CS

ID # 177414 CU

CO 001-07

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

- ☐ O - OUTGOING
- ☐ H - INTERNAL
- ☐ I - INCOMING

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

Name of Correspondent: Phebe Marrin

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

Subject: Forwards information on Middle East

ROUTE TO: Office/Agency (Staff Name)	ACTION: Action Code	Tracking Date YY/MM/DD	DISPOSITION: Type of Response	Code	Completion Date YY/MM/DD
Cuofc	ORIGINATOR	90,09,24	TC NAN	C	90,10,01 CS
	Referral Note:				
Cugray	I	90,09,25	TC	C	90,10,01 CS
	Referral Note: ATTN: FYI				
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	Referral Note:				
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	Referral Note:				
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	Referral Note:				

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

DISPOSITION CODES:
- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

FOR OUTGOING CORRESPONDENCE:
- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: ______

Keep this worksheet attached to the original incoming letter.
Send all routing updates to Central Reference (Room 75, OEOB).
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PHEBE THORNE MARRIN

Bowden,

THOUGHT YOU'D LIKE TO READ THIS – MAYBE THE PRESIDENT WOULD TOO! IT'S NICE TO SEE SUCH POSITIVE THINGS SAID. BRAVO FOR YOUR GOOD ADVICE!

Love, Phebe

This issue introduces a new feature:

LOOKING AHEAD

Does the Storm Cloud in the Middle East Have a Silver Lining?

Prior to the eruption of The Middle East Crisis, we anticipated a long period of peace and prosperity. When the United States defeated the Soviet Union in the Arms Race through superior economic prowess, Capitalism triumphed over Communism. The prize of Peace seemed won.

Inflation, a consequence of the long struggle between the Major Powers, harassed the United States during the 1970s and 1980s, but was brought to a more tolerable rate by the beginning of the 1990s. The policy shift of the Federal Reserve under the present Chairman, Alan Greenspan, from vacillating monetary restraint leading to a cyclical, stop and go economy, with periods of growth interspersed with recession, to a policy of fine tuned relatively steady restraint intended to gradually reduce inflation further by throttling down the economy to slow growth seemed likely to be effective.

Hence, we grew optimistic that a prolonged period of peace and prosperity would be beneficial for investors, especially for those who invested in quality growth stocks for the long term.

Suddenly Iraq invaded Kuwait and President Bush countered with bold initiatives. Investors reacted to the confrontation with alarm. The price of oil spurted but President Bush, who made his fortune in the oil business, wisely deferred drawing on the U.S. reserves of oil. Instead President Bush called up U.S. Military Reserves. The News Media projected increased inflation due to the rise in the price of oil and the cost of the military build-up, and recession as a result of abruptly diminished consumer expectations and intentions. Some investors no doubt panicked.

However, the stock market frequently reacts sharply to unexpected events. Uncertainty causes many investors to sell stocks indiscriminately and postpone buying -- to put their cash in money market funds until they can assess the situation and understand the investment implications.

Nevertheless, President Bush has exhibited resourcefulness as well as initiative. He has enlisted international cooperation to resolve the crisis. He has the backing of the League of Arab Nations. He has encouraged the United Nations to approve sanctions and an embargo against Iraq and he has gained the almost unanimous support of the United Nations. He has solicited and won the backing of Premier Gorbachev and the Soviet Union.

He has initiated a plan for "burden sharing." Thus, the strains of Turkey, Egypt and Jordan in upholding the embargo against Iraq will be reduced through international funding and cooperation. Arrangements are being made to finance the military build-up in the Middle East of the United States and other nations through contributions from prosperous nations. Saudi Arabia has offered to supply all the fuel needed. Kuwait has volunteered that it would pay for most if not all the other costs of the military operations in the Gulf area. Negotiations are under way to enlist Germany, Japan and other nations which will not provide military forces to provide monetary and other support.

While Saddam Hussein stalls, President Bush marshals formidable political, economic and military might through international cooperation. Already, he has grasped the sceptre of worldwide leadership. His character suits him to apply international cooperation to resolve other political, economic and military problems as well: in Eastern Europe; in the Soviet Union; perhaps in China; in Cambodia and lesser nations of the Far East, in regard to international trade with Japan and Germany -- wherever U.S. interests are involved. He may bring to bear international cooperation to enhance the prospects for peace and prosperity -- a silver lining to the storm cloud.

HOW GROWTH STOCK INVESTING COMPARES TO BARGAIN HUNTING

The strategy of investing known as Bargain Hunting, or Value-Oriented Investing, was popularized by Benjamin Graham and David L. Dodd. Together they wrote the basic textbook which describes this strategy of investing. It is called simply, Securities Analysis. Both men practiced what they preached in this classic text. Dodd remained all his life a professor at Columbia University. Graham left Columbia University to develop his investment business based on the ideas and rules expressed in their book.

While many people have refined Growth Stock Investing, Philip Fisher is generally credited with popularizing this strategy. He wrote several books which outline how to select stocks of companies likely to grow over the long term and therefore appreciate.

Many investors are attracted to both of these strategies of investing.

The Graham and Dodd text explains how to analyse and compare financial ratios by examining the financial statements of publicly traded corporations in order to uncover those which are defined as "bargains." They recommend purchasing the stocks of such companies and holding them until some event brings recognition of their true value. When that happens their stocks will rise to the level of full valuation. Then, you can sell to take your profits.

The other strategy applies analysis of industries, products, services, management and competition for many companies to find the few which seem likely to grow at an above average rate and keep on growing for a long time. Such stocks, according to this strategy, are likely to appreciate in price as they prosper and increase their sales and earnings.

Both strategies have much merit. Each will provide good profits at some times, but not at others.

As long as we have a slow growth economy, however, it seems probable that Bargain Hunting will underperform, while Growth Stock Investing will outperform the Averages. Bargain stocks are generally found in mature and cyclical industries, just the industries most likely to stagnate during a slow growth economy. However, growth stocks are those which their managements have developed so that they can keep on growing in their industry despite moderate inflation or recession. Many such growth companies have grown right through the fairly severe recessions and economic disruptions of the 1970s and 1980s. Those that can grow while the Federal Reserve restrains the economy to slow growth in order to try to bring inflation to a lower rate over the next few years will probably appreciate far faster than the Averages during this period.

CONVERSATION ABOUT PERSONAL FINANCE

"Well, Reggie, how have your stocks fared during this latest crisis in the Middle East?" asked Christopher Conservative of his friend and after dinner companion of many years. These two conversational sparring partners were seated at their usual spot overlooking the elegant shop windows and busy afternoon traffic on the street outside the window of the Club Room of their Club.

"As you can guess, they dropped sharply, like just about every other stock," answered Reginald Responsible. "How about your bonds?"

"Oh, I never bother to quote my bonds except in Barron's about once every few months. I don't have to worry. I can sleep nights. I am confident my bonds will keep on making their interest payments even if they fluctuate."

"I, too, have peace of mind," rejoined Reggie. "I dream of my growth stocks increasing their earnings and dividends year after year, appreciating fast enough to far outpace inflation, and making me richer and richer."