We're all familiar with stories like this. We've all heard about legal scams being worked by people who don't want to pay their fair share. And we all know that it's the middle class that gets stuck paying most of the bills.

We all agree that the current system is bad. And yet, we've never quite reformed it. Why? One reason is good. There is, built into the American temperament, a good healthy skepticism. People hear politicians promise to make their lives better, and they nod and listen politely and think: How they gonna hurt me now? And this isn't an unreasonable response. The American people have been hurt by generation after generation of elected officials who promised better and delivered worse.

Another reason we haven't changed the tax structure is that in a sprawling democracy like ours it's hard for us to unite over anything but the most dramatic circumstances. And our current tax structure isn't dramatic, like a murder -- it's more like a daily mugging. We've learned to live with it.

But the biggest reason we haven't changed the tax structure is that change has been resisted at every point -- and is being resisted today -- by the vested interests, the elites, the people who profit from the status quo. Organizations that enjoy special tax advantages -- special interests, various professionals who are doing just fine, thank you, under a system that's sinking the middle class. There's a whole slew of people and lobbying groups who share a kind of Self Righteous Self Interest -- and they're all well represented in Washington. And they're not dumb. They never say, "We're against tax reform because <u>we're</u> in fat city". They say, "I like it, but...we can't lose state and local deductibility." Or, "I like it, but...I don't like the capital gains part." And all I can say to the "Ilikeitbutts" is: our ? tax reform bill isn't for the <u>special</u> interests, it's for the <u>general</u> interest.

I've gotten tons of mail on this issue and I wish you could see it, because you'd be moved and impressed by the honesty and the sophistication of those who've written. A fellow from Littleton, Colorado wrote to say, "I will earn over $115,000 this year as an executive for [a large corporation], and because I am an 'expert' at working the existing tax code I will pay less taxes than my secretary who earns one fifth of myself." He says he'd be a fool not to shelter his income -- but he hates the unfairness of the system -- and he's sure our country would be better off with a fairer tax code.

I got a letter from a cleaning woman in Austin, Texas who said she makes $10,000 a year and pays $2,000 in taxes. She thinks it's too much, and she's right, and she has hopes tax reform will lower her bill, and she's right, it will.

I heard from a lawyer in Philadelphia. Now, I know what they say about Philadelphia lawyers but you'll like this one. He says, "I'm truly one of the favored few" -- a wealthy man who has used real estate tax shelters to avoid paying federal taxes. He said, "It is right for me to take advantage of the laws, but I must say it is wrong for this country to subsidize those of us who are truly wealthy and pay no federal income tax."

So many of the letters reflected a a truly selfless interest in the health of our country. A wonderful fellow down in Kerriville, Texas, wrote in support of our tax reform plan. He said, "I certainly am sympathetic to the difficulty in getting a proposal that would satisfy most of the taxpayers...I am one of the so-called wealthy persons who will be affected to some degree adversely by the bill. Nevertheless, I thoroughly concur that it's vital to the integrity of our government to have a tax code that is perceived to be more fair and equitable and uncomplicated."

Now there's something wonderful and very American about the letters. So many people who would be helped by tax reform assumed they wouldn't be -- but they wrote to support it anyway, because they thought the other fellow would be helped.

And all I can say is, I'm glad for their support but most people <u>will</u> be helped by tax reform. Most will pay a smaller tax bill. The middle class will be helped, first by the increase in the personal exemption from just over a thousand dollars a year to a more reasonable $2,000. If you take a family of four, that means $8,000 is untaxed because of exemptions, and another $4,000 is untaxed because of the standard deduction, which we are raising to $4,000. So in all, that family of four will find the first $12,000 it takes in won't be taxed at all.

We've broken down the whole confusing welter of ever-escalating tax rates to three rates -- 15, 25, and 35 percent. So marginal tax rates -- the tax rate on your overtime -- won't clobber you.

We're going to keep the deductions that speak directly to how Americans live their lives -- the mortgage interest deduction on the house you live in, and a deduction on charitable contributions and medical expenses. But the silly and unproductive tax shelters, from chinchilla farms to oil wells that pump mud -- they're out, they're history, they're gone.

And I want to note here that we've just received a report from Congress, from the House, which is controlled as you know by the Democratic Party. The House Select Committee on Children, Youth and Families has called our tax reform plan the most "pro-family" of the proposals before Congress. They said it is fair to low-income working families, fair to large families, single-parent families, and average-income families. That sounds like a pretty fair appraisal to me.

Under our plan, the rich will pay their fair some justice into the system. The corporations will pay their fair share -- they'll have to pay a minimum tax. Businessmen and businesswomen will still take their clients out to dine -- but the entertainment deduction is going to be sharply reduced. We conservatives always said there's no such thing as a free lunch -- now we're out to prove it.

What we're trying to do is take a bright hot torch to the whole hornet's nest of current tax law. We want to burn it away, tear it down, start new and start clean. I spoke before of the healthy scepticism of the American people, and I respect it, but I tell you today: If tax reform didn't bear within it the promise of more justice, more equity for every American I would never support it. You can view me as a politician and that's fine with me and all I'll add is that I've reached the height of American politics and there are no more campaigns for me, no more offices to be won. A second term President is about the only animal in the political jungle who can afford to do nothing but look out for the interests of the American people. And that's what I'm doing. And I need your support.

Will you help me? Will you write your Congresswoman or Congressman? Will you write your Senators? With your help there's nothing we can't accomplish. Without it, there's nothing we can do. You're everything in this battle. And that's fitting, because this battle's for you. And I promise: We're gonna win this time. 7

Thank you, God bless you. And may I just add quickly here. I've been thinking about Harry Truman. I remember when he took a step toward targeting tax reductions to help the poor and those in lower income groups. And I'm proud to appear in his hometown and talk about tax reform. I just figure we're taking another step toward financial independence in Independence. I think he'd be proud.

Thank you all.

THE WHITE HOUSE

WASHINGTON

August 22, 1985

MEMORANDUM FOR PEGGY NOONAN
SPECIAL ASSISTANT TO THE PRESIDENT
FOR PRESIDENTIAL SPEECHWRITING

FROM: JOHN G. ROBERTS JGR
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Presidential Remarks: Santa-Cali-Gon Days Celebration (Revised Draft)

Counsel's Office has reviewed the revised draft of the above-referenced remarks. The changes made in what is now the third paragraph on page 4 do not adequately respond to the concerns raised in my memorandum on the previously circulated draft. The discussion in that paragraph remains too focused on a particular shelter solicitation. As I explained previously, this presents the potential for adverse legal consequences, either in the context of possible prosecution of the shelter promoters or IRS rulings on the particular shelter, or in the context of grievances from the promoters for commercial losses.

In the revised draft, references to the details of the particular shelter -- 50-to-1 write-off, $41,000 write-off for an $800 investment, depreciable losses of $3-½ million per month, large losses for November -- all serve to identify the particular shelter. To avoid this potentially serious problem, the second and third sentences of the paragraph could be changed to "They'll promise huge write-offs for one tax year, for a limited investment. They'll tell you of large depreciable losses, and promise even greater losses in the future."

cc: David L. Chew

ID # CU

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING
☐ H - INTERNAL
☐ I - INCOMING
Date Correspondence Received (YY/MM/DD) / /

Name of Correspondent: D. Chew

☐ **MI Mail Report** **User Codes: (A)** **(B)** **(C)**

Subject: Pres. Remarks: Santa-Cali-Gon Days Celebration

ROUTE TO: **ACTION** **DISPOSITION**

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
CUHALL	ORIGINATOR	85,08,21			/ /
	Referral Note:				
CUAT 18	R	85,08,21		S	85,08,22 10am
	Referral Note:				
		/ /			/ /
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	Referral Note:				

ACTION CODES:
A - Appropriate Action
C - Comment/Recommendation
D - Draft Response
F - Furnish Fact Sheet to be used as Enclosure
I - Info Copy Only/No Action Necessary
R - Direct Reply w/Copy
S - For Signature
X - Interim Reply

DISPOSITION CODES:
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B - Non-Special Referral
C - Completed
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Type of Response = Initials of Signer
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WHITE HOUSE STAFFING MEMORANDUM

DATE: 8/21/85 ACTION/CONCURRENCE/COMMENT DUE BY: 10:00 am, Thurs., 8/22/85

SUBJECT: PRESIDENTIAL REMARKS: SANTA-CALI-GON DAYS CELEBRATION
(August 21, 1:00 pm draft)

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	LACY	☐	☐
REGAN	☑	☐	McFARLANE	☐	☑
WRIGHT	☑	☐	OGLESBY	☑	☐
BUCHANAN	☑	☐	ROLLINS	☑	☐
CHAVEZ	☑	☐	RYAN	☐	☐
CHEW	☐P	☑SS	SPEAKES	☐	☑
DANIELS	☑	☐	SPRINKEL	☑	☐
FIELDING	☑	☐	SVAHN	☑	☐
FRIEDERSDORF	☑	☐	THOMAS	☑	☐
HENKEL	☑	☐	TUTTLE	☐	☐
HICKEY	☐	☐	NOONAN	☐	☑
HICKS	☐	☐	____	☐	☐
KINGON	☑	☐	____	☐	☐

REMARKS:
Please submit your comments, recommendations, edits directly to Peggy Noonan by 10:00 am tomorrow and provide my office with an info copy. Thank you.

RESPONSE:

1985 AUG 21 PM 5: 02

David L. Chew
Staff Secretary
Ext. 2702

(Noonan/PJB)
August 21, 1985
1:00 p.m.

Received SS
AUG 21 P2:33

PRESIDENTIAL REMARKS: SANTA-CALI-GON DAYS CELEBRATION
INDEPENDENCE, MISSOURI
MONDAY, SEPTEMBER 2, 1985

Thank you very much. It's wonderful to be in Independence for this Labor Day celebration. I'm especially pleased to be here for the 13th annual Santa-Cali-Gon Days celebration.

I was born in the Midwest some time back. Not that long ago. There's no truth to the rumor I waved goodbye to the Donner Party. But the trails we remember today were still being used up until near the turn of the century, and when I was born the tales of the pioneers and what they went through were still close to our experience. To this day you can see the wheel ruts of the trails baked into the Earth in Idaho and Kansas. Here in Independence you can go by the points where the Santa Fe, California, and Oregon trails began. So none of this is far from our experience, and the spirit that won the West is still, in my opinion, very much with us in this country. Which is lucky, because we have great challenges ahead of us, and we're going to need it.

Now this is the first time I've really been out on the stump since I was in the hospital, and I missed it. I miss my hecklers. (Oh there you are. Hi, how are you?)

I want to talk today, briefly, about tax reform. And I wanted to do it in Truman Country, this is where I wanted to be this Labor Day, because Harry Truman cared about the working people of this country, and that's who tax reform is going to benefit most.

Now, tax reform has its enemies, especially among the elites, the people who have a vested interest in the status quo. They just hate it when we talk about reform, and they loved it the past few weeks when I was resting up.

But...I'm back, I'm rarin' to go, and I'm up for the battle -- and the battle has only just begun. In fact, when I think of all the good people who've pleaded with the Federal Government for years to reform our tax structure, I'm reminded of a recent movie. And in the spirit of "Rambo", let me tell you: We're gonna win this time.

Now I've been thinking about ways to sum up exactly how disgusted I am by our current tax structure. And I read a little story Harry Truman once told when he rejected a bit of bad policy. One day he votoed a bill, and he said, "I intended to veto it all along. In fact, I feel like the blacksmith on the Missouri jury. The judge asked if he was prejudiced against the defendant. 'Oh no, Judge,' he said. 'I think we ought to give him a fair trial. Then I think we ought to take the s.o.b. out and string him up.'"

Well, let me tell you why we ought to take our current tax system out and string it up. It's unfair, unworkable, and unproductive. It is a system that yields great amounts of revenues, but even greater amounts of discontent, disorder and disobedience. I have gone throughout the country the past year asking people if they think the current system is fair or productive and not once has anyone ever stood up and said it is. (Except for my heckler, and he's a tax lawyer.)

Our current tax system is anti-family: it gives a measly little deduction of just over a thousand dollars for each dependent.

The current system is an assault on personal improvement and effort: it taxes you at such high rates when you work overtime that the harder you work, the smaller the share of your income you take home.

Our current tax law is anti-growth: it discourages enterprise, and it discourages productive investment. Our current tax law is unfair: it clobbers people who don't have three tax lawyers to look after their interests. It's supposedly progressive -- meaning the very rich are supposed to pay a greater percentage than, say, the typical middle class family. Does it work out that way -- do the rich carry the brunt of the burden, and the typical family is spared?

Recently the Treasury Department completed a study on the taxes paid by the very rich. They got the facts and gave us the picture. It was not a pretty sight.

In the year 1983 there were 260,000 persons who had incomes above a quarter of a million dollars a year. Less than half paid their fair share in taxes. The rest? A lot of them paid a pittance in taxes. Almost 30,000 of them paid virtually nothing at all. Let me ask you: do you think that's fair?

There were 28,000 people who made a million dollars or more in 1983. More than 300 of them didn't pay a dime in taxes. Do you think that's fair? There were 3,000 of them who paid less than 5 percent. Do you think <u>that's</u> fair?

Treasury added it all up. And they found that 17,000 taxpayers whose income was anywhere from a quarter million dollars a year to millions and millions of dollars a year -- 17,000 of these people paid taxes of less than $6,272 apiece on their earnings. I want you to know that $6,272 happens to be the tax paid by a typical family of four that takes in $45,000 a year.

Now, all of this ought to be shocking. But it's not. We all know the score. There are shelters to hide in, loopholes to get lost in, and it's all perfectly legal, and if you've got the wherewithal to look for places to hide your money, you'll find 'em.

It's not unusual for a securities firm, say, to advise its clients to get in on a partnership to raise capital to build a big office building. They'll promise something like a 50-to-1 write-off for one tax year -- a $41,000 tax write-off for a limited partnership that costs $800. They'll tell you depreciable losses are running $3-1/2 million a month, and the losses for November alone look like they'll be terrific! I'm serious, we've got firms that go on and on about what terrible losing investments they have for their most favored clients. They're selling phony losses for phony deductions -- and it's usually perfectly legal.

We're all familiar with stories like this, with legal scams being worked by people who don't want to pay their fair share. And we all know that it's the middle class that gets stuck paying most of the bills.

We all know that the current system is bad. And yet, we've never quite reformed it. Why? One reason is good. There is, built into the American temperament, a good healthy skepticism. People hear politicians promise to make their lives better, and they nod and listen politely and think: How they gonna hurt me now? And this isn't an unreasonable response. The American people _have_ been hurt by generation after generation of elected officials who promised better and delivered worse.

Another reason we haven't changed the tax structure is that in a sprawling democracy like ours it's hard for us to unite over anything but the most dramatic circumstances. And our current tax structure isn't dramatic, like a murder -- it's more like a daily mugging. We've learned to live with it.

But the biggest reason we haven't changed the tax structure is that change has been resisted at every point -- and is being resisted today -- by the vested interests, the elites, the people who profit from the status quo. Organizations that enjoy special tax advantages -- special interests, various professionals who are doing just fine, thank you, under a system that's sinking the middle class. There's a whole slew of people and lobbying groups who share a kind of Self Righteous Self Interest -- and they're all well-represented in Washington. And they're not dumb. They never say, "We're against tax reform because _we're_ in fat city". They say, "I like it, but...we can't lose State and local deductibility." Or, "I like it, but...I don't like the capital gains part." And all I can say to the "Ilikeitbutts" is: our tax reform bill isn't for the <u>special</u> interests, it's for the <u>general</u> interest.

And I'm here to declare to the special interests what they already know, and what they hope you won't find out: Our tax reform program is a good deal for the American people and a big step toward economic power for people who've been denied power for generations.

We have just received a report from Congress, from the House, which is controlled as you know by the Democratic Party. The House Select Committee on Children, Youth and Families has called our tax reform plan the most "pro-family" of the proposals before Congress. They said it is fair to low-income working families, fair to large families, single-parent families, and average-income families. That sounds like a pretty fair appraisal to me.

Under our plan the middle class will be helped by the increase in the personal exemption from just over a thousand dollars a year to a more reasonable $2,000. If you take a family of four, that means $8,000 is untaxed because of exemptions, and another $4,000 is untaxed because of the standard deduction, which we are raising to $4,000. So in all, that family of four will find the first $12,000 it takes in won't be taxed at all.

We've broken down the whole confusing welter of ever-escalating tax rates to three rates -- 15, 25, and 35 percent. So marginal tax rates -- the tax rate on your overtime -- won't clobber you.

We're going to keep the deductions that speak directly to how Americans live their lives -- the mortgage interest deduction on the house you live in, and a deduction on charitable contributions and medical expenses. But the silly and unproductive tax shelters, from chinchilla farms to windmill farms -- they're out, they're history, they're gone.

Under our plan, the rich will pay their fair share -- and no more. We're not out to punish success, we just want to inject some justice into the system. The corporations will pay their fair share -- they'll have to pay a minimum tax. Businessmen and businesswomen will still take their clients out to dine -- but the entertainment deduction is going to be sharply reduced. We conservatives always said there's no such thing as a free lunch -- now we're out to prove it.

What we're trying to do is take a bright hot torch to the whole hornet's nest of current tax law. We want to burn it away, tear it down, start new and start clean. I spoke before of the healthy skepticism of the American people, and I respect it, but I tell you today: If tax reform didn't bear within it the promise of more justice, more equity for every American I would never support it. You can view me as a politician and that's fine with me and all I'll add is that I've reached the height of American politics and there are no more campaigns for me, no more offices to be won. A second term President is about the only animal in the political jungle who can afford to do nothing but look out for the interests of the American people. And that's what I'm doing. And I need your support.

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Thank you, God bless you. And may I just add quickly here. As I said, I've been thinking a lot about Harry Truman. I remember when he took a step toward targeting tax reductions to help the poor and those in lower income groups. I'm proud to appear in his hometown and talk about tax reform. I'm proud to talk about the good deal in the home of the father of the Fair Deal. I just figure we're taking another step toward financial independence in Independence. I think he'd be pleased.

Thank you all.