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ANNA C. CHENNAULT
PRESIDENT

Telex 64513
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June 13, 1984

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

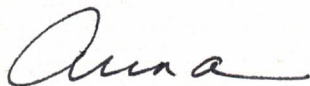
Dear Mike:

Just a note to tell you how much we appreciate all you have done for President and Mrs. Reagan on their trip to China and their recent trip to Europe. Most of the comments I have heard from all levels have been positive and encouraging. I know all these trips require a great deal of not only planning, but research in order to provide the President the opportunity to do the right things at the right time.

You are to be congratulated for a job well done. As one of the early supporters of President Reagan, I feel more comfortable that you have been the major architect for many of his important visits at home and abroad. More important is knowing you are always close by to advise our President.

I look forward to seeing you and Carolyn again soon.

Best regards,



Anna Chennault



INFORMATION TECHNOLOGIES INC.
7850 EAST EVANS ROAD
SCOTTSDALE, ARIZONA 85260
PHONE (602) 998-1033

Will

June 11, 1984

Hon. Michael K. Deaver
The White House
Washington, D.C. 20500

Dear Mike:

Good move bringing in Doug Watts. I saw him grow in his understanding of the use of media and he will, if he is not already, be one of the best.

I was thinking about 1970. We did not think Jesse would do as well as he did, but if the end result is the same this year as it was then, that's OK. But I would hate to see us lose the Senate and that might be the fall out.

Why am I telling you that?

Amazing things are happening in my life. For thirty years I have been living with a very major problem that God has helped me solve.

I look forward to telling you about it some day. It will explain alot.

Keep the faith. My best to Carolyn.

As Ever,

Will
William H. Best



United States Department of State

Washington, D.C. 20520

JUN 15 1984

MEMORANDUM

TO: Distribution List A

FROM: S/LPD - Otto J. Reich *OR*

SUBJECT: Press Reports on Attempt on
Eden Pastora's Life

Almost immediately after the assassination attempt on Eden Pastora's life, which resulted in the deaths of several innocent persons, the Government of Nicaragua accused the U.S. Government of responsibility. Such a baseless accusation is not worthy of response, but I thought you might be interested in some news items which point in a different direction--the possible involvement of a terrorist "hit squad" or individual working on behalf of the GRN or another terrorist entity.

This is for your own use and is not an official document, but there are many "coincidences" in the train of events surrounding the attempt which the international press is now reporting (and some which it still has not) which you may find interesting and useful in private conversations.

THE WHITE HOUSE

WASHINGTON

June 15, 1984

File

MEMORANDUM FOR MICHAEL K. DEEVER

FROM: FAITH RYAN WHITTLESEY *FRW*

SUBJECT: Material on Central America

The attached items may be of interest, particularly Eden Pastora's plea for help from the U.S. made before the assassination attempt.

Also attached is Steadman Fagoth's plea on behalf of MISURA and copies of his correspondence with Senator Kennedy.

Miami

Interview by Tomas Regalado, News director for WRHC with Eden Pastora from Panama by phone on May 24th 1984.

After denying all rumors that he was going to Havana to talk to the cubans, saying that he is killing cubans..Pastora said..

"It is not true that the Managua regime is sandinista, the regime is communist and only communist..sandinismo is totally oppose to communism, because communism is internationalist and sandinismo is nationalistic, sandinismo is democratic and communism is totalitarian, sandinismo is religious and communism does not believe in God, let us not to be confuse..I am not going to abandon the fight, but I need help, I need bullets, bullets, bullets..thats all.. We only have 80 rounds of ammunitions for each combatant, and this is forcing us to stop fighting as we were.

In another part of the interview Commander Cero said..

"Plans vary according to our needs, when the logistic is very small as it is now, then we fight less as a guerrilla group, but we will never, never leave Nicaragua, but if we get support, then we will have Managua under siege in few months., but we will always fight...my message to the american people is... is that we want to tell them about our thinking..communism is a problem in Nicaragua, but we have another problem a current thinking by some americans to create conditions for the americans to participate directly in our conflict We tell the americans dont come to Nicaragua to fight our war, please help us the nicaraguans to fight our war and with their help we will solve our problem This is the problem ~~with~~ we have now..the possibility of an invasion..we dont want this specially when we can do it if only we get their help.

United States Senate

WASHINGTON, D.C. 20510

May 31, 1984

Mr. Steadman Faggoth
MISURA
Washington, D.C.

Dear Mr. Faggoth:

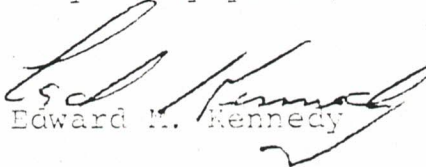
On Friday, May 25, 1984, Senators Durenberger, Kassebaum and I heard testimony from three residents of the town of Sumubila in northeastern Nicaragua. They described a raid on their town that occurred on April 17, 1984. According to their reports, seven people were killed, fifteen were wounded and thirty-nine people were kidnapped.

It is our understanding and belief that this raid was carried out by paramilitary forces under the command and control of MISURA.

The purpose of this letter is to request information as to the whereabouts of the people who were kidnapped by MISURA from Sumubila and to ask that they be permitted to return to their hometown immediately.

I am enclosing a list of those individuals from Sumubila who were kidnapped, and I would respectfully request a response from you at the earliest possible moment.

Very truly yours,


Edward M. Kennedy

INDIVIDUALS KIDNAPPED FROM SUMUBILA IN APRIL 17, 1984 RAID

- CELIA ORTEGA	17 AÑOS	BILWASKARMA
- DINATRI TOLEDO	20 AÑOS	"
- ABERCIO QUANT	20 AÑOS	"
- JUAN PATTERSON	28 AÑOS	"
- ADELINA COLEMAN	30 AÑOS	"
- AVELINO COX MEDENRA	38 AÑOS	"
- RAMONDO JONAS	24 AÑOS	"
- ELMER PEDRICK	19 AÑOS	"
- ADELIA NUTH	15 AÑOS	"
- RICARDO COLEMAN	17 AÑOS	"
- PALACIO CELESTINO	22 AÑOS	"
- EDUARDO COLEMAN	27 AÑOS	"
- JOAS DOUGLAS	23 AÑOS	"
- ELMER PEDRICK		
- DANIEL DOUGLAS	23 AÑOS	"
- RAMANDO LOPEZ	19 AÑOS	"
- TOMAS SALINAS RODRIGUEZ		
- RAUL DAVIS,		
- CRISTINA DE MIRANDA,		
- PEDRO JOSE MIRANDA,		
- ELENA SANSON	18 AÑOS	SAKLIN.
- CARLOS SANCHEZ	19 AÑOS	"
- ROBERTO VALLE	29 AÑOS	"
- JOHNNY GRAAN	30 AÑOS	"
- JORGE IBARRA	60 AÑOS	"
- EVARISTO CHICO	22 AÑOS	"
- GONZALO SIMON	22 AÑOS	"
- MERCEDES THOMAS	20 AÑOS	"
- ENILIO SOARES	45 AÑOS	"
- GONZALO PAIZ	25 AÑOS	"
- DIEGO SABALLOS	25 AÑOS	SAN CARLOS.
- SOLIS LOPEZ	26 AÑOS	SAKLIN
- DIXON RIOS	23 AÑOS	SAKLIN
- BERNARDO FRANKLIN	27 AÑOS	"
- GREGORIO OCTAVIO	28 AÑOS	"
- ALFONSO PADILLA	29 AÑOS	UIWAS
- LEOPOLDO CUPER	30 AÑOS	"
- AYKEL SELSTON	27 AÑOS	"
- PRAYMIL KITTLE (ACEM)	23 AÑOS	SAN CARLOS

June 8, 1984

Mr. Edward Kennedy
United States Senate
Washington, D.C.

Dear Sir:

In response to your letter dated May 31, 1984 where we are accused by you of killing seven people, wounding fifteen, and thirty nine kidnapped, we, the Miskito Nation wish to express our disbelief in your accusations and our consternation and great surprise that a Senator of your stature, a leader who has tried to follow on his two brothers step, can, with total false unverified information reach such unfounded conclusions.

We publicly invite you to physically accompany me next week or at your convenience to visit the exact location where they are within Nicaraguan territory, to meet with each and every one of those you claim we have kidnapped. Furthermore, you will be also able to find out their political ideology and the reasons they had when they did what they did in SUMUBILA. We also invite you Sir to visit with our mutilated indians, our invalid and share with us a plate of food as part of our hospitality, convince that your deep sense of human rights will certainly make you a different Senator after this trip.

We are waiting your reply Senator.

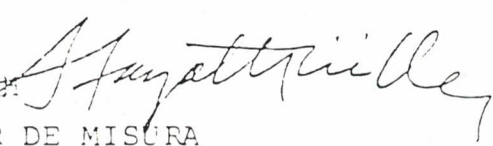
Very Truly Yours,

Stedman Fagoth
Jefe Estado Mayor
"MISURA"



I CAME TO THE UNITED STATES REPRESENTING MY NATION, THE MISKITO INDIAN NATION, TO ACCUSED PUBLICLY CERTAIN LIBERAL US CONGRESSMEN AND SENATOR WHO VOTED AGAINST THE CONTINUITY OF ASSISTANCE TO THE NICARAGUAN CONTRAS. THIS ASSISTANCE, NECESSARY TO PREVENT AN OLOCAUST ON THE MISKITO NATION BY THE SANDINISTA GOVERNMENT WAS VETOED RECENTLY. HOWEVER, I TRAVELED TO WASHINGTON AND THROUGH THE GOOD EFFORT OF STATE REPRESENTATIVE JENKINGS FROM LOUISIANA AND OTHERS I WAS ABLE TO MEET WITH AN INUMERABLE AMOUNT OF DEMOCRATIC AND REPUBLICAN REPRESENTATIVES IN WASHINGTON. THEIR TOTAL RECOGNITION OF REAL SITUATION AFTER HOURS OF PRIVATE MEETINGS, CERTAINLY TO MY NATION, TODAY, IS OF GREAT ENCOURAGEMENT.

OUR FAITH IN THIS GREAT NATION HAS BEEN RENOVATED, OUR NEW UNDERSTANDING OF US DEMOCRATIC CONGRESIONAL SYSTEM AND OF THEIR NEW UNDERSTANDING OF THE NICARAGUAN SITUATION WILL CONTRIBUTE TO INCREASE UNITED STATES INTERNATIONAL LEADERSHIP IMAGE THROUGHT POSITIVE CONGRESIONAL ACTION, AND TO THEM, WE THE MISKITO NATION SAY, WE SHALL SURVIVE, TO THE AMERICAN PUBLIC WE SAY - "PUNYA UNA NICARAGUA LIBRE" TO THE UNITED STATES CONGRESS WE SAY, OUR DESTINY AS AN NATION IN EXTINTION IS IN YOUR FORTHCOMING VOTE.

STEDMAN FAGGETT 
JEFE ESTADO MAYOR DE MISURA



Mrs. Lorene M. Hoyle
308 Prairie Ave. RR 1 Box 158
Kinsley, KS 67547

Please take time to read my
letter. Thank you
Mrs. L M HOYLE

Will

Dear Mr. Deaver

I will try and write you now. Sir "Keep up
the good work". I wish we had more men
standing proper around like you. We do need
to see some one get tough and help stop these
Illegal Aliens coming across the border. They
are sick and carry disease and are a threat
to America. I say it is not fair to let the
America families go without and let these Mexico
Illegal Aliens come across the border and rob the
the 74 payers of Billions of dollars spend in there.
Home towns. You see our schools & funds at them.
robbing the Education system. You see them robbing
taking away America jobs from the America
Citizen. all so the Welfare food stamp and Social
Security System are being robbed. I say. Go ahead and
put a program out to stop Illegal Aliens. but we
have some police and sheriffs here in Kansas that
caught Illegal Aliens and let them go. I say they should
be finger printed before sent back to Mexico.
this way you could tell if you sent them back
before and look at the 74 dollars they take out at

2
the United States, only to build up these States
"Oh" yes we have Congressmen in Congress who are
up talking for the danger and threats Illegal Aliens
Cause and do more harm than Good, so I say the
time has come to put a stop to let's Cuba and
Mexico send their spy's and smugglers across the
border. You see Sir there are drug people who use
these Illegal aliens to do their dirty work for
them, some say it is Corrupt, Torture and yes
Violent, they pay them to do their dirty work and
help them to get back across the border, so Sir
these people know it is against the law of
our United States to break a rule, and yes any one
doing so should be punish, it is like a child that
is to be ask to go to school, but never goes and
they have to be punish. I see it is this way
with law breaking, "Sir" may don't Congress want
to up for every American Citizens rights, and I say
no Church should be in on this Illegal aliens
Bill, for it is a State problem not a Church
problem, Catholic and every church should stay out
of it, for it is wrong to bring on let Illegal Aliens

invade America and walk all over the American
 Citizens and Take away jobs, Welfare food stamps
 and Social Security checks, it is up to Mexico to
 Take care of these people in their State, so
 I say ask Mexico to help keep their own people
 in their own State, but we have to many Judges
 Lawyers Sheriffs police go out and yes FBI
 and every agent around that should be doing a better
 job by stoping wantig Criminals ^{to} invade America and
 the jails. No wonder we have a problem here in
 Kansas with over loaded jails, because some of
 these illegal aliens should be sent back to Mexico
 here they belong in their jails not America jails. I
 wish some of you would tell Governor John Carlin
 this, he is a big spender of we 74 payers dollars,
 as you know Carlin and wife went to China, and our people
 have all ready been there and had a talk with them,
 and now the people here that Carlin should have
 not went on 74 payers dollars, we feel it was a
 waste of 74 payers dollar for him to make this
 trip, when our president had all ready been there, him
 and Hlickson are big spenders with we the 74 payers

dollars but being a Congress as Glickman
 is, and add the time speaking at saving our State
 7 of paper dollars. he and Carlson sure have to
 spend it on their selves, I hope we see a
 Republican run against Glickman and Kassenbaum
 both. they have hurt our State bad, with there
 big spending with the 7 of paper dollars they have
 not tried to save the 7 of paper but double our taxes,
 but Mr. Deane do not let Congress work there
 selves out at setting this Ikego alive Bill free
 for some one needs to be punish for doing crimes
 here in America. I say pass Tough rules but also
 the drinking on the high ways to indogen likes
 as you know some times it is the drunk who always
 comes out at a accident a life. but you are doing a
 Great Job all as our President. I am so glad you
 passed a Bill to try and prove runaways, young
 people, but I blame this on parent's who let little
 children roam for there selves all day by there selves,
 way mother work. Some do not have to but just
 what to get away from the house and children. I still
 say ER a is wrong and it is going to tear up home

Children and families and ERA needs to be stops
before it tears up more homes with little children
and we will see more run away and these little
children need their mothers, don't parents care
for these children. I guess you think me writing
this way is silly at me, but I am very concerned
at what is going to happen tomorrow, are we going
to see our America run by Communist, but what I
say is truth and nothing but the truth, please
help keep Congress Tip & Weiler from destroying our
United States Glickman and Kennedy to, but we do need
to see something done and fast, to stop illegal
Alien coming into America and destroying
the America program^s that is supposed to be
for every America Citizens so let each one work
for a better program here in America and save the
America Tax payers billions of dollars, I will have
to close for now and caught my game. So
Thank you and "Keep up the good work"

"Thank You"

Sincerely

Mrs. Levene M. Hoxie

Dear Mr. Deaver:

6/15/84

If anyone defeats the President in the next election, it will be because of the dumb things done by the Republicans, like the action stated in the enclosed article.

Some more wasted funds for the rich ex. presidents not one of whom is deserving. One, a convicted or confessed felon; another who was never elected and already has a big federal pension, and a 3rd who practically ruined this country financially by his actions.

Why should the President even care about this issue? Is it to preserve his take?

This just gives ammunition to those who claim that he talks economy, but spends big.

Well, count me out for any financial assistance. Who the hell really cares about these men who think they deserve to live like royalty. Richard Ahera

High-level pressure keeps ex-presidents' benefits intact

WASHINGTON (AP) — Under the combined weight of opposition from President Reagan and former Presidents Jimmy Carter and Gerald Ford, Senate Republican leaders have apparently shelved a bill that would sharply trim benefits for ex-presidents.

Crying foul, sponsors William V. Roth, R-Del., and Lawton Chiles, D-Fla. said their bill was quietly "pulled" from the Senate agenda at the request of the Reagan administration.

The legislation, approved by the Senate Governmental Affairs Committee 8 to 1 in March and awaiting final action, would place new restrictions on the size of presidential libraries and reduce staff allowances for ex-presidents from the current \$300,000 to \$200,000 over nine years.

It would also end Secret Service protection for former presidents and their families after eight years. Former presidents who used government staffers to help them prepare their memoirs would have to have the memoirs printed by the government and any profits turned over to the treasury.

Although the administration has no direct power to delay legislation, it was able to block action on the legislation by appealing to Republican leaders to keep the bill from coming to a vote.

Roth, who is chairman of the Governmental Affairs Committee, complained that the bill for round-the-clock protection of ex-presidents and their families, for maintaining seven presidential libraries and for paying office and travel expenses has risen from \$64,000 in 1955 to \$27 million this year.

PRESERVATION COPY

NORTHWEST LANDMARK CORPORATION

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Washington, D.C. 20005

Telephone (202) 682-7328

HAL DRONEN
General Counsel

June 14, 1984



Mr. Michael Deaver
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. Deaver:

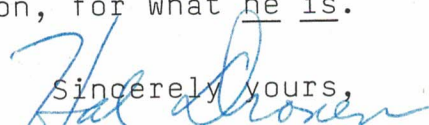
During the President's recent visit to Europe, I was very moved by his representation of the American people. As he was preparing to leave for Washington again, some television journalists were discussing the trip and characterizing it as a series of "media events". One commented that the several events before television cameras -- which I thought superb -- were "Mike Deaver shows".

It is now several days since I heard those comments and they continue to disturb me. Over the past three years I have spent many hours engaged in a personal study of the history of social decline. This depressing subject is not without a bright side as well, and the connection between your outstanding work for the President and the nation will be clear in the next paragraph.

The definitive study of decline was done in this century by Arnold Toynbee whose works have been published in a multi-volumed series, an abridged three-volume publication and in a one-volume condensed version with elaborate and colorful illustrations. Since the President is increasing the focus of his attention on the issue of this decline, it is of great interest that the decay process and the restorative process have already been so thoroughly and splendidly documented. The central role of authentic ceremony in the restorative process is simply and delightfully explained in the short book by Professor Cox of the Harvard Divinity School entitled "The Feast of Fools". Hence, this material will prove to you that there are no "Mike Deaver shows", but instead, under the leadership of the President and with your central support, authentic ceremonies of unity and healing long absent from the land. The people loved Franklin Roosevelt for what they thought he could do for them. They love President Reagan, in the manner of Lincoln and Washington, for what he is.

cc: Mr. Larry Speakes
Mr. Edwin Meese III

Sincerely yours,



Napa, June 9th 1984

File

Dear Mr. Deaver,

I owe you a BIG
apology for not having been able to
write to you a month ago immediately
by after I received the three
beautiful pictures of the President,
addressed to each one of my children.
They were so thrilled!

We deeply appreciate
and thank you for your doing so.

I take the opportunity
to invite you to visit our Winery
whenever you are in the area. Please
let us know.

We will treasure for ever our
souvenirs of our wonderful evening
at the White House.

I take the liberty to send
you, this same date, a set of
wine related posters to share with
your children.

Truly yours,
Helie Portet

Olivier Portet

Paula

Thank you, Mr. Beaver. ♥

Nathalie
Portet



EMBASSY OF THE
UNITED STATES OF AMERICA
LONDON

File

June 11

Dear Mike:

Thank you again for all
your help on the OECD job.
I am delighted and look forward
to the challenge.

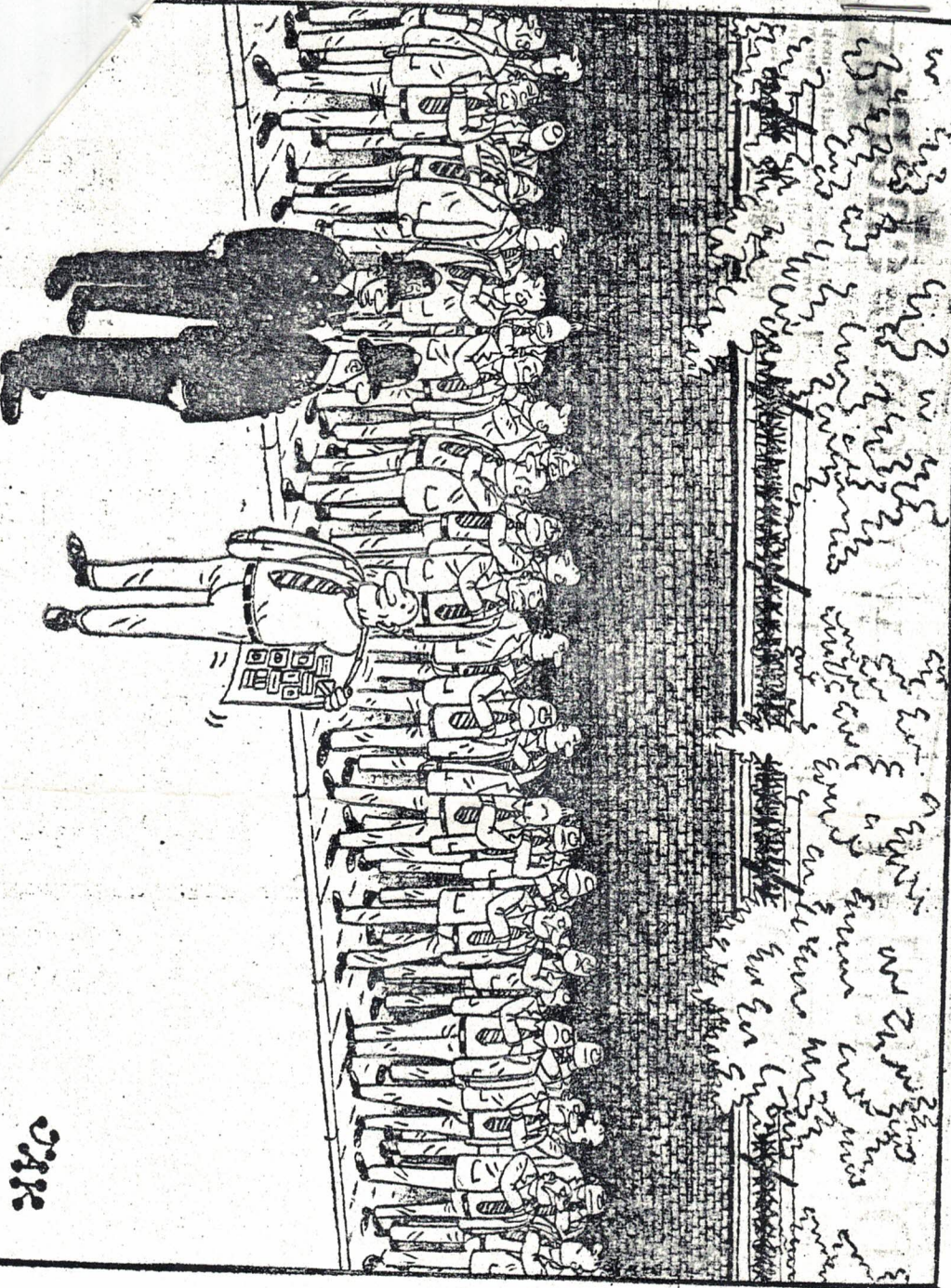
It was good to see you
again; I especially enjoyed lunch.

Attached is a souvenir of
your conversation with Sir Robert.

Regards,

Ed Shearman

五



PLEASE TYPE

FROM: Ann DeLuca

5/10/84

OFFICE: MKDeaver

Room No. WW Ext. 6475

TO: LOESJE EDWARDS
X7610 OE08 94

TO: Seely and Cathy Lucas

MESSAGE: WBW - RR

PHOTO: Official

DB/

sent
6/19/84

Can you pls get
me an autographed
pic of RR to
Seely and Cathy
Lucas and send
it along with other
photos to David
Berkely. Thanks.

DB/

Can you pls get
me an autographed
pic of RR Jo
Seely and Cathy
Lucas and send
it along with other
photos to David
Burkely. Thanks

Ann - 5/10
Would you
mind getting
mko would
like ASAP.
Thanks for
your help.
DB

Serge Farcasan
#105 - 14 Assiniboine Drive
Saskatoon, Saskatchewan
S7K 1H2 Canada
(306) 652-4849

Mr. Michael K. Deaver
Deputy White House Chief of Staff
The White House

June 13, 1984

Dear Sir:

There's no doubt that the President's advisers are flooded with free advice. If one suggestion in a million happens to be usable it hardly has a chance to trickle up.

I took the liberty of addressing this one to more than one assistant. A few more concrete suggestions have been addressed to Mr. Wirthlin. They all refer to the fast way to score points in the Perception War about "arms control" and to displace the Russians and the Democrats from an apparent highground in this regard before November.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'S Farcasan', with a stylized flourish.

Serge Farcasan

Serge Farcasan
#105 - 14 Assiniboine Drive
Saskatoon, Saskatchewan
S7K 1H2 Canada
(306) 652-4849

The President
The White House

June 13, 1984

Mr. President:

Re: "Dammit, Pierre... I have said everything. What more could I do?"
(attributed to Ronald Reagan)

Before your staff has the time to classify this letter as pro or con and throw it, I hasten to say it's about what more the Reagan team could do to get the Russians back to the table or to put pressure if not blame where it lies when facing the freezattollahs in November.

The main reason why the Russians left negotiations is not having a slight cold, changing leaders, not making up their minds strategically.

The main reason lies in the stakes or hopes the so-called peace movement represents for them, whether they are right or wrong in their calculations. The Russians backed from an arms treaty in order not to DECAPITATE (Paul Nitze's expression, in Newsweek) the movement.

Instead of the old idea--to what extent the peaceniks carry the ball for Ivan--public opinion should be faced with a new one:

TO WHAT EXTENT THE UNILATERALISM OF THE PEACE MOVEMENT INDUCES THE RUSSIANS TO THINK THEY HAVE MORE TO WIN BY LEAVING THE TABLE and by feeding the movement with fear-producing signs of a "crisis."

(This is the only way they can make the affluent Western populations fight their governments with a general and permanent cause. The Russian communists came in power under the banner of immediate peace, the East Europeans under the banner of anti-fascism, the Asians through anti-colonialism, the Central Americas as anti-dictatorships; it is always non-marxist banners for enthroning communist dictatorships. Anti-nuclear is the only cause that can get parts of the satiated populations of the West to reach the stage of superorganized minorities determined to grab power by any means for the sake of a holy cause.)

The presidency cannot knock more at a closed door and cannot speak more in front of it: RATHER ADDRESS THE SO-CALLED PEACE MOVEMENTS NOT SO MUCH WITH BLAME (THE BLAME IS IMPLIED) BUT WITH A CHALLENGE FOR RESPONSIBILITY: "YOU DID IT, YOU HELP FIX IT, YOU FIND WAYS TO PRESSURE THE RUSSIANS."

ONE SHOULD STATE CLEARLY THAT IT IS UP TO THE PEACE MOVEMENTS TO TAKE AWAY FROM THE RUSSIANS THE CERTAINTY THAT THE PEACE MOVEMENTS WILL BLAME ONE SIDE ONLY, OR BOTH SIDES INDISCRIMINATELY, UNCONDITIONALLY, NO MATTER WHAT EACH SIDE DOES.

The presidency cannot be accused of shifting the blame or brushing off the administration responsibility if it asks the peace movements to make things clear strictly in what regards them, to make the Russians understand the Kremlin might start to get more flak than the Pentagon. This possibility, backed by only a few hesitant reactions from the

peaceniks, might smoke Chernenko out of the Kremlin, back to the table.

Some advisers could oppose this line by pointing out rightly the risk of inflating the importance of the peace movements. But one would admit their importance only to the extent they don't show themselves enslaved by the "past," able to shift pressure according to changing reality. If they lack this capacity and can't influence the Russians they are like the drunkard who looked for his watch not where he dropped it but where he had better light.

This new orientation will help the Reagan-Bush team to face Mondale or whomever not as an "official" side that bears the whole burden of the relationship with the Soviets. The team should take the issue out of the bilateral state-owned chessboard imagined by Kissinger-Nixon-Carter-Haig in their search for a "code" in dealing with the Russians. The fight is outside the chessboard, not limited to governments. Hence the signal-sending business might be owned more by Democrats and activists whose weight is overestimated by the Russians and less by an administration in whose effectiveness the Russians are daily led not to believe. The Soviets have been encouraged to hope they can win by betting on some "Moledale," on again getting a Carter-Mondale type of administration.

In conclusion, one should:

1. ... show that the Russians backed from an arms treaty in order not to "decapitate" the so-called peace movement; as Stalin, they might attach more importance to mass ideology than to the real dangers of a nuclear war;
2. ... challenge the peace movement to take such hopes away from the Russians and to "responsibly" treat each side according to the facts, not eternally stuck on one side unconditionally or on both indiscriminately;
3. ... scare the Russians with the feeling the administration will embark on a great program to consult the peace movements about how to pressure Ivan and to "turn" them;
4. ... not knock at Russian door, "Ivan, Ivan, open, the Democrats are coming!" but knock the moledales for giving the Russians the wrong signals and challenge the freezeniks to demonstrate to the Russians they're not unilateral.

Another problem would be to present the difficulties of verification and the consequences of a failure as vividly, as "artistically" as the leftists presented the ravages of a war. Many authors on the conservative side trust too much the magic of "hard facts." The administration had the merit to outshoot the Russians in speed and spectacularity of "arms control" proposals. Yet the crop of perceptions has not been proportionate to the facts. Factuality is good for dealing with a part of the electorate but cannot suffice when facing mass movements and the workings of the ideological mind. These need to be faced not only with facts, but also on their own imaginary-speculative ground. A new dimension is necessary in the actual Perception War.

Kindly excuse the abrupt tone. I read that any memo addressed to the Reagan team, in order to have a chance, must not exceed four points and two pages.

Yours sincerely,

Serge Farcasan

HOW TO GET THE RUSSIANS BACK TO THE TABLE
OR DISPENSE WITH NEEDING THEM BEFORE NOVEMBER

It should be clear by now that before November not one thing can be obtained directly from the Russians, unless it's harming security or reelection.

But one CAN make the Russians budge or one CAN dispense with needing a smile from them. This can be obtained with a number of quasi-official and carefully calculated moves toward the peace movement. These moves require four features:

1. They don't increase peacenik & dove importance, but shift blame.

They publicly confront the peace organizations with the fact that the Russians backed from an arms agreement in order not to "decapitate" (Nitze's word) the movement. The stake of provoking fear and turmoil and hurling the affluent non-revolutionary Western populations against their own governments now tempts the Kremlin more than nuclear parity, since the U.S.S.R. is still ahead in some regards and gets Congressional signals not to worry about the endurance of the U.S. effort. (So they left talks not for strategy alone, or because of RR "rhetoric," but mainly for the stake offered by the "movement.")

It is up to the peace organizations and individual militants to take this temptation away from the Russians and, for the sake of decreasing "nuclear" tension, to demonstrate the movement is not eternally committed to unilateralism regardless of how superpowers behave. Peace partisans are challenged to show they're not dummies, challenged to shift their pressure on the side not negotiating.

2. New moves don't lessen presidential image or allied coordination.

In China, the most beneficial aspect might have been the censoring of the President. This showed that the President spoke to the Chinese communists on HIS terms, not making allowances in a Nixon-Kissinger style, not disaffecting his natural constituency. The President or any other authority imposing enough to get wide coverage as representing the administration should address all organizations and persons committed to activity for a freeze etc., facing them with questions sharply focused by the realities of defence and asking them what they suggest or intend to do themselves in order to bring the Russians back.

3. New moves don't commit the U.S. to facts but aim at perceptions.

By "facts" we understand concrete proposals or decisions. THE FACTS HAVE NOT WORKED AND WILL NOT WORK IN THE WAR OF PERCEPTIONS, WHICH IS OF IDEOLOGICAL AND IMAGINARY NATURE. The administration outshot the Russians in arms proposals, but the crop of perceptions has been smaller than deserved, because perceptions cannot grow from facts alone. Even an overnight treaty would not change perceptions by itself. (Case in point: El Salvador. For years, loud cries asked for a trial of the nun killers. Even before the trial was finished, the outcries increased to demands about the Defense Minister, Casanova. Give them Casanova and they'll ask for Don Juan. We don't mean that asking for a trial or arms treaty is unreasonable. We mean that answering with facts is not enough and often not the main thing, as long as many perceptions are not faced on their own illusory-ideological ground.)

Until November, as a first step, one needs a change in style, from the assertive and factual to the interrogative.

4. MAIN POINT: MOVES MUST MAKE IVAN WORRY THE U.S. MIGHT
SET UP THE PEACE HOUNDS ON THE SOVIET TRAIL

- It is irrelevant if it can be done or not, as long as the Soviets fret about it.
- If they don't, they still might worry seeing that their policy compels the

administration to embark on an "institutional" long search where it hurts them.

- If they assess it's just another public policy commission, they won't move, but the administration will still register a direct win in perceptions.

A main method would be to poll--^x in a quasi-official way showing who does so--^x members picked at random in peace organizations and a number of their leaders, in Europe and the U.S. Along with questions worded to their satisfaction or confronting them with the nuclear dangers coming from an unreliable verification or freeze at today's situation, the leit motif should ask what they think they should or could do to bring the Russians back. Under the form of questions, the surveys should inventory many methods by which the "movements" ought to try to sensitize Ivan.

Survey or no survey, the answers will be bullhorned anyhow on the streets of Europe and the U.S., especially after the July Democratic convention. Some provocations abroad might try to demonstrate that the world has become "less safe." The peace movement doesn't depend so much on nuclear dangers as on good weather. Since summer is hard to preempt, a NATO-focused debate on how to pressure the Soviets for coming back might help to divert steam and channel it properly.

Mr. Wirthlin knows some polls are meant to influence more than ask. The hope is not so much to "turn" peaceniks as to worry Russians and show innovative administration.

A weapon one could brandish against Democrats (and Russians as well) would be the possibility of a referendum in 1985 on defense problems, this time one on the nation's (President's) terms. The leftist referenda didn't address real alternatives, being slanted for propaganda. A Reagan one would make doves worry about focusing.

By making the Left concentrate against surveys and some referendum the administration will partly deviate them from exploiting nuclear nightmares. However, part of their emotional weapons should be turned against them, especially in matters of verification: how can you know? would you take that risk? For instance, an 18-foot cruise missile can be contained in a bedroom, even in a small Soviet one, diagonally. The surface of the U.S.S.R. is 2.4 times larger than that of the U.S. If the nukes are so destructive, would you risk leaving three unchecked rooms, with no real deterrence?

As for the answers to the surveys, they need time to be incorporated in a long lasting program; along with hints about a referendum, dialogues, meetings and photo opportunities, they should share a few characteristics:

1. Not unrelated one to another, but identified as belonging to a declared consultation and elaboration program meant to continue after November. One can afford such a program now, since American morale and defense are beefed up.

2. Actions don't show weakness or wooing, but willingness to solve on acceptable terms. Visits of the Left, for instance, are made together with representatives of the Right. Openness doesn't mean lack of polemics.

3. Actions declare themselves part of a quest for shaping a long-lasting RR future concept. Not concrete proposals or Nixonian appeasement, but a great communicator approach based on public consultation. The public knows that Mr. Reagan doesn't affect to be a theoretician. Thus his effort to build a long-lasting legacy of the Reagan era--a peace and security legacy that every Republican or Democratic administration will have to consider in the future--will be better understood and appreciated as requiring time and being done the pragmatic way--by asking people.

4. The mass consultation program is done with the back to the Democratic candidates. They shout they have all the answers, so why bother them? However, the Mondale & Jackson theme that one can solve anything by rolling up one's sleeves and sweating it a bit with Ivan over the phone should be hinted at as not only demagogical, ignoring the whole range of experiences from Truman to Carter, but risky.

Every consultation and presentation made by the President, on his ground, about arms control, creates familiarity with the problem and exempts him from referring to it in the labors of a debate, at length, reiteration being easier and more effective.

880 Mandalay Avenue, Apt. 703 S
Clearwater Beach, Florida 33515

June 17/84

Dear Mr. Deaver -

The audacity of Mr. Regan
to stand in front of international financiers -
and tell them they are all wrong - and he is
right - is beyond belief.

Anyone who knows the first principles
of economics, knows there is a connection
between interest rates and deficits.

He should be put out to pasture.

One disgusted Republican -

(Mrs.) Dorothy L. Daggett

Reagan's voodoo at the summit

By **HOBART ROWEN**
Washington Post

WASHINGTON — At the recently concluded London summit, the British hosts provided participants with a kit of useful items — including a map, a souvenir medallion and a tie. When Secretary of State George P. Shultz came to a press conference wearing the tie, he was asked where he got it.

"Summit boodle!" he called out as he left the platform. But the way it was recorded in that noisy room, for all time in the official transcript, was: "Summit voodoo."

At worst, it was nothing more than Freudian slip by a stenographer whose memory retained the "voodoo economics" phrase once used by George Bush to describe candidate Reagan's 1980 economic program.

BUSH HAS long since purged himself of this heresy. But the apt designation carries on in the minds of Europeans and others who wonder how the Reagan administration can get away with so many questionable economic theories.

The prime example, which makes the "summit voodoo" in the Shultz transcript such a delicious accident,

was American insistence that the huge U.S. budget deficit has nothing to do with high interest rates.

"We will point out," said Treasury Secretary Donald T. Regan, "that the exact connection between high deficits and high rates of interest has not been made, in spite of what the common belief is. . . . There are many things that affect high rates of interest, not just deficits."

Confronted with this at a press conference, British Chancellor of the Exchequer Nigel Lawson said: "The attempt to prove there is no connection is an attempt based on a very simple-minded co-relationship between the budget deficit and interest rates, irrespective of what is happening to the economic cycle at the time," Lawson said.

He went on to say that at times of recession, the large deficit (caused by a loss of tax revenue, expenditures for unemployment insurance, etc.) goes hand in hand with lower interest rates. Businessmen are retrenching at such a time, so there's no pressure on capital markets. But they (the United States) are certainly not in the recession now, and you will find interest rates are still high," Lawson said.

"That clearly co-relates with the high structural deficit."

The Treasury can make the argument that the American deficit, as a percentage of the gross national product, is not yet out of bounds compared to the deficits of other large nations. But the continual assurance that deficits and interest rates are unrelated is nonsense, trotted out for campaign year purposes.

There are plenty of studies to rebut the Treasury, including this year's annual report by the Council of Economic Advisors and many produced by the Congressional Budget Office (CBO), both of which happen to be headed by Republicans.

A CBO REPORT on Feb. 8 noted that "... as government borrowing draws more heavily on the capital market, it is likely to raise real interest rates and impede expansion in interest-sensitive sectors of the economy (such as housing, autos, and state/local construction)."

That is the real issue, and the one that the Reagan administration refused to face, at the London summit — or anywhere else — pursuing, instead, its "voodoo" policies.

PRESERVATION COPY

Congress of the United States
House of Representatives
Bobbi Fiedler

file

June 14, 1984

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

Dear Mike:

Thank you for your efforts in referring H.R. 4876, the Sexual Assault Act of 1984, to the Department of Justice. The Department has been most helpful in its analysis and recommendations.

Last week I received back from the Justice Department the list of suggested amendments necessary to obtain its support, as well as that of the Office of Management and Budget. Currently, I am working with Congressman Steny Hoyer (another sponsor of H.R. 4876) on integrating the Justice Department's amendments into the bill.

Additionally, I've talked with Paul Laxalt and he's been very receptive to the need for the reforms embodied in H.R. 4876. He's agreed to lead the effort to pass the bill in the Senate.

As soon as I have more complete word about the final version of the legislation, I'll be in touch to coordinate efforts with the President. Thanks again for your support.

Sincerely,

Bobbi

BOBBI FIEDLER
Member of Congress

BF:jb

BUILDER

THE MAGAZINE OF THE NATIONAL ASSOCIATION OF HOME BUILDERS/INCORPORATING HOUSING MAGAZINE/A HANLEY-WOOD, INC., PUBLICATION

MICHAEL M. WOOD
PUBLISHER

June 14, 1984

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

Dear Mike,

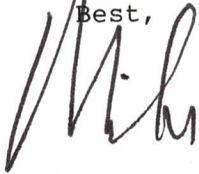
Thanks for your nice note about the Dallas round table
(which must seem like years ago to you).

They're still talking about it in the housing industry
as you can see from the letter on p. 168 of our June
issue(attached).

Unfortunately, we're having trouble getting the 50
photographs taken of the round table participants with
the President. Could you use your influence to get the
White House photographer to send over to us?

Thanks.

Best,



enclosure

MMW/evk

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WASHINGTON, D.C. 20005
(202) 822-0527

*Zahl
can you pls
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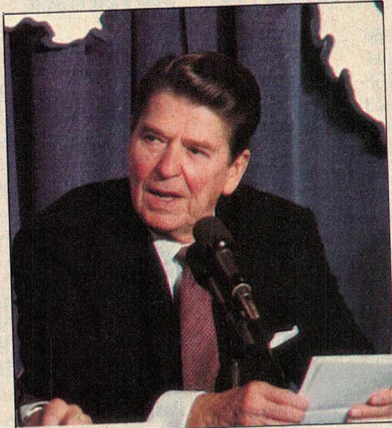
MAIL

UNFAIR TO REAGAN

Your recent meeting with President Reagan ("Building the American dream," May) did nothing to advance the cause of either building in the Dallas area or the free enterprise system. Instead, you provided a vehicle for national television criticism of the President for the federal deficit.

The budget deficit is the responsibility of spendthrift Democratic administrations entrenched in Washington for the past 40 years. Instead of commending the President on the drop in interest rates from 22 percent down to 12 percent you gleefully played into the hands of the media. Instead of showing appreciation for what the building industry is doing now you demeaned the President for something impossible for him to correct as long as a Democratic Congress exists.

As a developer in the Dallas area I appreciate what Republicans have done to bring financial integrity back to the United States government. I



suggest that in the future you spend some of your time in Washington convincing Democrats to stop throwing our money away in the process of buying votes. I am positive that the next visit President Reagan makes to Dallas will be more closely coordinated by people who are appreciative.

Lester L. Logue
Logue and Patterson Inc.
Dallas

A VERY BIG BUILDER

Not including modular manufacturers in the BUILDER 100 (May) does a great disservice to Cardinal Industries Incorporated and other modular manufacturers who produce thousands of wood-frame structures built to the same exacting codes as site-built homes.

Exclusion of modular manufacturers continues the confusion that swirls around the difference between modular units and mobile homes.

For the record, Cardinal Industries manufactured 6,754 housing units in 1983, enough to rank as the nation's ninth largest builder. The privately held company, with 1983 sales of \$381 million, operates 16 subsidiary corporations or divisions, including the Cardinal Securities Corporation, Cardinal Industries Mortgage Company and Cardinal Development Corporation.

Of its total construction in 1983, Cardinal Industries built 6,531 multifamily units, which would rank the company fourth among firms engaged in multifamily construction. And as of June 1 Cardinal managed more than 24,000

apartments and some 5,000 motel rooms throughout the Midwest and Southeast.

Modular manufacturers provide housing for tens of thousands of Americans. That increasingly dominant role in the U.S. housing industry should not be overlooked when the second annual BUILDER 100 is compiled.

Austin Guirlinger
President
Cardinal Industries Incorporated
Columbus, Ohio

GOLDEN YEARS

We enjoy BUILDER and refer to many of your articles in developing our marketing. I was especially impressed with the March article, "What's Up (and Down)." For the past year we have been putting a great deal of time and effort into the elderly market, specifically the elderly congregate co-op., and your assessment of this market agrees with ours.

Joanne Carroll
Marketing Director
Zane Yost & Associates, Inc.
Bridgeport, Conn.

SOLD ON SOLAR

Congratulations on your article "What Buyers Want" in the April BUILDER. As the nation's oldest manufacturer of solar heating equipment FAFCO is very interested in reports that demonstrate the factors that prompt buyers to purchase new housing.

It is not surprising to us that first-time buyers, move-up buyers and empty-nesters all are motivated to purchase new homes by the energy efficiency of the homes. What is surprising to us is that your survey does not reflect the percentage of those sampled who would select solar heating as a viable option.

Today, buyers can select a complete solar heating appliance for less than \$1,000 that offers notable monthly savings and that is maintenance-free. In addition, lenders are emphasizing the importance of evaluating a home's energy efficiency in underwriting loans.

Rodger T. Powers
Vice President Sales-New Construction
FAFCO Incorporated
Menlo Park, Calif.

CORRECTION

The floor plan of the Gulfstream II model at Lake Magdalene Manors shown on page 73 of the April 1984 BUILDER should have contained the following copyright notice: Copyright 1978 Arthur Rutenberg Corp.

NEW HOME FOR BUILDER

BUILDER is moving on July 15 to new offices at 655 15th Street, N.W., Washington, D.C. 20005. BUILDER remains the magazine of the National Association of Home Builders, but we've outgrown our space at NAHB headquarters. The magazine's new offices, designed by Thomasson Architects of Washington, D.C., are just a few blocks away. (For more on the move see "About Building.")

BUILDER welcomes letters from its readers. Write: Letters to the Editor, BUILDER, National Housing Center, 15th and M Streets, N.W., Washington, D.C. 20005. Letters may be edited for publication.

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

OFFICE OF THE ASSISTANT SECRETARY FOR
COMMUNITY PLANNING AND DEVELOPMENT

A handwritten signature in dark ink, appearing to be "Bill", with a long horizontal line extending from the bottom of the signature.

JUN 18 1984

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

Dear Mr. Deaver:

Enclosed is a copy of a brief progress report I recently sent to the President along with some reprints of articles regarding the Small Business Revitalization Program.

I thought you might like to be aware of our success in this important Presidential initiative.

Sincerely,

A handwritten signature in dark ink, appearing to be "Steve", with a horizontal line extending from the bottom of the signature.

Stephen J. Bollinger
Assistant Secretary

Enclosures



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

June 11, 1984

OFFICE OF THE ASSISTANT SECRETARY FOR
COMMUNITY PLANNING AND DEVELOPMENT

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

Dear Mr. President:

I would like to take this opportunity to give you a short progress report on the Small Business Revitalization (SBR) program, and to bring to your attention some of the favorable media coverage this private sector initiative is receiving throughout the country.

Since you announced the Small Business Revitalization program on October 22, 1982 in the Oval Office, this initiative has helped 20 states generate more than \$1 billion in new capital investment for healthy, expanding small business and industry and to save or create 50,000 permanent, private sector jobs.

Because of this success, we are working to expand the effort to 10 additional states and to secure formal pledges from banks to make \$5 billion of credit available for long-term financing to help small businesses build new facilities, modernize and expand production.

I had the recent pleasure of joining Governor John Spellman, Stephen Hall, Regional Administrator for the Small Business Administration, William Y. Nishimura, HUD Regional Administrator and the presidents of 11 major banks in the State of Washington for the announcement of \$200 million in long-term loan commitments under the Small Business Revitalization program.

In the last two years, SBR has garnered the strong support of the Governors in each participating state and the private sector, and has resulted in a closer working relationship between the two lead agencies, HUD and the Small Business Administration, at both the regional and local levels.

I am encouraged by the success to date of the Small Business Revitalization program, and am committed to pursuing the program's goal of \$5 billion of new private capital investment and the creation of 300,000 jobs.

It is my belief that this initiative represents a powerful new partnership for economic development and is a striking example of your personal commitment to economic recovery and small business growth.

I sincerely hope that your schedule might permit you to participate in an SBR media event, or that an event could be arranged in the White House to showcase the success of this initiative.

Respectfully,

A handwritten signature in dark ink, appearing to read "Steve Bollinger", is written over a horizontal line.

Stephen J. Bollinger
Assistant Secretary

Enclosures

NATIONAL FEDERATION OF INDEPENDENT BUSINESS (NFIB)

A Salute to Small Business



On my first day in office, I created by executive order the Small and Minority Business Development Advisory Committee whose members advise on ways the state can assist small business people. The development of small business is integral to my overall plan for economic development, and I am proud that Georgia was chosen to participate in the federal government's Small Business Revitalization program. Our fiscal conservatism, stable government and pro-business attitude make Georgia a great place to do business, from budding small endeavors to international corporations. My commitment to maintain that record includes vigorous promotion of small business's role in our total economy.

Joe Frank Harris
Governor of Georgia



Thirty-two companies, ranked among the 500 fastest growing businesses in the country in 1983, are based in Texas. We want to build upon this success by actively promoting the Small Business Innovation Research Program designed to help small businesses obtain federal funds for research and development.

Through our Small Business Revitalization Program, the state is helping healthy small businesses find reasonably-priced, fixed-asset financing for expansion.

Small, home-grown businesses create 80 percent of the jobs in the United States and produce 24 times more technological innovations per dollar than do larger companies. I am enthusiastic about our efforts in Texas to attract, promote and support small business.

Mark White
Governor of Texas



My administration places a high priority on small business development. Small and medium size firms represent an important segment of the Kansas economy; therefore, we make a systematic effort to design programs and incentives which stimulate and nurture small business growth. Such efforts

include job training programs, Kansas Small Business Revitalization Program, SBA Certified Development Companies, Export Promotion Assistance, Enterprise Zone Act, Small Business Development Centers, Small Business Procurement Assistance and Set-Asides, Small Business Management and Technical Assistance Programs, Minority Business Development Programs, Community Development Block Grant/Economic Development Set-Asides, and Kansas Advance Technology Commission.

John Carlin
Governor of Kansas



The Celeste Administration is committed to the premise that small businesses with less than 100 employees will generate in excess of 60 percent of the net new jobs in the 1980s and 1990s.

To focus state resources and energies in that direction for the first time, the Ohio Department of Development has committed \$1 million in fiscal year 1985 to programs aiding small and developing business in Ohio, such as the One-Stop Business Permit Center, the Small Business Revitalization program, Small Business Enterprise Centers, the Women's Resource Center and many others. I also have initiated a number of tax reforms which benefit small businesses.

My Administration will continue to support programs and services which provide assistance to small businesses.

Richard F. Celeste



The small business community has always played an important role in Utah's overall economic development strategy. One positive step recently taken has been our involvement in the Small Business Revitalization (SBR) program.

This program is a very effective tool in Utah's economic development efforts. Utah was one of the original 20 states to make a \$40,000 commitment to the SBR program and it has turned out to be one of our best investments. The program has resulted in improved federal/state relationships and has helped Utah's small business community remain a vital part of our economic structure.

Scott M. Matheson
Governor of Utah

A FEDERAL PROGRAM FOR ENTREPRENEURS

PROFESSIONALS MATCH SMALL BUSINESSES WITH MONEY

By Kevin Farrell

Across nearly half the nation, Economic Development Professionals (referred to as EDPS) are putting together financing for small businesses under the federal government's little-known Small Business Revitalization Program (SBR).

In less than two years, EDPS involved in the program—and there are about 120 of them—have arranged long-term, fixed-rate financing in 1,200 partnership deals totaling \$750 million. Only 20 states have participated in the program's pilot phase, and 10 more will soon be added, as the program's organizers aim to raise \$7.5 billion for small business by late 1986. (To find out if your state is involved, contact your banker or check with your state economic development office, governor's office, or call the National Development Council in Washington.)

"This is the best venture capital source available to small businesses through the federal government," says Stephen J. Bollinger, who, as assistant secretary for Community Planning & Development at the Dept. of Housing & Urban Development, leads the program in his agency. At the Small Business Administration, it is headed by Administrator James C. Sanders.

The program has also created some 30,000 permanent jobs via the businesses that have expanded—and is expected to create 300,000 by late 1986—so, needless to say, the Reagan Administration is singing its election-year praises.

What's new about SBR is that two government agencies—HUD and the SBA—are working together, and the resulting program has chalked up some impressive successes in a brief

21 months.

What's not so new about the program is that it is really a financing hybrid, a combination of existing programs, techniques, and options—the SBA's 7(a) Guaranteed Loan Program and its Certified Development Company Program, and HUD's Urban Development Action Grant (UDAG) Program—some of which the Reagan Administration has even considered eliminating. Ironically, most of the money being spent could have been spent anyway through those programs if the states had taken advantage of them, or knew how to. In fact, some of these financing tools have been options for local development agencies from the federal government for almost a decade. Admits Roger B. Porter, director of the White House Office of Policy Development: "This is not a new federal program. Instead, through a public-private partnership, we're trying to unleash the entrepreneurial spirit." But none of the money is available for startups or companies without assets.

States become involved after paying \$80,000 to the National Development Council (NDC), a Washington-based, non-profit organization that won the contract to facilitate SBR in

the states. To encourage state participation HUD picks up 50% of the starting fee for each state—in effect, the only new federal money available through SBR.

For its \$80,000, a state gets the services of a team of NDC professionals who come into the state and train local EDPS on the specifics of existing federal programs, teaching them how to put together public-private financing deals.

Such deals normally require banks to commit cash backed by a government guarantee. "There are many businesses which just can't qualify for loans which will enable them to build new plants or purchase new equipment," says Sam Beard, NDC founder and chairman. "And, even if they can qualify, they can't get fixed-rate loans and certainly not long-term financing. This is the 'credit gap' we're trying to fill." The SBR program puts together the financing partnerships that enable banks to lend at reasonable fixed rates for 15- to 25-year terms.

Sometimes, it requires a government-guaranteed loan, which SBA's 7(a) program could provide. Other times, it may be that the community is eligible for loan guarantees under HUD's UDAG program. Or the business may qualify for a 100% guaranteed debenture under SBA's Certified Development Company program. But each of these sources requires some private lending as well.

But, even as the program develops a good track record, some states are reluctant to join in. "We aren't anxious for more Washington types coming in here and telling us what to do," sniffs one state economic development officer who declined to have his state become involved. Others decline on political grounds. "I don't want to see the Reagan Administration taking the credit for creating all these jobs through already existing programs," explains a Michigan officer who also refused to become involved. "It is just election-year window dressing," complains a Massachusetts coordinator. 



Shepard Sherbell/Picture Group

HUD's Bollinger (l.) and SBA's Sanders: Raising \$7.5 billion

States join Reagan to aid small business

A new emphasis on the job-creating capabilities of small business is sweeping State-houses across the nation. Thirty governors are taking action to support a presidential program that helps such businesses get long-term private financing for expansion.

In Seattle today, Washington Gov. John Spellman plans to announce a major commitment by private lenders in that state for long-term expansion loans for small- and medium-size businesses.

Until recently, most states focused their economic development efforts on encouraging big companies to set up new factories or expand. They tended to overlook the fact that most new jobs in this country

GREER/KANDEL REPORT

BY PHILIP GREER
AND MYRON KANDEL

are created by smaller businesses.

In releasing his 1984 report on the state of small business, President Reagan noted last month that such operations, which employ almost half the nation's private-sector labor force, generated all the 984,000 net new jobs in the USA between 1980 and 1982.

But getting adequate long-term financing, particularly in a period of high interest rates, is a major obstacle to small-business expansion.

To try to overcome it, Reagan — like Nixon, Ford and Carter — is seeking to encourage private investment capital to fund the expansion of successful smaller companies.

The difference in this administration's plan, which is called the Small Business Revitalization Program, is its greater scope and its desire to enlist the cooperation of the nation's governors rather than concentrating on the local level.

Since the program began at the start of last year, 726 loans totaling more than \$1 billion have been made in 20 states for such projects as modernizing a refrigerator plant in Mississippi, refitting a fish cannery in Maine and expanding a grocery market in Utah.

According to Sam Beard, president of the Washington-based National Development Council, a non-profit organization that manages the revitalization program, 10 more states are joining.

"What's really exciting about the fact that 39 governors have gotten behind this program," Beard says, "is that it marks the first time that states, in a nationally organized way, have made small-business expansion and job creation one of their highest priorities."

Since 1970, under Beard's direction, the council has specialized in helping local communities foster their economic development by promoting the expansion of small and medium-size enterprises.

Beard says the council, which ran similar programs for the Nixon, Ford and Carter administrations, helped get \$5 billion in financing through January 1988, when the Reagan program began.

This program is the most ambitious of all, with a goal of \$5 billion in financing and the creation of 300,000 new jobs in four years.

"In recent years, a new national focus has developed on the job-creation potential of small businesses," Beard said.

"At the same time, however, such businesses have been facing a substantial shortage of long-term capital. That's because commercial banks aren't long-term lenders; insurance companies, which are, concentrate on big deals; savings and loans, even when they are profitable, focus on housing; and Wall Street investment bankers are looking for large companies.

"That's why the Small Business Revitalization Program, by bringing together local businesses, private lending institutions and government agencies at the federal, state and local levels, can help profitable smaller businesses get the financing they need."

Philip Greer is host of a radio show on business and the economy for ABC Information Radio Network. Myron Kandel is financial editor of Cable News Network.

THE NATION'S NEWSPAPER



The logo for USA Today, featuring the word "USA" in a large, bold, sans-serif font, with a stylized globe graphic integrated into the letter "U". Below "USA" is the word "TODAY" in a similar bold, sans-serif font.

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\$200 MILLION PLEDGE

Small businesses get a fresh lift

Richard W. Larsen / Associate Editor

At first glance, yesterday's news conference in a room of Seattle's Westin Hotel had all the appearance of a glossy, well-staged election-year Republican political production.

Gov. John Spellman was there, smiling, his silver hair shining in the glare of TV lights, as he accepted a huge replica — made for the cameras — of a \$200 million check from leaders of several of Washington's biggest banks. From the elongated conference table that was the press-conference centerpiece, the faces of Stephen Bollinger, Assistant Secretary of Housing and Urban Development, other Reagan administration officials and state officials beamed approval.

The press event had been staged for the announcement that major banks of Washington had formally pledged to make \$200 million of credit available for long-term financing to help small businesses in this state.



There even was a telegram from President Reagan, presumably sent while the president was en route to China, and read by Spellman, a fellow Republican who's also up for re-election this year: "...The State of Washington and the 11 participating banks," said the Reagan message, "have set a standard for the nation."

Thus, for the first time, the national and state spotlight focused here on what is referred to as the national Small Business Revitalization Program; something new in federal-state-local-government-private-sector cooperation to create new jobs.

Sam Beard, president of the National Development Council, a non-profit, non-partisan organization and a prime driver of the program, told everyone of the origins of yesterday's happening in Seattle: "...Go back to October 22, 1982, President Reagan stood up in the White House, in the Oval Office..."

And, Beard continued, Reagan announced that there would begin a revival program for small and medium-sized businesses. It would work through governors of the states and, in cooperation with the private sector, would hopefully "create 300,000 jobs and stimulate over five billion dollars of credit to meet the needs of small businesses in this nation..."

At that time practically none of the White House news media, preoccupied with other world happenings, paid much attention to the announcement. In a time of high unemployment and an ailing economy, the idea may not have sounded very promising — just another possibly errant notion that, somehow, government could help generate new jobs in the private sector.

America's small businesses have been a bright spot in the economic darkness of recent years. While the automotive, steel and other industries were laying off workers, small businesses around the nation were growing and adding a net increase of jobs for Americans. (Small businesses accounted for all the 984,000 net increase in new jobs in the nation between 1980 and 1982.)

Yet the growth of small businesses often has been stunted by their inability to obtain long-term credit. IBM and other giant corporations with massive assets have little trouble securing 20-year loans from insurance companies or other institutional lenders. But the lending giants have had no interest in the small business. And local banks historically were only willing to risk short-term loans to the little food processor, the retailer, or the "widget manufacturer," as Beard put it.

Credit for the small businessman became especially scarce with money in short supply and the interest rates high.

Said Beard yesterday: "We're basically 15 months later...and the program is up and running." The program, committing guarantees and other help from HUD, the Small Business Administration and other federal sources, centered in governor's offices which, in turn, work with local communities and financial institutions, has spread to 20 states. On point in each state are "economic development professionals" who seek out solid small-business opportunities and think of ways to meet their special 10-year or 20-year credit needs.

Washington, said Bollinger, became a frontrunner state. So far more than \$42 million of new investments have occurred in this state under the program.

Yesterday's happening, said Beard, was historic. That \$200 million worth of loans pledged by Washington banks was the biggest of any state and would become a challenge to banks in other states to put up the \$5 billion

total that is the national goal.

At times, the news conference participants sounded awfully like election-year cheerleaders. But...

While the news conference was under way, some carpenters, roofers and other workers were hammering away on a new project that has caused excitement around the Eastern Washington town of Goldendale in Klickitat County. It's the Three Creeks Lodge, a new recreation complex in the Satus Pass area, being built under a combination of grants and loans under the new program.

It will officially open May 4. "Oh, boy, it's neat," says Art Anderson, Goldendale's public-works director. "One of the important things is that it'll employ up to 25 people. And you know that Goldendale and Klickitat County have vied for first or second place as the high unemployment spot (of the state) for the past several years."

Nearby, the Farvue Inn, a new 36-unit motel is nearing completion, aided by the same program. "We've needed these types of facilities," said Anderson by telephone from Goldendale.

Meanwhile at Anacortes yesterday, the Anacortes Plywood Inc. mill, shut down in late 1981, was operating again. A combined federal block grant and loan that came through the State Planning and Community Affairs Agency, plus a bank loan and a complex arrangement of other financing and reorganization devices, resuscitated the plant.

"The mill is operating," Bob Ruby, accounting manager, said cheerfully by telephone. "We started up...last Thursday. Right now we've got about 60 employees and we'll gradually phase in our employees to 140 people."

Election-year skepticism aside, it all sounded as though something real and positive is beginning to happen for small businesses and people who want jobs.