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note

Democratic Congressional Campaign Committee
Tony Coelho, CA
Chairman

September 17, 1984

Mr. Michael Deaver
Deputy Chief of Staff
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

Dear Mike:

When speaking before groups and to the press, I regularly credit you with your great skill in helping get your boss's message across. Now I am pleased that I can add to that list of kudos your well deserved recognition as one of PLAYGIRL's ten most sexiest men.

What's your secret?

Could you try and be little less effective over the next 50-odd days? I know my colleagues would greatly appreciate it.

Sincerely,

TONY COELHO
CHAIRMAN

file

Suite 319, 400 North Capitol Street
Washington, D.C. 20001
(202) 789-2920

Paid for and authorized by the Democratic Congressional Campaign Committee.

THE WHITE HOUSE

WASHINGTON

September 25, 1984

Dear Mr. Wetzel:

I am writing in response to your recent letter to Mike Deaver concerning the Bureau of Alcohol, Tobacco and Firearm's designation of the Alexander Valley as a viticultural area. Mike asked me to review the situation which has been done during the past few weeks.

As I am sure you know, and as I learned, the approval of any viticultural area is often sensitive, sometimes a complex and protracted process. This is especially true in the case of the Alexander Valley with two competing proposals. The issue is now under final review within the Bureau and Treasury. Treasury and ATF are carefully evaluating the data presented during the public hearings and in written comments. It is Treasury and ATF's goal to assure that the interests of all parties are fully considered and to decide the issue based on the criteria established in ATF's regulations for delineation of a viticultural area.

We asked for action as soon as possible and Treasury indicated that a final determination should be made in the near future.

Sincerely,

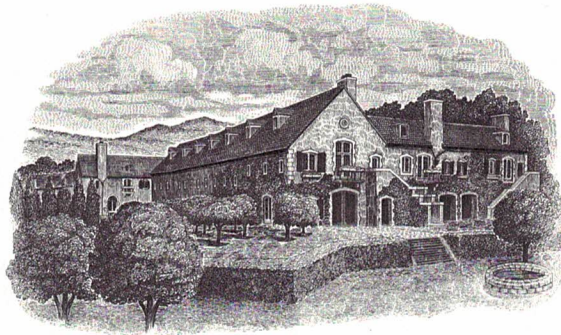


Craig L. Fuller

Assistant to the President
for Cabinet Affairs

Mr. Harry Wetzel
Chairman and Chief
Executive Officer
The Garrett Corporation
9851 Sepulveda Boulevard
P.O. Box 92248
Los Angeles, CA 90009

Jordan



July 16, 1984

Mr. Michael K. Deaver
Deputy Chief of Staff
Assistant to the President
The White House
7600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mike:

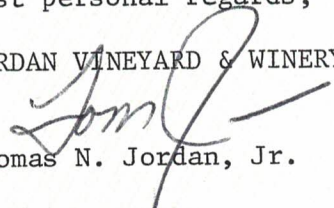
I am writing to confirm Harry Wetzel's concern regarding the Alexander Valley appellation.

Equity is all in favor of the determination of the Alexander Valley boundaries consonant with its historically recognized limits. Those of us, including the Jordan Winery, who have contributed to its current recognition are naturally distressed by the efforts to enlarge it for commercial coat-tail reasons.

I am fully aware that you and your staff have many concerns that indeed transcend the importance of an appellation designation. On the other hand, as Wetzel points out, a large group of us, who are long time fans and supporters of President Reagan, are hopeful that this matter can be fairly settled by an enlightened administration. You and Carolyn are overdue for a wine country visit.

Best personal regards,

JORDAN VINEYARD & WINERY


Thomas N. Jordan, Jr.

TNJ/ec

CF

THE GARRETT CORPORATION



241881

5851 SEPULVEDA BOULEVARD • POST OFFICE BOX 92248
LOS ANGELES, CALIFORNIA 90009

CHAIRMAN OF THE BOARD
AND CHIEF EXECUTIVE OFFICER

July 10, 1984

The Honorable Michael K. Deaver
Deputy Chief of Staff
Assistant to the President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D. C. 20500

Dear Mike:

I am writing on behalf of myself and some good Republicans. By "good" I refer to people who have given generously of their time and substance to the Party and the present Administration.

All of us own vineyards in the Alexander Valley in Sonoma County. The Alexander Valley is also an appellation area and our wine grapes carry the Alexander Valley appellation recognition.

Recently, a few growers and wineries in the Cloverdale area (an area never considered a part of the Alexander Valley) have applied to BATF to be included as a part of the Alexander Valley for appellation purposes. We strenuously object to their request to the BATF. There is no rationale to their request other than to take underserved advantage of a very desirable appellation. They did not create the reputation of excellence that the Alexander Valley has attained. That was done by those on whose behalf I am writing. Quite frankly, they are "poaching" and we object.

Let me list the names of those on whose behalf I am writing:

Henry F. Trione, owner, Geyser Peak Winery;
Director, Wells Fargo Bank; Director, Fiber
Board Corporation.

*The Honorable Michael K. Deaver
July 10, 1984
Page two*

*Tom Jordan, owner, Jordan Oil and Gas
and Jordan Winery*

*Edward H. Gauer, Rancher and vineyardist;
former CEO and owner of Roos Atkins*

*Robert F. Erburu, President and CEO, TIMES
MIRROR; Alexander Valley vineyardist*

*Arch Monson, Director of The Signal Companies;
Director of Ampex; former President of Boy Scouts
of America; Alexander Valley vineyardist*

Robert Young, owner, Robert Young Vineyards

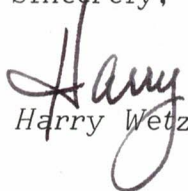
*Russell H. Green, Jr., Hoot Owl Creek
Vineyards and independent oil and gas operator*

*We have asked for help from Pete Wilson and he has
been very supportive. Nevertheless, the issue is still
not resolved.*

*We all believe that any assistance we could get from
you would be most beneficial. Will you help us,
please?*

*For your information, we understand the matter rests in
the hands of Mr. Edward Stevenson at Department of
Treasury, and Mr. William Drake at BATF.*

Sincerely,


Harry Wetzel

8/19/24/84
Bill
James Bell
Gammell

Greg Schnacky
9259 Perry Highway
Pittsburgh, PA 15237

September 19, 1984

President Ronald Reagan
The White House
Washington, DC 20500

Dear Mr. President:

By way of introduction, I am one of your former Florida foot soldiers. In 1980, I was committeeman for Jacksonville's Precinct 02 on the Duval County Republican Executive Committee. The soles of my shoes took some wear and tear as I canvassed Precinct 02, and other precincts, in the effort to "make America great again." You will be pleased to learn that my precinct, and Duval County (jokingly referred to as Southern Georgia), was carried by you on November 4, 1980.

When you visited Jacksonville on September 4, 1980, I served as a driver for the CBS News team. Due to the fact the Leadership '80 was hurrying to take off for Louisiana, I didn't have a chance to ask you for your autograph. Please, take a moment to send me a color photo with the inscription "To Greg from Ronald Reagan."

Appreciatively,

Greg Schnacky
Greg Schnacky

Enclosure

Duval County Republican Executive Committee
Jacksonville, Florida

April 14, 1980

Gregory W. Schancky
5327 Playa Way
Jacksonville, Florida 32211

Security clearance badge given me by the Secret Service on September 4, 1980
A 5

Dear Mr. Schancky;

At the organizational meeting for the County Committee, you were elected to membership of the committee to represent your precinct 02.

Congratulations!

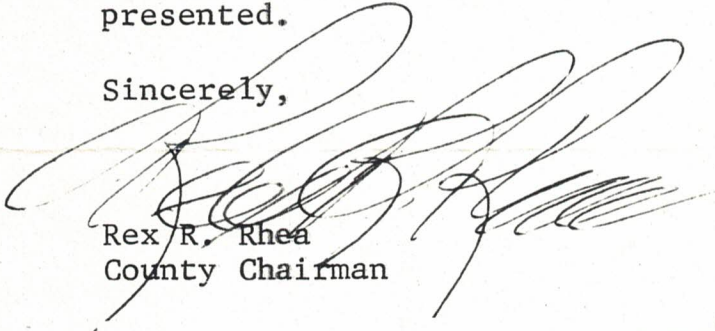
I want to warmly welcome you to this membership and definitely look forward to working with you.

our challenge between now and November 4th will be a true test for us. However; the responsibility of Citizenship does not stop on that date, does it?



On Monday, April 21, 1980, 8:00 P.M. on the 15th Floor of City Hall you will be offically installed. Please come to this event or call Margaret Mock, 384-8716 if you cannot make it.

A program on "Coal Fired Energy Pro presented.

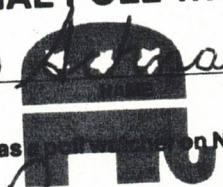
Sincerely,



Rex R. Rhea
County Chairman

 **Official Member** 
Reagan
Survey Committee
Greg Schancky
Signature

National Conservative
Political Action Committee
1981 • SPONSOR • 1981
Greg W. A. Schancky
Name
John T. Dolan, Chairman, NCPAC
1500 Wilson Boulevard, Arlington, Virginia 22209

REPUBLICAN PARTY OF FLORIDA
OFFICIAL POLL WATCHER
Greg Schancky
is authorized as  on November 4, 1980
on behalf of:
Precinct 10
Duval County

REPUBLICAN PARTY OF FLORIDA

Claymont, Delaware
September 1984

Will

Dear Sir:

Because I care about this wonderful country I am writing to you. President Reagan is and always will be a WINNER.

I wrote to him concerning prayer. Without prayer there can not be a morally decent society.

I also would like to see all American born citizens become once again a first class citizen.

If I can help in anyway please let me know.

Very truly yours

Mrs. Florence Linsenmeyer.

P. O. Box 1424

Wilmington, Delaware

19899

[792 2442]

FRANK M. HOAK III

488 West Road
P.O. Box 668
New Canaan, CT. 06840

September 25, 1984

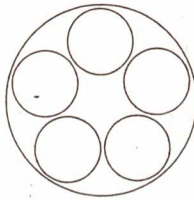
Dear Mike:

Just thought I would let you know that our oldest daughter Heather is enrolled at The George Washington University as a freshman in the School of Government. She is living a few blocks from you at Guthridge Apartments, 2115 "F" St. NW, Washington DC 20037; phone 728-9371. She is also in the Naval ROTC program which is in its first year at GWU.

We talk about you often and I just thought I would mention to you that she is in town and is available for odd jobs in case you can't find anyone else, halls...

Fraternally,





FAIRFIELD-MAXWELL LTD.
International Finance, Ocean Transportation and Management

September 24, 1984

CONFIDENTIAL

The Honorable Michael K. Deaver
Assistant to the President
Deputy Chief of Staff
The White House
Washington, D.C. 20506

Dear Mr. Deaver:

Thank you for your letter of August 17th. As fiscally responsible American Asians, we are delighted that the President recognizes the magnitude of the national deficit and is taking positive measures to resolve this problem.

On the international front, the huge trade deficit has unsettled some Members of Congress and labor unions. The President's decision on the steel issues shows great wisdom. His recognition that a problem exists assuages the anxieties of the steel producers and voluntary quotas give the U.S. a flexible instrument useable by USTR Bill Brock. Mandatory quotas could bring adverse reaction in other sectors and cause negative reaction from eight million farmers.

Constructive solutions in which I assume you played an important role, emphasize the leadership qualities of President Reagan. The opposition is grandstanding for organized labor. Those tactics demean Mr. Mondale and negatively affect his standing in the eyes of the voters.

Several members of the RNC have taken credit for organizing the heckling at Mondale/Ferraro rallies. Organized managed heckling is the type of tactic which undermined Nixon. The Reagan/Bush team can win on superior merit. Organized heckling disturbs the American sense of fairness and could produce negative reactions. We are happy that the President disassociated himself from this "low-road" approach.

Relative to Asia, the U.S. Asia Institute is receiving favorable signals from Japan, PRC and South Korea. The trips you made to that area are starting to bear fruit.

Prime Minister Nakasone has approved a "Made in America" Fair in 1985. Should not the Administration support this positive effort as it could open the door for hundreds of millions of dollars in sales for U.S. producers. Nakasone is also pushing his countrymen on Japan's Defense responsibilities within the emotional capacity of Japan to accommodate.

The People's Republic of China will open up oil concession opportunities for medium sized companies. It is out of character for Communist nations to enlarge the monopoly of oil giants. In either case, PRC will need Texas "know-how" and this program represents a bigger opportunity for more American firms.

President Chun of South Korea is seeking to establish direct confidential ties to the White House and Congress. He is not satisfied with the regular military channels who have an "old buddy" relationship with West Point and Annapolis schoolmates. These military generals all speak English. Chun does not. Do we want language convenience or good relations with the controlling power structure?

I will be leaving for Japan October 4th for six weeks of conferences with economic and political leaders.

Please feel free to call on me if I can serve the President or the White House on any delicate matter. You can contact me through our Embassy in Tokyo, U.S. Asia Institute, Mrs. Mary Sieg at our office, or at the Okura Hotel in Tokyo.

With warmest personal regards, I am

Yours respectfully,



Kay Sugahara
Chairman

KS:mys

P.S. You may rest assured that I have already applied for absentee ballots for myself and my wife as part of our Eagle responsibility to reelected Reagan/Bush.

B.

KAY SUGAHARA

Tokyo Trip, October 4, 1984
Through November 22, 1984

Hotel Okura
Telephone - 011-3-582-0111

Mrs. Mary Sieg
Fairfield-Maxwell Ltd.
(212) 421-2850

Olympic International Ltd.
011-81-3-435-5477

U.S. Asia Institute
(202) 544-3182



THE ELEPHANT CLUB

**Independent
Republicans**

October 21, 1984

Michael Deaver
The White House
Washington, D. C. 20003

Dear Mike,

It was indeed nice to meet with you again and especially a special pleasure to enjoy dinner with you and your lovely wife, Carolyn.

Beverly and I certainly enjoyed the Inner Circle meetings. I also was very pleased to learn that you had put your house up for sale in California and you would be continuing on in Washington and working with President Reagan. All of us have either heard or read how valuable you are to the President.

I was delighted to have the opportunity to visit with you for a few minutes about President Reagan stopping in Minnesota. I was glad to learn that you had discussed that possibility that very morning. I am very confident that a stop over visit by the President before the election can help us not only win the Presidential race in Minnesota but also be of great help to our Congressional candidates and our State legislative races.

I have talked to a lot of friends of Fritz but they are not going to vote for him for President.

Again, thank you for the opportunity to discuss this matter with you and I assure you I will be working hard for the Reagan Bush ticket along with my responsibilities as State Finance Chairman.

Yours very truly,

Charley

C. C. Jackson Jr.

CCJsh

LEADERSHIP

84

President
Joe M. Rodgers

Executive Director
Mary A. Howe

September 25, 1984

file

Program Directors

Lynn Collins-Urbanski
Kym L. Hill
Victoria A. Hughes

Senator Paul Laxalt
Room SR323A
Russell Building
Washington, D. C. 20510

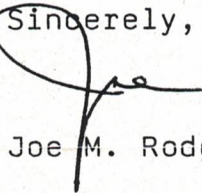
Dear Paul:

I'm sure that it is no surprise to you that Mary Jane Wick is going "beyond the call of duty". The Presidential Ten Club, which she and her Administrative Assistant, Beedy Richey, are completely responsible for, will raise over five hundred thousand dollars before November 6th. This program is also making many long time supporters of our President very happy by having an active part in the 1984 Campaign. Mary Jane is also making sure a fundraiser for Senators Percy, Jepsen, Humphreys and challenger Lousman will be a success in Chicago, plus she is active in several other important efforts also. I cannot overly stress the importance of her job to our programs. She is literally giving hundreds of hours.

I thought you might like to write and say "thank you" to Mary Jane for the extra effort she is making.

Look forward to seeing you.

Sincerely,



Joe M. Rodgers

JMR/dt

P. S. I hope each of the people receiving a copy of this letter will also say "thank you" to Mary Jane.

cc:Mr. James Baker, III
Mr. Michael K. Deaver ✓
Mr. Ed Rollins



PHYLLIS SCHLAFLY
PRESIDENT
68 FAIRMOUNT
ALTON, ILLINOIS 62002
(618) 462-5415

EAGLE FORUM

LEADING THE PRO-FAMILY MOVEMENT SINCE 1972

316 PENNSYLVANIA AVE., S.E., SUITE 203, WASHINGTON, D.C. 20003, (202) 544-0353

file

September 25, 1984

Dear Mike,

I saw you on network television the other day explaining the President's television strategy. All I can say is, if you are the architect (as is widely believed), you are a genius. Congratulations. Enclosed is a column I just wrote on this subject.

I only hope that you will use that same genius to create some Reagan coattails for our Senate and House candidates. Illinois is a crucial state. We are hoping that Percy will pull through (although the odds are formidable), and we have the chance to pick up three House seats for Republicans. If we don't get them this year, we never will.

With best wishes,

Faithfully,

Phyllis

FROM: *Phyllis Schlafly*

RELEASE: OCTOBER 15, 1984

68 FAIRMOUNT, ALTON, ILLINOIS 62002 / (618) 462-5415

THE MEDIA'S UNHAPPINESS WITH REAGAN'S IMAGE

The national media are going through a terrible reappraisal of their own power. Their first comeuppance was the reaction of the American public when the media were not invited to President Reagan's liberation of Granada; their second blow is the realization that Ronald Reagan will win big because he uses television so effectively.

Oh, the horror of it all! When Professors S. Robert Lichter and Stanley Rothman a couple of years ago made their landmark survey of the attitudes of the media elite, and asked the mighty moguls who run CBS, NBC, ABC, and PBS which groups should rule America, the media identified themselves as the group most fit to rule. They think of themselves as the Philosopher-Guardians whom Plato thought should rule society.

Then, in early 1984, (to borrow a famous Sam Goldwynism) Ronald Reagan "included them out" of his stunning landing in Grenada. The media indignantly got up on their high horse at such lese majesty, and cried around about the "chilling effect" that such impertinence would have on the First Amendment.

The media elite were stunned when the American public collectively said "ho, hum; who cares?" After a couple of days of trying to claim that Reagan had rescinded the First Amendment, the media elite's own polls reported that the score was Reagan-1, media-0, with the President still at bat and nobody out on his side.

This fall, public opinion polls have discovered that Ronald Reagan will be a landslide winner, not only with the conservatives who invented his candidacy, but with both parties, both sexes, every section of the country, and even every age group. Even more devastating to the national media's self-importance is the realization that the chief reason why Reagan is so popular is that he has effectively used the medium of television.

So now we hear the cries of anguish from the media. Television networks give us in-depth analyses purporting to convince viewers that the White House staff has "managed" television coverage in order to conduct a campaign of "image," and that the President is "isolated" from reporters and won't answer their questions. The New York Times prints a

page-one "political memo" that "Reagan appears to succeed by avoiding specific issues," and that "Reagan's skill as a performer and the communicative impact of television seem to have combined to turn incumbency into a political weapon of awesome potency."

The Times moans that reporters have diligently shown "a consistent, detailed interest in such issues as the Federal deficit, tax policy and nuclear disarmament, but Mr. Reagan has mounted a campaign in which 'issues' are clearly secondary." The Times complains that President Reagan creates "visual images," invokes "themes" such as "leadership," communicates "shared values," and stimulates "moods."

Those are just crocodile tears. The media are not unhappy because a campaign of "image" and "moods" has replaced a campaign of "issues"; they are just disconsolate because they didn't create the "images" and the "moods" to which the American people are responding; Ronald Reagan did.

The media are certainly not against the triumph of images over issues. They are just angry that Ronald Reagan is better at creating images than they are.

The presidential election of 1964 is a good example of the many elections when "image" and "mood" won out over "issues." The national media ganged up to hang on Barry Goldwater the false "image" that he was a "trigger-happy warmonger," and to build in the American people the "mood" that we would be more "comfortable" if we elected Lyndon Johnson.

The careful exposition of the issues of war and peace made by Goldwater and his supporters was detailed, accurate, timely, and prophetic. But it was like King Canute hopelessly trying to talk back the incoming tide because Goldwater and his facts were overwhelmed by the false images created by media power.

The unscrupulous political TV ad showing the little girl picking daisies before she was blown up in a mushroom cloud was merely the 30-second version of the daily barrage of "image" propaganda heaped on Goldwater by the liberal establishment determined to defeat him.

Ronald Reagan comes through loud and clear on television because, in the modern colloquialism, "he's for real." That's an image, that's a mood, that's moral and political leadership; and that's what the American people want.

Lord,
Abbett
& Co.

63 WALL STREET
NEW YORK 10005
(212) 425-8720



September 25, 1984

Mr. Michael K. Deaver
Deputy Chief of Staff & Asst. to the President
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. Deaver:

In 1981 Lord, Abbett & Co. queried some of the nation's leading economists, corporate officers and government policymakers, for their opinions on the health and future expectations of the U.S. economy. The enthusiastic response from those surveyed was gratifying. The resulting article was well received by the 150,000 shareholders of Affiliated Fund, one of the largest equity mutual funds in the country, with assets of about \$2 billion.

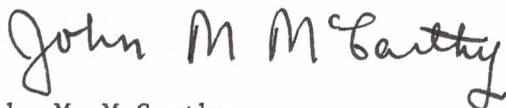
As the nation assesses the well-being of the economy today and expresses its aspirations for the future in the coming Presidential elections, we feel a reprise of our earlier survey is especially timely. Would you help us by providing some brief information for this update?

You'll find a questionnaire attached which we hope you will fill in and return to us in the enclosed envelope. There is also space for written remarks, if you would like to take this opportunity to address one or more of the issues.

Xeroxed copies of our first economic survey and its companion article are enclosed to show you how we presented our findings in Affiliated's 1981 annual report. As always, our efforts are directed toward helping our shareholders and prospective investors to keep abreast of events which could influence the overall business climate and, consequently, their personal investment plans for the future.

Again, we appreciate your contribution to our endeavor and thank you for your time and cooperation.

Sincerely,



John M. McCarthy
Managing Partner,
Lord, Abbett & Co.
Chairman, Affiliated Fund

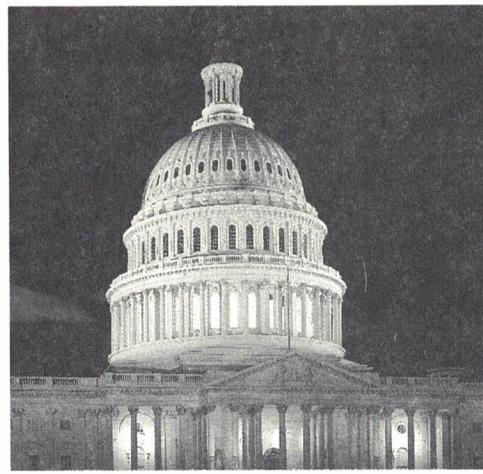


Ronald P. Lynch
Managing Partner,
Lord, Abbett & Co.
President, Affiliated Fund

Special Report

The Nation's New Direction:

What it Means to the Economy, to Business, to Shareholders



Boosting American industrial productivity is the chief goal of the Economic Recovery Tax Act of 1981. The new tax law seeks to attract large amounts of new investment capital, mainly through lowering the tax burden on businesses and working Americans. These tax reductions are expected to generate huge amounts of new investment capital, not only for new plant and equipment, but to modernize existing productive facilities as well. Everyone stands to benefit if the new direction in economic thinking succeeds in stimulating higher levels of savings, investment and productivity.

What are the expectations for the success of the economic recovery program? To find out, Lord, Abnett & Co. sought the views of U.S. senators, representatives and government officials, executives of companies in the Affiliated Fund portfolio, and economists, in a *Survey on the Economy of the U.S.* We are pleased to offer this report on views of key policymakers.

Most survey participants recognized that the new pro-

gram for economic recovery represents a departure from the traditional short-term, stop-and-go policies of the past. Equally strong, however, was the conviction that the old policies had failed, and that a new approach was necessary.

Major Challenges Ahead

Our survey asked: In terms of our economy, what do you think is the single biggest challenge of the 1980s?

According to Labor Secretary Raymond J. Donovan, the biggest task ahead is "...creation of an economic climate in which improved rates of real growth can not only be established but also sustained.... I think that the savings and investment incentives incorporated in this year's tax changes will do a lot. Free markets, disencumbered from unnecessary and uneconomic regulation here and abroad, and a return to earlier productivity growth rates should do the rest...."

For others, however, inflation remained the #1 enemy. Many viewed the high inflation rate of the past ten years
(Continued on page 7.)

Letter to Shareholders

(Continued)

Over the years, we have stressed the need to shift our economy away from its consumer orientation toward savings and investment. With greater tax incentives, business confidence will strengthen and capital-spending increases should substantially outpace the rest of the economy for many years.

The portfolio of Affiliated Fund has been structured to benefit from the changing priorities developing in our economy. We have a heavy concentration in the producer sector—basic industries, machinery and technology; these sectors should be pri-

mary participants in satisfying the large capital-spending needs of the country. Our holdings in the interest-sensitive sector—banks, electric utilities, insurance, natural gas and telephone companies—have been maintained in anticipation of a cyclical decline in interest rates. We are keeping an underweighted position in the energy group due to lackluster demand and weak pricing caused by conservation and recessionary conditions throughout the world. Representation in the consumer area is light because the greater incentive to save and invest should tend to dampen the borrow-and-spend psychology.

We believe the recent market turbulence has created a number of attractive investment opportunities which can provide substantial capital

appreciation to long-term investors. As we explore the broad spectrum of undervalued securities, we hope to identify those companies most likely to benefit from the revitalized economy which promises to evolve.

As always, we welcome your questions on our investment policies and procedures or any other matters.

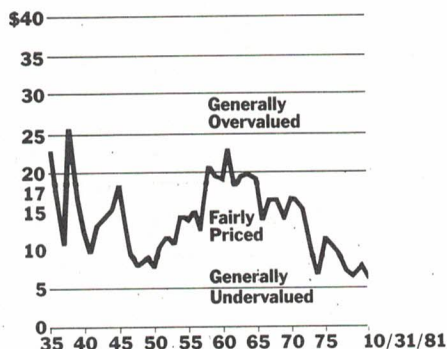
Alvin H. Berndt
Chairman of the Board

John M. McCarthy
President

November 27, 1981

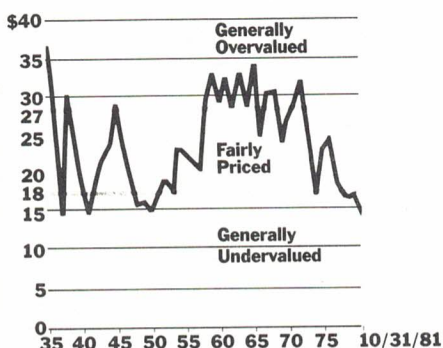
Useful Measures of Good Value

The Cost of \$1 DJIA Earnings



The Price-of-Earnings is commonly used as an indicator of value: If you can buy one dollar of yearly earnings for ten dollars or less, you probably have a good deal.

The Cost of \$1 DJIA Dividends



The Price-of-Dividends provides the complement to the earnings indicator: If you can buy one dollar of dividends for eighteen dollars or less, then there's a good chance you're making a wise long-term investment.

October 31, 1981 A Good Time to Invest

3 Clear Signals

	Benchmark of Good Value	Actual 10/31/81
DJIA Value	975*E	853†
Price for \$1 DJIA Earnings	\$10	\$ 6.94
Price for \$1 DJIA Dividends	\$18	\$15.17

*Book Value on 10/31/81

†Market Value stated as the DJIA
E=Estimated

Special Report

Long-term Optimism Characterizes Survey of the U.S. Economy

In a survey on the U.S. economy conducted by Lord, Abnett & Co., a select group of our country's key thinkers, business leaders and policy-makers was asked to indicate its views on the state of the nation's economic health and the possible developments stemming from the 1981 tax and budget legislation. While the program does have its share of detractors, our survey shows overwhelming support for this new economic strategy.

Economists were chosen because of their technical familiarity with the subject. We included government officials, acknowledging their responsibility in the passage of the present program and the role they might play in drafting any subsequent legislation required to insure a turnaround in the economy. And finally, we looked to chief executive officers and chairmen of the boards of major American corporations—it is their companies which can, in effect, initiate the welcomed moves toward greater productivity. Please remember, however, that our survey does not necessarily represent a consensus of all economists, legislators and corporate executives.

The response rate to our survey was a gratifying 31%; we are pleased to share this cross-section of views on the U.S. economy.

Q. Do you think a larger-than-normal portion of the individual's tax saving will be used to recapture some of the lifestyle that has been eroded or do you think the individual will save a greater portion of the tax reduction?

save **68.4%**
spend **31.6%**

Q. Do you believe that the new tax policies will offer business sufficient incentives to increase investment appreciably and raise productivity?

yes **80.6%**
no **19.4%**

Q. Do you think the new tax bill is likely to induce companies to undertake capital programs in the next few years that probably would not have been considered otherwise?

yes **90.3%**
no **9.7%**

Q. If the end result of the tax program will be a stimulation of productivity, in what time frame can we expect to see the results?

less than 2 years **14.5%**
less than 5 years **71.0%**
5 years or more **14.5%**

Q. Do you expect the tax and budget programs will be successful or unsuccessful in reducing the secular rate of inflation?

successful **73.0%**
unsuccessful **23.8%**
undecided **3.2%**

Q. Which two policies do you think will be the most important factors in accelerating further growth in our productive capacity?

generous depreciation allowances to business **34.8%**
increased exclusion for interest income and the lowering of capital gains taxes **26.6%**
greater inducement to spend on research and development **22.0%**
lower rates of taxation on wages and salaries **16.5%**
some other policy **10.1%**

(some examples cited: higher investment tax credits, incentives to employ and train unskilled and unschooled, currency reform)

Q. Do you anticipate a moderation of wage increases over the next several years?

yes **82.5%**
no **14.3%**
undecided **3.2%**

Note: Some respondents did not answer every question; percentages are based on the number of answers to each question.

Special Report



The Nation's New Direction

(Continued from page 2.)

as the result of unwise increases in federal spending and money supply, and recommended greater restraint in both areas. Several survey participants saw other obstacles to be overcome: balancing the federal budget; lessening wage and benefit increases; lowering interest rates.

"Productivity improvements will be the biggest challenge, on the assumption that inflation is being brought under control," added George Barber, chairman and chief executive officer of Anchor Hocking Corp.*

Getting—and Staying—Productive

Economist Arthur B. Laffer, a member of President Reagan's Economic Planning Advisory Board, pointed out that the new direction in economic policy "offers the opportunity for sustained real growth on a long-term basis. Staying on track with the objectives of reduced government growth, regulation and lower marginal taxation is critical to maintaining a free economy and healthy real growth longer term."

The new economic recovery program recognizes, above all, that U.S. capital spending has fallen behind that of

other industrialized nations. To alleviate this problem, corporate tax breaks in the new law focus on faster and more generous capital cost recovery allowances for buildings, industrial equipment and vehicles. The new law also offers tax credits for research and development, another area in which American industry has lagged recently.

J. J. Loftus, vice chairman of Republic Steel*, stressed the need to renew America's commitment to capital investment saying: "Spending on new plant and equipment has been pathetically low compared with other advanced nations. We need to rebuild our capital stock and reap the productivity benefits that will accompany such change."

Will the new tax law help increase U.S. industrial output? Representative Jack Kemp (R.-New York) and Senator William V. Roth, Jr. (R-Delaware), whose earlier tax cut proposals form the backbone of the present legislation, are confident of the tax act's productivity-boosting effects.

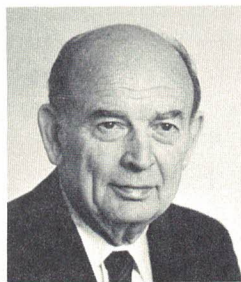
"The Economic Recovery Tax Act of 1981 will unquestionably contribute to a long-term increase in the growth of American productivity. By increasing the savings rates of businesses and individuals, the new tax act will contribute to an acceleration in productivity. Our older, more capital-intensive industries, such as autos and steel, will benefit particularly from the capital cost recovery provisions. Small and quickly growing new businesses will

(Continued on page 10.)

Viewpoint

"Taking a Stand"

Capital formation, new production efficiency and innovation through research and development are seen as essential elements needed to defeat high inflation, high interest rates and the growing disenchantment among many Americans about the costs of the goods and services they buy. Various leaders in government and in industry and key economists share their hopes for a revitalized economy.



William M. Batten

"We will have to create an environment that can stimulate all-out efforts to develop new technologies, new processes and new products and services, not only by new enterprises, but by established businesses as well. Our best projections for the 1980s show that we can raise the investment efficiency ratio

through policies designed to enable and encourage business to marshal and utilize our vast physical and human resources more effectively, and to reorganize work patterns in ways that will motivate workers to realize their full creative potential."

William M. Batten, Chairman, New York Stock Exchange

"Capital formation, investment and collective bargaining must focus on efficiency and productivity which are the best guarantors of economic progress needed to respond to changing world markets."

D.M. Roderick, Chairman, U.S. Steel Corp.

"...Looked at in isolation, the new tax law offers the prospect over time of improving the environment for business and personal savings and investment. Investment incentives should be strengthened by the capital cost recovery provisions; the lowering of top bracket marginal tax rates and

the accompanying reduction of capital gains taxes should help to increase the availability of venture capital; and incentives for productive activities—for saving, working, and risk-taking—should all be enhanced."

Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System



Murray L. Weidenbaum

"We expect to see major expansion in the savings rate, for a variety of reasons. One, of course, is the expectation, borne out in the past, that cutting individual and family income tax rates across the board will generate a more than proportionate increase in savings. What will make the shift more durable is a shift in inflationary expectations."

Murray L. Weidenbaum, Chairman, Council of Economic Advisers

Sylvia Porter (Continued)

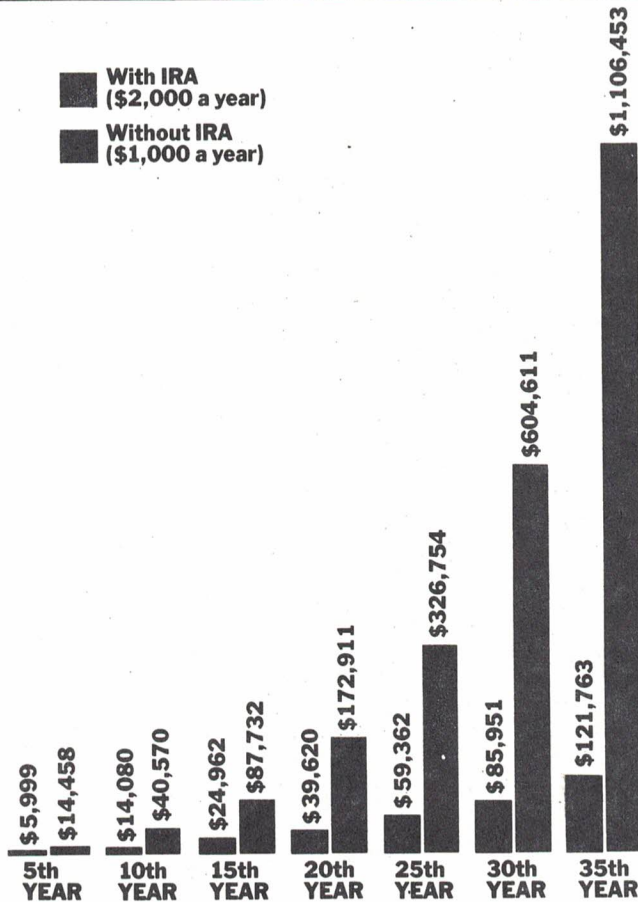
putting in \$2,000 a year until age 65. And say that earns 12 percent compounded quarterly. That will produce a nest egg for you of \$1,106,453! And that \$2,000 per year is deductible on your income tax return, whether or not you itemize your deductions.

The Advantage of Tax-sheltered Growth to a Person in the 50% Tax Bracket

■ With IRA (\$2,000 a year)
■ Without IRA (\$1,000 a year)

\$2,000 contributed yearly, at 12% compounded quarterly.

The green bar in each pair shows the growth of annual tax-deductible investments of \$2,000 made at the beginning of each year in a 12% account (compounded quarterly) with all growth sheltered. The black bar shows the results when, without the tax shelter, the annual \$2,000 available is immediately halved for a person in the 50% tax bracket. And, then, the growth on the money left for investment is itself cut quarterly by taxes.



Q. How should you invest your IRA?

A. Virtually all financial institutions (banks, insurance companies, mutual funds, securities dealers) will be competing for your IRA funds. Most institutions can efficiently handle your IRA, so your prime consideration should be based on your position to take risks and the rate of return you seek. You could buy mutual funds investing in stocks in anticipation that the combination of dividends and capital gains will produce a return higher than some guaranteed investments.

Whatever you do, keep in mind that an IRA is a TAX SHELTER and all earnings of an IRA are treated alike when you finally withdraw your funds. Aim for the highest total return from your IRA to retirement, taking more risk if you are relatively young and switching to safer investments as you

near retirement. You can manage switches at little or no cost.

Q. When should you make your contributions?

A. As early in the calendar year as possible for you so that your money can start working under a tax shelter. You can, though, contribute at any time during the calendar year and

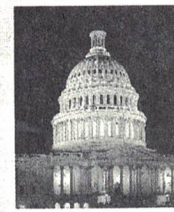
into the next calendar year until you file your tax return. Try to start January 4, 1982.

Q. What about part-time workers? Can they set up IRAs, too?

A. Yes. All working people under age 70½, whether or not covered under a qualified retirement plan, are eligible to contribute to an IRA. This includes the self-employed, government workers and all workers in private industry. It includes full-time and part-time workers—and even students, working summers. The amount put into the IRA can be all or any part of the first \$2,000 earned yearly.

To repeat. Do not shrug off this shelter.

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The Nation's New Direction

(Continued from page 7.)

benefit from the increased investment incentives for individuals," said Representative Kemp.

"The new capital cost recovery provisions will inject billions of dollars of new investment capital into our nation's business community... I believe the capital formation provisions, particularly the cost recovery provisions and associated liberalization of the investment credit are the most important for increasing our nation's industrial productivity. The changes here are truly dramatic," Senator Roth said.

The vast majority of our survey's participants—92.7%—believes that the new tax law will induce companies to undertake capital improvement programs that they might not otherwise have considered. Almost 90% expect to see productivity gains by 1986 or earlier.

But, in order to get—and stay—productive, business must first succeed in attracting the necessary investment capital. "Capital availability will be adequate to finance growth with an adequate return if monetary policies continue on a path of moderation and deficits are reduced sharply as a percent of GNP," said John W. Hanley, chairman of the board of Monsanto Co.* Most of the survey's participants expressed similar optimism about the future availability of new capital.

Caution Notices

A high percentage of survey respondents—83.6%—believe that the new tax policies will succeed in increasing investment and boosting productivity. But there were caution notices from prominent sources.

"The combination of special stimulants for research and development expenditures, cutbacks in the tax rates on investment income and capital gains, and multiple tax breaks for savings will tilt the scales sharply toward business investment. But several words of caution are in order. The tax stimulus comes at

high cost. If the generous business tax cuts, coupled with huge individual cuts, generate huge federal deficits in the face of a rising economy, the federal government's demands for credit will absorb the added private savings and will generate an investment-stifling level of interest rates as an offset to the investment-stimulating tax incentives."

—Walter W. Heller,
Professor of Economics,
University of Minnesota,
Chief Economic Advisor to
President Kennedy.

Another of the nation's senior economists was careful to qualify his assessment.

"The long-term effect of the 1981 Tax Act on productivity will depend on what goes with it. One cannot do something to the revenue side of the budget without also doing something to the expenditure side or the borrowing side. If the consequence of the 1981 Tax Act will be to make the budget deficit substantially larger than it would otherwise have been, even the direction of the effect on productivity is uncertain because of the possible negative effect of the deficit on private investment. If the consequence...will be to make defense expenditures substantially smaller than they would otherwise have been the effects on productivity will either be negative or irrelevant....If the tax cuts are substantially matched by cuts of non-defense expenditure we can be fairly confident of a favorable effect on the long-run growth of productivity. One can only guess at the magnitude of this."

—Herbert Stein,
Economist,
Professor of Economics,
University of Virginia.

A Promising Start

Despite the restraints and qualifications, most saw the new program for economic recovery as a good first step, but one that must be adhered to, even as the going gets tough. "We must remember," said Senator Roger W. Jepsen (R.-Iowa), "that the goal is a long-run goal and give the program time to work."

*An Affiliated Fund portfolio company.



Easing Your Tax Burden

by John J. Gargana, Jr.
Vice President-Finance,
Affiliated Fund
Chief Financial Officer,
Lord, Abnett & Co.

April 15th will be less taxing for every wage earner and saver as a result of extensive remedies legislated in 1981.

The new law—appropriately called the Economic Recovery Tax Act of 1981—also included provisions to improve productivity of American business and industry and to strengthen its competitive position in international markets.

The shareholder, as a result, can expect more than tax relief. The legislation will ultimately translate into higher corporate earnings, growing dividends and brightened prospects for rising stock values.

Here are some highlights:

Individual Tax Relief: Tax rates have been changed both for joint and single tax returns; as a result, everyone will have more money to save or invest. On October 1, 1981 all taxpayers received a 5% withholding rate reduction. Tax rate reductions of 10% will go into effect in July '82 and July '83.

A Sampling of Tax Brackets	'81	'82	'83	'84
Joint Returns				
\$ 24,600 to 29,900	32%	29%	26%	25%
45,800 to 60,000	49	44	40	38
60,000 to 85,600	54	49	44	42
215,400 and Over	70	50	50	50
Single Returns				
\$ 18,200 to 23,500	34%	31%	28%	26%
34,100 to 41,500	49	44	40	38
41,500 to 55,300	55	50	45	42
108,300 and Over	70	50	50	50

Capital Gains Tax: Here's a welcome change for all long-term investors. While the minimum holding period remains twelve months, the effective maximum tax on capital gains has been reduced to 20% from 28%. (The gain after 60% exclusion is taxed at a maximum rate of 50%.)

	Prior to June 10, 1981	June 10, 1981 and thereafter
Long-term capital gains	100%	100%
Deductible portion (-)	60%	60%
Portion included in income (=)	40%	40%
Maximum tax rate (x)	70%	50%
Maximum long-term capital gains tax rate (=)	28%	20%

Gift Tax Reduction: Annual gifts excluded from taxation have been lifted from \$3,000 to \$10,000 as of January 1982. A couple can double the annual exclusion by giving a gift of \$20,000 jointly. This new provision is especially rewarding to those who wish to "invest now" to help a child or to cover a family member's future education expenses, for instance. In '82, under the annual gift tax exclusion, a couple can give a gift of Affiliated shares, with a value of up to \$20,000 per donee in preparation for tomorrow's higher costs.

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September 25, 1984

Full

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

Dear Mr. Deaver,

As the Motorcade Advanceperson for President Reagan's visit to New York on September 23 & 24, 1984, I would like to take this opportunity to thank you for arranging for the motorcade drivers to meet the President and take photographs.

Touro Law School students have volunteered their time and effort in support of the President on his last six visits to New York. I know I speak for them, when I tell you what a privilege it has been to meet the President and persons such as yourself.

We look forward to assisting the President, the staff and press on many more visits and hopefully some day to Touro Law School.

Best wishes.

Sincerely yours,

Bradley A. Blakeman
BRADLEY A. BLAKEMAN