

THE WHITE HOUSE  
WASHINGTON

OFFICE OF THE STAFF SECRETARY

Fax Transmittal Sheet

TO: SECRETARY RON BROWN  
Department of Commerce

Fax Number: 482-2741

Phone Number: 482-2000

FROM: John Podesta

SUBJECT: copy of Presidential letter

DATE: 02/09/95

NUMBER OF PAGES (including cover sheet): 3

MESSAGE:

If all pages are not received, please call 202/456-2702

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**The AES  
Corporation**

January 19, 1995

Dennis W. Bakke  
President  
Chief Executive Officer

The President  
The White House  
1600 Pennsylvania Avenue  
Washington, DC 20500

Dear Mr. President:

I have just returned from India, where AES is developing a \$650 million coal-fired power station in the State of Orissa. I went primarily to participate in the negotiation and signing of the Indian Government's counter-guarantee to the project, but my visit also coincided with that of Secretary Brown and his business delegation.

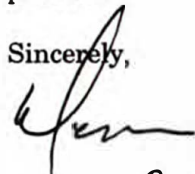
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It would not be possible to overemphasize the positive impact that the Department of Commerce, the Department of Energy and the American Embassy in New Delhi have had through their advocacy of and partnership with American business in India. The attention and momentum generated by Secretary Brown and his team this week and Secretary O'Leary and her team before him, have made the difference between progress and delay as we work toward getting our projects off the ground.

Most impressive, however, have been the remarkable efforts of Ambassador Frank Wisner since his assumption of his post in New Delhi. He and his team have established themselves as champions of American business interests, working tirelessly to help us overcome seemingly insurmountable barriers and bureaucratic inertia. At every turn since the Ambassador's arrival, they have been ready to listen and lend their support in any way possible. The results have been tangible, as I witnessed personally this week.

As part of a group of American companies striving to succeed in the recently opened Indian power sector, we are fortunate to have Ambassador Wisner as a partner.

Sincerely,



cc: Secretary Ron Brown  
Secretary Hazel O'Leary  
Ambassador Frank Wisner

*P.S. I need to talk with  
you about  
Blatts - sup to  
US in speng.  
WB*

THE WHITE HOUSE  
WASHINGTON

February 7, 1995

Dennis W. Bakke  
President  
The AES Corporation  
1001 North 19th Street  
Arlington, Virginia 22209

Dear Dennis:

Thanks for your letter of January 19. I'm delighted to hear your trip to India was a success. And I'm glad to hear a first-hand report about the outstanding job Secretary Brown, Secretary O'Leary, and Ambassador Wisner are doing. I couldn't agree with you more.

Thanks, too, for sharing your testimony before the House Subcommittee on Telecommunications and Finance. I hope to have the chance to look it over soon.

I'll talk to you soon.

Sincerely,



Thanks — Wisner's 1 & note.

## TRANSMIT CONFIRMATION REPORT

|             |   |                    |
|-------------|---|--------------------|
| NO.         | : | 013                |
| RECEIVER    | : | SECRETARY'S OFFICE |
| TRANSMITTER | : |                    |
| DATE        | : | FEB 09'95 15:02    |
| DURATION    | : | 01'25              |
| MODE        | : | STD                |
| PAGES       | : | 03                 |
| RESULT      | : | OK                 |

THE WHITE HOUSE  
WASHINGTON

THE PRESIDENT HAS SEEN

2/9

95 FEB 8 PM 12:31

6 February 1995

MEMORANDUM TO ~~THE~~ PRESIDENT  
LEON PANETTA

FROM: Harold Ickes *HI*

SUBJECT: Governor Engler

On 4 February, I spoke with Ambassador Blanchard who is concerned about the favorable play Governor Engler has received in Michigan apparently as a result of the President's favorable comments about him during the NGA meeting especially in connection with his welfare plan. According to the Ambassador, Engler received banner headlines in Michigan, and the Ambassador is very concerned that this will hurt the President's standing among Democrats and jeopardize his chances of carrying Michigan in 1996.

He also pointed out that David Broder recently has written an article about the "hard-heartedness" of Engler's welfare program.

While at the Democratic Senator's retreat in Virginia on Friday, Senator Levin told me that he has been lobbying the Administration for well over a year to get a certain policy changed with no success, but when Governor Engler was in Washington last week, the same Secretary (whose name the Senator did not want to give me in public) had told Engler that the policy would be reversed. It is an understatement that Senator Levin was not happy.

I spoke with the Senator's administrative assistant on 6 February who told me the Senator would be meeting with the Secretary in question and the Senator would let me know if any follow up from us was necessary.

I want to know  
who I want this  
is ASAP -

**BILL  
HARBERT INTERNATIONAL  
CONSTRUCTION, INC.**

January 30, 1995

The Honorable Bill Clinton  
President of the United States  
The White House  
1600 Pennsylvania Avenue, N.W.  
Washington, DC 20500

Dear Mr. President:

I have just returned from the Winter Meeting of the Democratic National Committee. I want to tell you how inspirational your speech was for me. The results of the 1994 elections lowered my morale and enthusiasm so much I almost did not attend the DNC Winter meeting. However, I have renewed my energy after hearing your speech.

I would like to commend you for making it a policy of your Administration to promote American Business overseas. For the first time in my lifetime, we are seeing U. S. Embassies around the world actually going to bat for American companies.

Most Americans, I am sure, share my feelings that your inspired acts of leadership will be remembered as some of the finest moments of executive leadership in decades. Your actions on health care, welfare reform, and crime give a new and strengthened standard to leadership. I shall attempt to make whatever contributions I can to the success of these undertakings.

I look forward to assisting both of you in the future. I would be very appreciated if you would consider sending me a Presidential Seal tie bar and cuff links.

I wish you and your family the very best.

Regards,



R. Alan Hall  
Controller and  
Treasurer

from

2/9 Oval  
TO: Dorskind, you  
get political to  
the response  
JDP

THE PRESIDENT HAS SEEN  
2 8 95

## THE TOPPS COMPANY, INC.

ONE WHITEHALL STREET, NEW YORK, NY 10004-2107 ■ (212) 376-0586 ■ FAX (212) 376-0627

ARTHUR T. SHORIN  
CHAIRMAN OF THE BOARD

COPY

January 31, 1995

*Pl  
(Need an answer  
to this - B*President William Clinton  
The White House  
Washington, D.C. 20500

Dear President Clinton:

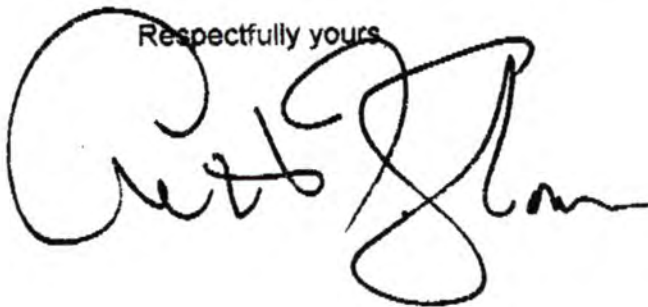
I understand that you want the Major League Baseball dispute resolved by February 6, the 100th anniversary of Babe Ruth's birth, and believe me, Mr. President, I do too.

Of course, Topps is only one in a long line of innocents being adversely affected by the problem but, for the record, let me say that it has been devastating. Topps' baseball card production is at its lowest level in 30 years and employees, suppliers and shareholders all feel the unfortunate ramifications. Our consumers are among the most loyal and faithful in any industry, but how can kids celebrate or collect heroes of the diamond when the heroes are nowhere in sight?

So, more power to you Mr. President, and sincere thanks for moving to get this thing settled. Afterwards, who knows, you yourself could be on an official Topps' bubble gum picture card, highlighting a great moment in baseball!

Meanwhile, please accept with my warm compliments the enclosed Babe Ruth commemorative card appearing in Topps 1995 collection.

Respectfully yours

*copy Bk. I  
to coordinate  
with  
Lindley*

**MILKEN FAMILY FOUNDATION****FAX MEMORANDUM**

**TO:** PRESIDENT CLINTON  
**FROM:** ROSEY GRIER  
**RE:** Letter For Tribute Book  
**DATE:** February 8, 1995  
**ATTN:** MS. CURRIE - PLEASE HAND DELIVER  
**PAGES:** 3 (Including cover)

---

Dear Betty,

Here is the letter I spoke to you about for the President. We've also enclosed a sample letter for the President's perusal. Thanks so much for your help!

Love,

Rosey

*Jim Doriskind 2-9-95*  
*Fran - appropriate handling*  
*Thoughts !!*  
*fw*

(Please call Charlene at 310/998-2873, should you have any difficulty in receiving this transmission).

February 8, 1995

**MILKEN  
FAMILY  
FOUNDATION**

Dear Mr. President:

In 1985, The Milken Family Educator Awards was established to honor, nationwide, educators who have distinguished themselves by their outstanding performances within their profession.

This past year, 150 school-site teachers and principals were selected to receive the *Milken Educator Award* and each will receive an unrestricted award of \$25,000 for their extraordinary efforts. The recipients of this award are chosen solely on the basis of excellence. Selected by a distinguished panel, under the auspices of each state's department of education, they represent a broad national sample of America's best and brightest educators. They teach in every known quadrant of American society: urban-rural, affluent-poor, handicapped-gifted and talented, and majority-minority. But regardless of their setting, they have something very special in common -- commitment, accomplishment and caring.

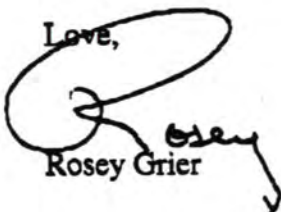
On Saturday evening, May 6, 1995, over twelve hundred education, business, government and community leaders from around the country will attend our gala awards presentation.

To commemorate this occasion, the Foundation plans to produce a Tribute Book which will include congratulatory letters from the thirty participating governors and state chiefs.

Mr. President, we would be grateful if you would provide a letter to be included in the Tribute Book. Your expression of appreciation to these outstanding educators will surely have a powerful and lasting impact.

I know you will keep up the good fight of faith. I will continue to pray for you and your staff.

Love,

  
Rosey Grier

**BOARD OF DIRECTORS**

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*Executive Vice President*

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MURRAY HACKEL

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RALPH FINERMAN

TONY CORLHO

MARIANO GUZMAN

THE WHITE HOUSE  
Washington

May 7, 1995

Warm greetings to everyone gathered in Los Angeles for the sixth annual Milken Family Foundation National Education Conference. It is an honor to help celebrate the achievement of the one hundred and fifty distinguished educators selected in 1994 to receive this recognition. Education is the noblest of professions, and the men and women who bring that nobility to life through their commitment and talent are true national heroes. I commend the Milken Family Foundation for providing outstanding educators with major financial awards and professional development opportunities.

Today, as you know, your responsibilities as teachers and principals have expanded to include whole new dimensions. You shoulder responsibilities transferred to schools by a society and a world changing faster than ever before. But, you continue to carry out these responsibilities with skill and energy, with imagination and love. You are an inspiration to talented young people to follow in your footsteps to become our next generation of educators. You truly deserve our highest recognition!

My heartiest congratulations to all the Milken Educator Award recipients.....men and women who represent our nation's finest educators.

218  
Franco fax these 2 on 2/9.

THE WHITE HOUSE  
WASHINGTON

February 7, 1995

To Sit Rm to go to  
State Dept to  
D.P. Pouch

CC: BROWN  
O'LEARY  
AMB. WISNER  
NANCY H  
cc: Bryghelen  
too

Dennis W. Bakke  
President  
The AES Corporation  
1001 North 19th Street  
Arlington, Virginia 22209

Dear Dennis:

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Thanks, too, for sharing your testimony before the House Subcommittee on Telecommunications and Finance. I hope to have the chance to look it over soon.

I'll talk to you soon.

Sincerely,

*BRM*

Thanks — Wisner's 1<sup>st</sup> Nat.

January 19, 1995

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Corporation**

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President  
Chief Executive Officer

The President  
The White House  
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Washington, DC 20500

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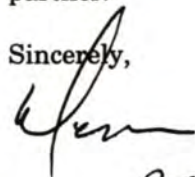
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Sincerely,



 cc: Secretary Ron Brown  
Secretary Hazel O'Leary  
Ambassador Frank Wisner

*P.S. I need to talk with  
you about  
Blutts trip to  
US in spring.  
WB*

THE WHITE HOUSE  
WASHINGTON

DATE: February 8, 1995

NOTE FOR: AMBASSADOR FRANK WISNER

The President has reviewed the attached, and it is forwarded to you  
for your:

Information ☒

Action ☐

The President's note on the Bakke letter  
says,

'Thanks - Wisner is 1st rate.'

Thank you.

**JOHN D. PODESTA**  
Assistant to the President  
and Staff Secretary  
(x2702)

cc:

THE WHITE HOUSE  
WASHINGTON

February 7, 1995

Charles F. Palmer  
Ninth Floor  
1999 Avenue of the Stars  
Los Angeles, California 90067

Dear Charlie:

Thanks for your letter expressing your interest in serving on the Federal bench. I want you to know I carefully read your letter and I appreciate your willingness to serve. I've shared it with Abner Mikva, my counsel, and asked him to give it careful consideration.

As always, I am grateful for your support.

Sincerely,

*Bin*

cc: VICKI  
BADD

*Amme*

CHARLES F. PALMER  
1999 AVENUE OF THE STARS, NINTH FLOOR  
LOS ANGELES, CALIFORNIA 90067

Dear Mr. President:

After serious reflection, I have decided to apply for appointment to the bench. Because we have known each other for as long as we have, I wanted to write to explain my decision and, at the same time, ask your consideration.

I am mindful of the burdens with which you must contend and I understand the many considerations that enter into your selection process. I want to emphasize that I understand there may be very good reasons why you would prefer or feel it better that someone else be chosen.

The reason I am seeking appointment goes back to our days at Yale. Public service was something imbued in us both at the Law School and before we chose to be lawyers. Like you, it is something I have never forgotten. Early in my career, I left private practice to spend four years establishing Public Counsel as the nation's largest private bar-sponsored public interest law firm. By the time I finished, thousands of lawyers were involved representing primarily low income people. As much as I loved that work, the responsibilities of having a son and seeing

that he received the same start my parents gave me and led me to return to private practice. While doing that I think I have managed to avoid compromising my commitment to public service, staying involved in a variety of boards and organizations -- Chair of the Legal Service Section of the State Bar, Trustee of the Los Angeles County Bar Association, and President of Legal Aid, among others.

Now that Michael is pretty much on his own, financial considerations no longer loom as large and I would like to find an opportunity to make a fuller contribution to the public good. Given my talent and my background and experience in the law, I believe my contribution could best be made on the bench. I have a healthy appreciation for the importance of recognizing individual interests, rights, and obligations while working through the real consequences of any legal resolution. Private practice has given me insight into how business and government function and the unintended consequences that often result from judicial decisions. Above all, I am firmly committed to the law as the glue which holds us together in a diverse, pluralistic, and civilized community.

In the weeks since the election I have thought of you often and the personal toll the results must be taking. Your vision and your principles have been right. In time the People will come to understand that. They

ultimately want you to succeed. I hope you know  
that if there is some small way I can assist you  
as you face this challenge, I will.

Your friend,

Charlie

THE WHITE HOUSE  
WASHINGTON

February 7, 1995

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Ninth Floor  
1999 Avenue of the Stars  
Los Angeles, California 90067

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*Bin*

THE PRESIDENT HAS SEEN  
2-8-95

cc: John Emerson

Call me re: This

Boe

*Amme*

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1999 AVENUE OF THE STARS, NINTH FLOOR  
LOS ANGELES, CALIFORNIA 90067

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Your friend,

Charlie

THE WHITE HOUSE  
WASHINGTON

*Call Evelyn  
Sullivan: This  
B*

February 7, 1995

Norman J. Ornstein  
5818 Surrey Street  
Chevy Chase, Maryland 20815

Dear Norm:

Thanks for your letter and for following up on our conversation at Renaissance weekend.

I like your suggestion about bringing a group of Washington and Congress watchers together. I know it would be interesting and productive, and I hope I'll be able to find the time to make it happen.

It was good to see you at Renaissance. Thanks for your continued interest and support.

Sincerely,

*Bill Clinton*

*Good idea - I'll  
follow up*

1/20/95

Dear Bill,

I have been moved several times in the past two weeks to call and follow up on our conversation at Renaissance, especially as I've watched the shenanigans in House & Senate. I hope we will have a chance soon to talk at more length. I have a slew of ideas, big and small. In addition, I'd like to make another proposal: make one of the periodic Camp David gatherings one with a handful of thoughtful Washington- and Congress-watchers. I'd suggest a group that included the likes of Dick Neustadt, Tom Mann + Chuck Jones of Brookings. (Chuck is a Republican, but neither an ideologue nor a partisan,) + Dick Roe, among perhaps others. I think we could put together a group that would be lively & stimulating in a slightly different way than your other forums, and very worthwhile. I know time is your most precious and scarce commodity, but I hope we can find some time, some time.

Norm



**NORMAN J. ORNSTEIN**  
5818 SURREY STREET  
CHEVY CHASE, MD 20815



2-8-95

As Prepared for Delivery

**ADDRESS BY ANTHONY LAKE  
NATIONAL SECURITY ADVISER****CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE  
WASHINGTON, DC  
JANUARY 30, 1995****"A YEAR OF DECISION:  
ARMS CONTROL AND NON-PROLIFERATION IN 1995"**

I would like to speak to you today about an issue at the very top of President Clinton's agenda: reducing the threat of nuclear weapons.

1995 is a year of decision. This year presents more than opportunity -- it's a moment of choice. In the coming months, we can turn a corner in our efforts to combat the spread of these and other weapons of mass destruction. And I am here to tell you that we in this room have an obligation to work together and get things done. Now.

Since the end of the Cold War, we have witnessed a world transformed. Today, the American people worry less about nuclear war than at any time in a generation. But the weapons still exist, and they still can destroy our nation. That's why you are here. You have devoted your lives to making people safer. As we move into the year ahead, let's not forget what is at the heart of our efforts: ensuring that when all of our families turn out the lights at night, they can sleep in greater safety than ever before in their lives. This is not ultimately about the intricacies of missile throw-weights or the half-life of fissile materials. This is about protecting people.

That's why President Clinton vowed when he took office to do everything in his power to reduce the danger posed by these weapons. And we have come a long way toward this goal. We have begun dismantling a huge part of the global nuclear arsenal. At the same time, we have maintained the strategic nuclear forces necessary to protect our most vital interests.

We are now at a crossroads -- a point where some of the most important arms control goals we set during the Cold War can be formally realized. That is why today I want to issue a call to arms -- or to arms control. We have a new and ambitious agenda. It will require a vast amount of work from all of us: educating the public, pushing for action on Capitol Hill and lining up support in the international community. You and I are bound to disagree on individual points, and should. But we must also keep our eyes on what's most important -- on our fundamental goals. Because if we let our differences dominate the headlines, we will fail. That won't be just an embarrassment -- it will gravely weaken the safety we want for our families and for our country.

Because of the strides we've made, we are in a position to make tremendous progress. Consider this: In 1995, in this year of decision, we must gain ratification of START II by the U.S. Senate and the Russian Duma, so that -- as Presidents Clinton and Yeltsin have agreed -- the treaty can be entered into force at their next summit. The presidents also agreed we can then begin warhead removal immediately and ahead of schedule. This year, as President Clinton said in the State of the Union Address, America also will lead the charge to extend indefinitely the Non-Proliferation Treaty. This is absolutely crucial. In addition, we must pursue a Comprehensive Test Ban Treaty, as well as a convention cutting off production of fissile material and more measures to safeguard nuclear materials in Russia and the other Newly Independent States. We will push for Senate ratification of the Chemical Weapons Convention. We will seek to strengthen the Biological Weapons Convention. And we should aim to complete the ABM treaty talks on the demarcation between theater and strategic missile defenses. All this year.

We have an agenda like this because we have made real progress on these issues over the past two years, as we worked to reduce existing weapons and to prevent nations or groups from acquiring nuclear weapons or the materials to make them. Let's look at where we stand.

A couple of years ago, some doubted that the START I treaty negotiated by Presidents Reagan and Bush could ever be brought into force. When the Soviet Union collapsed, there was a genuine danger that several nuclear powers would emerge in its place.

Today, our diplomacy has overcome that danger. The determined efforts of President Clinton and Vice President Gore, as well as those of the leaders of Russia, Ukraine, Belarus and Kazakhstan, culminated in the ceremony last month in Budapest at which START I entered into force. Ukraine, Belarus and Kazakhstan all put their signatures on the dotted line: They all agreed to forswear nuclear weapons entirely and sign the Non-Proliferation Treaty. START I will eliminate delivery systems that carry 9,000 nuclear warheads. We are currently dismantling these nuclear weapons literally as fast as we can -- in all, 2,000 nuclear weapons a year -- and the Russians are also deactivating their weapons years ahead of schedule.

The ceremony in Budapest was one sign of just how much the end of the Cold War has created new opportunities to make us safer. We are striving to take the fullest advantage of that change.

President Clinton reached an agreement last year with President Yeltsin to stop targeting each other's territories. For the first time in a generation, Russian missiles are not aimed at our cities and our citizens. If a Russian missile were accidentally launched, it would not hit our country.

Our new partnership with Russia and our arms control progress over the past six years also served our security interests in allowing reduction in our strategic programs. To mention a few:

- For every ten U.S. military personnel whose duty just a few years ago was working on strategic forces, today there are only three.

- The development of such programs as the Midgetman, the MX Rail Garrison basing system and the Lance follow-on nuclear missile could safely be terminated.
- We have cut U.S. defense budget expenditures for strategic weapons by almost two-thirds.

Pulling back from the Cold War nuclear precipice in this way helps our citizens in their daily lives. It allows us to save some \$20 billion a year on strategic nuclear forces alone. So now we can shift resources to needs like getting our economic house in order by paying down the deficit, boosting the readiness of our conventional forces and putting more police on our streets. Our success in reducing nuclear arms means a stronger, safer America.

While the post-Cold War era has opened new arms control possibilities, in some ways it has made our work harder on the non-proliferation front. Thanks to technology and the collapse of the Soviet Union, nations and even terrorist groups have a better shot today than during the Cold War at getting the materials they need to build a bomb. Ironically, the very reductions in nuclear arsenals increase the risk that dismantled warhead materials will be diverted. We see this in a new and deeply disturbing phenomenon: nuclear smuggling -- with the greatest threat coming from the theft of bomb materials in the stockpiles of the former Soviet Union. Now, we face the danger that states and terrorists could try to become nuclear powers without investing in expensive development programs. One arrest has followed another, and the weight of the seized materials has climbed ominously from ounces into pounds.

That is one reason why President Clinton has given non-proliferation such a high priority, and why the U.S. has proposed a comprehensive approach to fissile material control.

We have agreed with Russia on the shutdown of its remaining plutonium production reactors by the year 2000, and verification measures will ensure that none of the spent fuel from these reactors is used for weapons purposes.

Thanks to the farsighted legislation by Senators Nunn and Lugar, we are helping Russia and the Newly Independent States transport, safeguard and destroy nuclear weapons. Nunn-Lugar also employs nuclear scientists in nonmilitary projects. And our nuclear labs have worked directly with their Russian counterparts to upgrade security at the Kurchatov Institute, in a program that we will be expanding further.

At the same time, we reduced the total amount of material needing protection. Under an agreement we reached last year with Russia, 500 tons of highly enriched uranium will be converted to low enriched reactor fuel that cannot be used for nuclear weapons.

In a major operation, called "Sapphire," we also arranged for the airlift of nearly 600 kilograms of highly enriched uranium from Kazakhstan to secure storage in the United States. That would have been enough to make dozens of nuclear weapons.

For the first time ever, we have also moved beyond the elimination of thousands of nuclear delivery vehicles to eliminating the nuclear warheads that have been deployed on those systems.

And Presidents Clinton and Yeltsin agreed to pursue measures to ensure that the process is irreversible, including steps to exchange data and conduct reciprocal inspections of nuclear material storage facilities.

To help make the weapons dismantlement process irreversible, we have begun the process of placing nuclear material from the U.S. military stockpile under IAEA safeguards. President Clinton remains committed to strong support for the IAEA, including its vital safeguards function. The success of the regime and the adherence of additional countries to the NPT places new responsibilities on the Agency. It needs our support, and we have provided this year an additional \$10 million in our voluntary contribution.

Even as we seek to put in place arms control and nonproliferation measures that make the world safer and more stable, we must deal with some serious regional proliferation problems. We will continue to integrate non-proliferation concerns into our regional strategies in South Asia, the Middle East and elsewhere.

Over the past two years, we have put our bilateral relationships, including those with Moscow and Beijing, on the line in order to strengthen the Missile Technology Control Regime. We now have commitments from four key potential missile suppliers -- Russia, Ukraine, China and South Africa -- to control the transfer of ballistic missiles and related technology.

We have also confronted the North Korean nuclear threat and we have stopped it in its tracks. Our agreement with Pyongyang freezes and will dismantle their nuclear program. It is not built on trust. Instead, the framework agreement sets up a system of international monitoring -- and the monitors have already confirmed that the North Koreans have frozen their program. Plutonium that could have been processed into weapons materials will be put under IAEA supervision. Construction on reactors that would have produced more such material has ended. If at any time North Korea fails to meet its obligations, we will withdraw the benefits of the agreement.

This is a deal that is good for America and good for the region -- which is why our allies in Japan and South Korea are committed to support it financially as well as politically.

These are solid achievements. But they will mean little if we don't build on them in 1995. It is the year of decision. Let me outline for you the extraordinary and necessary agenda before us.

First, this year we hope to raise the barrier against developing new generations of nuclear weapons by negotiating a Comprehensive Test Ban Treaty. Second, we will continue work to prevent more nations from building their own nuclear weapons by pressing for an indefinite extension of the Non-Proliferation Treaty. Third, but by no means less important, we will also work to cut even deeper into the global arsenal by pushing to ratify START II. And fourth, we will work on a number of other efforts to stop the proliferation of weapons of mass destruction, including a fissile material cut-off convention. Let me discuss each of these briefly.

One of the Administration's foremost goals is completing the negotiations on a Comprehensive Test Ban Treaty at the earliest possible date. When President Clinton arrived in office, he declared a moratorium on U.S. nuclear testing and, in a major reversal of the policy of Presidents Reagan and Bush, instructed U.S. delegates to take the lead in negotiating a CTB.

This weekend, the President made three decisions that underscore his determination to achieve as much progress as possible before the NPT Extension Conference convenes in April.

First, on the assumption that a treaty will be signed before September 30, 1996, and subject to the same understandings that govern our current moratorium, the President has decided to extend the moratorium on its nuclear tests until a CTB Treaty enters into force.

Second, the President has directed our CTB negotiator, Ambassador Ledogar, to propose that the Conference on Disarmament remain in session through August if the negotiation is not concluded during the round now scheduled to end in April.

Third, the President has directed that at tomorrow's session of the Geneva negotiations, the U.S. will withdraw its proposal for a special "right to withdraw" from the CTB Treaty ten years after it enters into force. Let me also note that the CTB will contain a traditional "supreme national interest" clause. In articulating his National Security Strategy last July, President Clinton declared that the United States will retain strategic nuclear forces sufficient to deter any future hostile foreign leadership with access to strategic nuclear forces from acting against our vital interests and to convince it that seeking a nuclear advantage would be futile. In this regard, the President considers the maintenance of a safe and reliable nuclear stockpile to be a supreme national interest of the United States.

One of the most complicated and challenging issues in the CTB negotiations is the question of what kinds of experiments and other stockpile stewardship activities will be permitted under the treaty -- what our negotiators call "treaty compliant activities." The U.S. position with regard to these activities is determined on the basis of three criteria:

- The CTB Treaty must be comprehensive and promote our vital national interest in curbing the further proliferation of nuclear weapons;
- The CTB Treaty must not prohibit activities required to maintain the safety and reliability of our nuclear stockpile; and
- The CTB Treaty must be signed by all declared nuclear states and as many other nations as possible.

As the negotiations proceed, the United States will continue to review its position on this issue to ensure it meets these criteria.

The Non-Proliferation Treaty has been a key reason why there are not scores of nations armed with nuclear weapons -- as many in the past imagined there would be. But if we want to

keep it that way, this year we must focus our efforts on permanently extending this treaty. The President, Vice President and Cabinet are committed to this necessary work. There are no more important negotiations before us.

Failure to secure permanent extension would open a Pandora's box of nuclear trouble. Such a failure would help backlash states -- isolated nations with rigid ideologies and expansionist aims -- that are bent on acquiring the most dangerous of weapons. And other countries might seriously reconsider their own decisions to forego the nuclear option.

Anything less than permanent extension will leave doubts about the international community's resolve. NPT extension is in our deepest security interest and in the interest of all nations.

Non-nuclear weapons states should vote for the indefinite and unconditional extension of NPT not as a gift to the declared nuclear powers, but because it is fundamentally important to their own security. The truth is that the NPT is not only the cornerstone of our strategy to prevent nuclear weapons proliferation but also the foundation of our efforts to prevent proliferation of all other weapons of mass destruction. Remove it and the architecture collapses.

I know you all agree with that. But let me also raise an issue of disagreement between us and some of you. Some of you accuse us of being disingenuous, of moving too slowly away from the Cold War while demanding extension of the NPT. I think the evidence shows you are wrong. The United States is committed to pursue its obligations under Article VI of the NPT. And, as our progress in START and other initiatives shows, we are moving to reduce the threat from nuclear weapons as fast as we can.

The problem quite frankly is that when some of you proclaim the death of the NPT every time we fail to act on other issues in exactly the way you prescribe, you simply offer ammunition to the enemies of the NPT and risk a self-fulfilling prophecy of defeat. Certainly, let us disagree when we must. But let us not do so in a self-destructive way. I hope all true friends of the NPT will agree.

In all the ways I have just discussed, we are working hard to prevent the spread of weapons of mass destruction. But in this year of decision, we must also reduce the threat from the nuclear arsenals that already exist.

At the President's urging, the Senate will tomorrow begin ratification hearings with testimony from Secretary Christopher on START II, which will eliminate more than 5,000 nuclear weapons. Together with START I, that will reduce by two-thirds the number of strategic warheads deployed at the end of the Cold War.

We hope the Senate will move with dispatch. President Clinton and President Yeltsin have vowed to exchange instruments of ratification at their next summit, and we want to get started on implementation.

In this year of decision, we must also not lose sight of other critical tasks. For example:

- We will work toward a treaty banning the production of the fissile materials that go into weapons.
- We will try to conclude negotiations to clarify the distinction in the Anti-Ballistic Missile Treaty between theater missile defense and strategic ABMs. In these negotiations, we are guided by two objectives: preserving the viability of the ABM Treaty and ensuring we can test and deploy highly effective theater missile defenses.
- We will continue the fight against international terrorism with the initiative the President announced in his State of the Union address. And we will redouble our efforts to stop nuclear smuggling and nuclear-related crimes through stepped up cooperation with our allies and others.
- We will ask the Senate to ratify the Chemical Weapons Convention, which will advance us toward the goal of eliminating chemical weapons under rigorous international inspection.
- We will negotiate legally binding measures to strengthen compliance with the Biological and Toxin Weapons Convention.
- We will continue to work for strengthened export controls including a new regime to succeed COCOM.
- And we will push for ratification of the Convention on Conventional Weapons, which will advance President Clinton's initiative to eliminate the most deadly of landmines.

I want to make a plea that even as we are working hard to reduce the threat posed by the very largest weapons, we must not forget the terrible toll now being taken by some of the smallest. I was reminded of this on a recent trip to Africa, particularly when I visited Angola -- which has more mines than people. I was outraged by what I saw around the once beautiful town of Kuito, which now lies in near-rubble. It was not only the children I saw who had lost limbs -- terrible as that is. It seemed to me a metaphor for the terrible waste of this war in Angola that I could see, across the fields outside town, mangoes in the trees that no one could pick for fear of the minefields.

Time is of the essence. The achievements of the past two years are truly remarkable -- if not always remarked upon. But they have to be built upon -- and 1995 is the year to do it.

We have made real progress by weaving our goals of eliminating weapons of mass destruction into the fabric of our diplomacy. These are not separate issues any more. We tie our economic and political relations with scores of nations to progress on arms control issues.

We can help write a new set of ground rules for the post-Cold War period. We can strengthen our own security by negotiation -- which is cheaper and safer than matching arms for

arms. And we can work to create a world where nations depend on commitments -- to each other and to their own people -- no less than on arms.

Or we can undermine our own cause by forgetting the things that really count through indifference or unnecessary differences.

We are present at the creation of a new era in world affairs -- an era that demands full American engagement. In a world with too many nuclear, chemical and biological weapons, there is also a world of opportunity to do something about it. President Clinton wants to press ahead: to extend the NPT forever. To sign a Test-Ban Treaty. To reap the benefits of START for the American people -- so they may feel and be more secure.

I hope you will help us make 1995 the year of the right decisions.

###



VD

THE PRESIDENT HAS SEEN  
2-8-95

had a good visit  
w/ Ned to dinner -  
B.





Administrator  
General Services Administration  
Washington, DC 20405

op Poter -  
mac  
dox  
Rubin

THE PRESIDENT HAS SEEN  
2-8-95

November 18, 1994

Honorable Albert Gore  
Vice President of the United States  
1600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20500

Subject: Affirmative Action Program for Executives in Government

Dear Mr. Vice President:

Although business and government are quite different - and rightly so - the business of government, i.e., the management of the process and people, requires the very same skills and experiences as professionally managing any organization. Unfortunately, I have concluded after 16 months that there is a gross lack of professional management experience and skills in Washington resulting in a variety of poor management practices. The lack of these fundamental skills and resulting poor management practices produces needlessly complex and frustrating processes, as well as billions of wasted dollars. In my opinion, you have radically changed the policy agenda of our country. At the same time, The N.P.R. recommendations have provided the blue print for major changes in the process of governing.

I am concerned, however, that we do not have the managerial skills to effectively implement these changes.

Although no one action can cure this problem, I believe that I have identified some specific actions that could help a great deal.

Since coming to Washington, I have become more and more concerned with the dearth of people with real hands-on general management experience. I believe I am the only Fortune 500 CEO in government, for example, and I'd be surprised if there were more than a dozen or so people who have real general management backgrounds, i.e., full P & L and financial responsibility for multiple functional organizations (i.e., men and women who had personal responsibility for results!).

The basic principals of professional management, i.e., planning, organizing, measuring and controlling, are just as applicable, and probably need even better execution, in government that lacks the built in P & L and cash flow disciplines.



My concern stems not from the fact that I believe business executives are more intelligent, more patriotic or more anything except that they are better trained in the business of professional management. The task of organizing, i.e., the packaging of work elements in an effective manner - the planning process, whether annual budgeting or long range strategic planning - the concept of performance standards and measurement - each takes significant specific knowledge and years of experience to develop. They do not accrue to one simply because he or she has been given a job requiring management.

Therefore, just as we value diversity of race, gender, sexual preference, etc., I believe we should thoughtfully review the quantity and quality of diversity of general management experience and background in your administration. Having done my own survey, I've concluded that we lack this diversity and, therefore, need an Affirmative Action Program for industry and business executives in the federal government.

There are several inherent deterrents that uniquely discriminate against executives including the confirmation process. Other deterrents include:

Length of Assignment - Most of the general management people we would want are on a fast track in their organizations - a four year hiatus is almost always a preemptive negative to government service - two years may not be, particularly if we enlist the help of American companies.

Suggestion #1 - Select specific jobs, particularly in the "operating" agencies, i.e. GSA, OMB, OPM, SEC, certain White House staff positions and certain departments such as Treasury, Transportation, Commerce, etc. that will be two year appointments restricted to general management experienced people - a number like 50 feels comfortable.

Develop a pool of 200 - 300 candidates by working directly with American business, who, I believe, could be convinced to view the program as a combination of public service and experience broadening for their executives. There certainly would be issues of conflict of interest and "revolving door." However, I believe there are factors that could mitigate these issues. For example, lack of government experience, particularly government contracting, would be a plus in my view. In fact, it's just what we don't want.

Secondly, the positions selected would have primary responsibility for the management processes within agencies and departments vs. policy or contracting decisions.

Finally, with the positions pre-identified, measures could be taken to avoid specific conflict. To offset the shortness of tours, I would overlap by 6 months or even a year, i.e. a replacement would be named and in place 6 months prior to the incumbent leaving.

Suggestion #2 I suggest we select on a project basis vs. an ongoing position basis senior, retired executives who, perhaps teamed with young MBA's, be assigned specific projects. For example, there has been a continuous question in this agency as to whether the government should be in the automobile fleet management business. Why not have a private company who makes a living at it do it for us? All previous studies carry somewhat of the "fox watching the hen house" credibility concern. The analysis is relatively complex but quite definable -- an excellent 3 - 6 month task for a senior retired executive and a great learning experience for two or three MBA's. I am sure there are dozens of such issues that could benefit quite quickly from this approach.

In summary, Mr. Vice President, we are suffering greatly from the lack of diversity represented by the country's professional general management.

We extol the virtues of the free enterpriser, the entrepreneur, business like practices, opening international trade. We debate issues and pass laws that have a massive effect on these issues, and we are working hard to change the government's own way of doing business. Yet the halls and offices of government are almost completely void of the men and women who have created and who day-to-day make that system work.

I am convinced we need an infusion of these skills, experiences and thought processes as we move forward to make significant changes in the process of government via the NPR recommendations.

Sincerely,

  
Roger W. Johnson



Administrator  
General Services Administration  
Washington, DC 20405

16 June, 1994

The Vice President  
The White House  
Washington, DC 20500

Subject: NPR Phase II - Outside DC - A National Crusade  
Inside DC - PMC Leads Implementation

Dear Mr. Vice President:

#### **I) OUTSIDE DC - A NATIONAL CRUSADE**

In the 1992 Presidential campaign, over 60% of the people voted for meaningful change, and they want it even more today! The fact that 18% voted for radical change and 43% voted for a more balanced approach, does not change the fact that nearly two-thirds of the voters said, "change the way government operates - no more business as usual please!" Our opponents charge that this is a minority administration. I believe that the opposite is quite true -- we have a mandate for change.

The National Performance Review efforts, not only the conclusions and recommendations, but also the analysis and discussion, is exactly what the American people want to see implemented. Every personal conversation; every Q&A session following a speech I have given reinforces what poll after poll continues to tell us: over 70% now put "making government work" at the top of the nation's priority list. Under your leadership, we have made good progress in the first year since the NPR was released. Although there is a lot more progress we can and will make pursuing our current implementation strategy, I believe that also under your leadership we can move the implementation of the NPR to a next level by taking "making government work better and cost less" to the country in a major broad-based crusade educating, motivating and engaging thousands of citizens to help us in the next phase of implementing these changes.

The effort I envision will clearly demonstrate to the country that we are very serious about their top priority, and additionally, through their direct engagement, also make clear the source of the opposition. The vast majority of Americans, as well as

(surprisingly) a majority of federal workers, know the effort only as a slogan, with the gap between the quality of work and the depth of understanding of the work still very large. I believe that just increasing the knowledge of the specifics covered by the reports will generate a strong wave of support.

Specifically, I suggest we identify 5 - 10 recommendations that require a large dose of political courage or will to implement, particularly including those requiring a "cultural" change, and focus our attention on those issues. For example:

Financial Reform

Longer term budgets

Capital planning

Asset management principles

Procurement Reform

Extensions to electronic commerce

Extensions of commerciality

Modifications to "Fairness in Competition Act"

Certain labor issues

Certain small and minority business issues

Organization & Management

Span of control

Measurements/standards

Delegation

Basic management training

### Personnel Management

- civil service reform
- performance review system
- job classification system
- incentive programs

I) For each of these recommendations identify the "natural" constituencies in the country. For example:

#### A) Financial Reforms

1) Citizens involved in financial management from CFO's to accountants; from large corporations to bookkeepers. There are dozens of organizations in towns across the country with large memberships in these categories.

2) Financial trade associations

3) Business schools

4) Federal, state and local financial people in the area

#### B) Personnel Reforms

##### Procurement Reforms

##### Organization & Management

Essentially the same types of groups/organizations -- some having general interest, some more specific -- but all thoughtful professionals who can, and I believe will, champion the NPR recommendations once they understand them and know what to do!

II) Identify within the government/executive branch those individuals most knowledgeable, capable and motivated to go out into the country to educate, motivate and engage the targeted citizen constituencies. Continuing with the financial example:

-- Federal CFO's Council (1000 members)

-- NPR financial team

-- key people in other agencies, i.e., OMB and Treasury

III) Select a "Citizen COO" for each major recommendation (financial, procurement, etc.) and geography (northeast, southwest, etc) whose job it is to identify, organize and motivate those "targeted citizen" groups in his/her designated geographic area and specialty. Identify and assign a Federal COO's who would be aligned with the private citizen COO in their geographic area.

IV) The activities of these organizations would include:

a) Speeches, seminars, op-ed pieces to develop a ground swell of support within the targeted groups.

b) Locally and in Washington lobby the particular individuals and/or groups who have the biggest leverage in passing/approving the recommendations.

-- Congressional committee members and staff

-- Trade groups

-- Agency/department heads

(If we can get organized in time, we could develop a campaign aimed directly at candidates for Congress in the November, 1994, elections and force stands on particular NPR initiatives during their campaigns. Make NPR recommendations a campaign issue, so when they come to Washington we already have a commitment.)

V) Overall leadership and first steps

Obviously, you would be the overall leader with the program being announced by the President at the one-year anniversary (September 8th). In the meantime, you would establish a "management committee" to flesh out the project. You would select a national COO to have overall responsibility.

Members could include

a) Key people from NPR teams for procurement, finance, etc.

b) Key PMC members -- for example, Tom Collier, Bill White, Dave Barram, Richard Moose, Roger Johnson

c) Key VP staff -- Elaine Kamarck, Carolyn Lukensmeyer, Jack Quinn, Bob Stone

d) Other key WH people -- Phil Lader, Bob Rubin, Alexis Herman

#### VI) Time table

- a) VP accepts/rejects/modifies proposal (by July 1st). If accepted/modified:
- b) Management Committee appointed and structured by July 15th
- c) Status report to VP August 1st; August 15th
- d) Key assignments made and structure in place by September 1st
- e) NPR Crusade announced on September 8th
- f) Fully staffed and operating by October 15th

I recognize that this is a major initiative and will take a lot of effort to implement. However, I believe that in most cases those already involved can be mobilized thereby mitigating any significant "budget" issues. I believe it will give you and the President a politically attractive, high ground issue that will re-engage -- re-enforce the business men and women -- the mandate -- that came together in 1992. The issues will also appeal to the Perot people who truly want change. I have discussed the concept with Carolyn Lukensmeyer, Elaine Kamarck, Phil Lader, Bob Rubin and Alexis Herman, and I believe they support it in concept.

If you feel the idea has some merit, a first next step might be a more specific discussion with you and a small group. Please let me know if you would like to proceed.

#### II) INSIDE DC - PMC LEADS IMPLEMENTATION

During the past year, the NPR staff has done a very good job of finalizing the reports; establishing reporting mechanisms; guiding legislative drafts, as well as providing direct support to you and others for events, speeches and seminars. I'm confident that we would not be where we are today if that structure had not been in place.

However, to be effective and lasting, each department/agency must take more responsibility and leadership for effective implementation. One of the downsides of the NPR staff structure is that the responsibility for implementation has become fuzzy, especially in departments/agencies that are not particularly enthusiastic about making the changes or believe they have other agendas with higher priorities. I believe that the primary intent of the PMC was to focus implementation responsibility in that group, but that has not happened. I think, at least in part, because responsibility for implementation is somewhat diluted.

## Recommendations

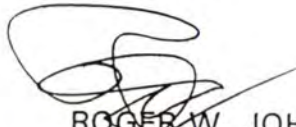
You should clearly re-vest PMC with that responsibility and dissolve the NPR office as such. The NPR staff should be reassigned and report to the PMC and directly support them. I suggest that a few could be reassigned to your office for the direct support you need, or if that causes an FTE issue, then we could carve out a few working for the PMC and assign them directly to your support.

Secondly, there are several well organized, active, enthusiastic inter-agency groups in place in Washington. For example the CFO Council, Personnel Management Council, Interagency Communications Management Council (FTS-2000 and beyond), Interagency Procurement Council, Partnership Council, etc., etc.

These groups are ideal structures to champion NPR initiatives within and among agencies. Their members are the key top professionals in each of their specialties. I have found that they best know the impediments to change in their areas and know best how to overcome them. However, they have no ongoing higher order to report to -- the PMC is a natural! This will give the PMC groups who can recommend specific strategies for implementation within the departments and agencies, as well as identify specific problem areas and barriers to implementation. Additionally, I have found these organizations to be powerful lobbies on the Hill, with the press and within the federal structure in general because of their "authority of knowledge" and their general willingness to rise above their own agencies' turf issues.

I hope you will find these suggestions useful.

Sincerely,



ROGER W. JOHNSON  
Administrator

cc: Phil Lader  
Bob Rubin  
Elaine Kamarck

cc. POTUS v. o Mac  
v POTUS

ROGER W. JOHNSON  
1406 30TH STREET, N. W.  
WASHINGTON, D. C. 20007

September 21, 1994

Mr. Stan Greenberg  
Greenberg Research, Inc.  
515 Second Street, N.E.  
Washington, D.C. 20002

Subject: 1994 Political Team Message

Dear Stan:

Thank you for the frank summary of the situation and the "call to arms" for the Team. Your call for assertiveness and confidence is quite appropriate and well timed.

However, I am sure you would be disappointed if I did not have some hopefully constructive thoughts - from the center.

1) Suggestions

In 1992, the President was elected with significant support from moderates - both Republicans and Independents. We have lost or are losing them due, some to inattention, but mostly because they are hearing from the conservatives that the administration "conned" them and that once elected jumped far to the left. In my view these charges have gone mostly unanswered - adding further credibility. We need this constituency not only in 1994 but most assuredly in 1996. I believe we can not only regain their support, but also obtain net gains from the Perot moderates who just want meaningful change. We must answer those attacks head on through additional emphasis on centrist elements of the administration's accomplishments, such as deficit reduction, crime, trade, etc. In addition, we should consider highlighting two accomplishments that I believe have been seriously under emphasized politically.

One of the most powerful initiatives in that regard is the whole range of Re-Inventing government initiatives that are beginning to take hold. The Vice President, his staff, and NPR advocates are doing a very good job of promoting the accomplishments - but it seems to be missing from the main-stream political messages. Putting customers (i.e. taxpayers) first; establishing, publicizing and enforcing customer service performance measures throughout the government, while at the same time, finding ways to reduce the size and cost of government is something that has not only ever been accomplished - it is something that has never even been seriously tried. The Clinton administration has tried and it is working! I believe that this is our strongest message. We have taken the conservative's cornerstone message that government is too big and doesn't work right out from under their nose! In order to get proper credit, we need to sharpen the message and make it a part of every political communication.

The second major differentiating asset of the President's first twenty months has been his extraordinarily effective partnership with Vice President Al Gore. That partnership takes two conditions - 1) an excellent Vice President and 2) a sophisticated and self confident CEO. I have watched in amazement as the President's management style has been trashed by everyone but Socks. In my thirty years of managerial experience, I have found having a strong second in command, carefully listening to all sides of an issue - even changing your mind in the face of new information or changing situations were the signs of an excellent executive. Even the best executive carries some part of his style to excess but successful business teams deal with that issue - they do not attack and try to change the 80% that is effective. The teamwork with the Vice President and his search for the best ideas will be well understood by most in American business - but the story has to be told.

## 2) Cautions

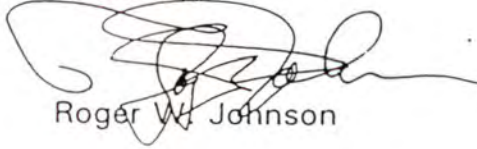
Please be careful with terms such as "the wealthy," "the ordinary person," etc. Although we talked about taxing the wealthy in the campaign it was always in the context of fairness - not class warfare. This is the rhetoric that the far right loves. More importantly, I believe that Bill Clinton's appeal to the moderates was in fact due to his focus on the issues versus ideology and slogans.

Rather than the "rich versus the ordinary" split, I would suggest that the message be that he is trying to make America better for all people - first, because I believe that is the truth and secondly, most people don't like to think of themselves as ordinary anyway.

I recognize that some of these comments may not appeal to the more liberal people in the Democratic Party. I believe there is increasing evidence that more and more of the people who actually vote have become disenchanted with the traditional partisan ideologies on either side and believe rather, as I do, that we need leaders who will face and solve problems on the common sense merits of the issues - not on old partisan ideological litmus tests.

I hope that this is helpful.

Sincerely,

A handwritten signature in black ink, appearing to read "Roger W. Johnson", written over a horizontal line.

Roger W. Johnson

NORMAN LEAR

THE PRESIDENT HAS SEEN

2-8-95

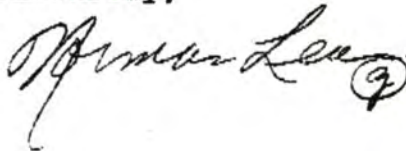
February 6, 1995

Dear Mr. President:

Before we read too much more about the trouble Dr. Foster's nomination may be in, including reports of the organizations that are stepping forward to defend him -- please step out in front yourself.

As bad for your administration as another frittering away of a good nominee might be, I would hate to see him confirmed because NARAL, et al, leaped to his defense. His defense must be YOU.

Sincerely,



NL:gd  
(DICTATED BUT NOT READ)

VIA FAX #202 456 6424  
President Bill Clinton

*Emerson*  
can win & tell  
him I have been  
defending him and  
will continue to do so  
B

**PERMANENT MAILING ADDRESS:**

5555 Melrose Avenue  
Hollywood, CA 90038

**DELIVERY ADDRESS:**

5555 Melrose Avenue  
The Lewis Annex  
Hollywood, CA 90038

**FACSIMILE COVER SHEET**

TO: PRESIDENT BILL CLINTON

FAX: 202 456 6424

FROM: NORMAN LEAR

DATE: 2/5/95

TIME: 3:38 p.m. PST

Number of Pages, Including this Cover Sheet 2

Please call (213) 956-8585 if all pages are not received.

**COMMENTS:**

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THE PRESIDENT HAS SEEN  
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**ARTHUR T. SHORIN**  
CHAIRMAN OF THE BOARD

COPY

January 31, 1995

*PA  
(Need an answer  
to this - B)*

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

Dear President Clinton:

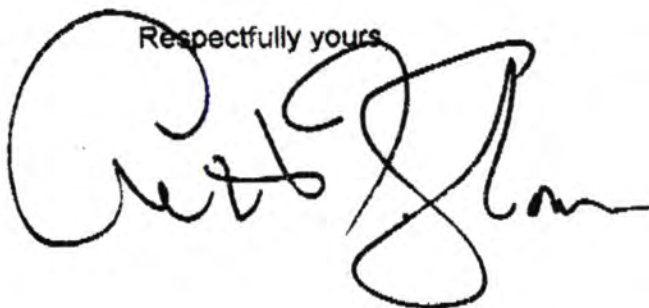
I understand that you want the Major League Baseball dispute resolved by February 6, the 100th anniversary of Babe Ruth's birth, and believe me, Mr. President, I do too.

Of course, Topps is only one in a long line of innocents being adversely affected by the problem but, for the record, let me say that it has been devastating. Topps' baseball card production is at its lowest level in 30 years and employees, suppliers and shareholders all feel the unfortunate ramifications. Our consumers are among the most loyal and faithful in any industry, but how can kids celebrate or collect heroes of the diamond when the heroes are nowhere in sight?

So, more power to you Mr. President, and sincere thanks for moving to get this thing settled. Afterwards, who knows, you yourself could be on an official Topps' bubble gum picture card, highlighting a great moment in baseball!

Meanwhile, please accept with my warm compliments the enclosed Babe Ruth commemorative card appearing in Topps 1995 collection.

Respectfully yours

ATS/dc  
enclosure



Ed Pastor

Member of Congress  
2nd District, Arizona  
February 7, 1995

THE PRESIDENT HAS SEEN  
2-8-95

~~Leon~~ / Hickes / Buelster  
unsuccessful  
as part of a trip to AZ

Hon. William J. Clinton  
The President  
The White House  
1600 Pennsylvania Ave., NW  
Washington, DC 20500

Dear Mr. President:

As the sole Democratic survivor in the Arizona Congressional Delegation, I hope that your spring schedule will permit you to come to Phoenix, Arizona to headline a political event on behalf of my campaign. Although some may regard my seat as safe, there is little question that the other party will target their political and financial resources at me to pull off an upset victory. Your help is needed to prevent this from happening.

My campaign is prepared to cover the costs of your participation. Additional details can be worked out when we can arrive at a mutually acceptable target date. Should you or your staff have any questions, please feel free to call on me at my office at (202) 225-4065.

Please know that we would welcome the opportunity to host you in Phoenix and look forward to receiving a favorable reply.

Sincerely

Ed Pastor  
Member of Congress

P.S. I promise you a great golf course and tee time

THE PRESIDENT HAS SEEN

THE WHITE HOUSE  
WASHINGTON

2-8-95

February 8, 1995

MR. PRESIDENT:

Attached is a memo from Bo Cutter recommending that you concur in a Commerce Department report concerning the effect of imported oil on national security.

After being petitioned by the Independent Petroleum Association of America under Section 232 of the Trade Expansion Act, the Commerce Department did an investigation to determine whether our imports of petroleum threaten to impair the national security. Commerce determined that our imports **do** pose such a threat, but that the costs of taking action to adjust our imports outweigh the benefits. Commerce therefore recommends no action on imports, and instead calls for continuing Administration policies regarding energy conservation and efficiency and enhancing energy supplies.

Interagency work among NEC, Energy, Commerce and other relevant agencies is continuing on policy measures to enhance domestic oil and gas production, but all agencies agree these measures should be considered separately from Section 232.

**Under Section 232, you must decide whether you agree with Commerce's finding of a threat and its recommendation to continue existing Administration policies.**

NEC and NSC agree with Commerce's finding and recommendation. Leon concurs.

Concur ☒

Disagree ☐

Discuss ☐

John Podesta  
Todd Stern

*[Handwritten signatures]*

THE WHITE HOUSE  
WASHINGTON

THE PRESIDENT HAS SEEN

2-8-95

January 20, 1995

95 JAN 25 A 9:40

MEMORANDUM FOR THE PRESIDENT

FROM: Bowman Cutler

SUBJECT: Department of Commerce Report on the Effect of  
Imports of Crude Oil and Refined Petroleum  
Products on the National Security

I recommend that you concur with this report as transmitted to you by Secretary Brown in December. Coordination by the National Economic Council has found no objection to your concurrence among relevant agencies and offices.

BACKGROUND

On March 11, 1994, the Independent Petroleum Association of America and various other industry associations, companies and individuals filed a petition under Section 232 of the Trade Expansion Act of 1962, as amended, requesting that the Department of Commerce initiate an investigation of the impact on the national security of imports of crude oil and refined petroleum products.

The Department completed that investigation within the 270 days provided by law, and the Secretary on Commerce sent you the resulting report on December 30, 1994. You must now determine if you agree with the Department's finding as to whether petroleum imports threaten to impair the national security, and in the event of a positive finding with which you do agree, you must also determine what, if any, action must be taken to adjust imports. You have 90 days under the statute to make these determinations.

FINDING AND RECOMMENDATION

In its report to you, the Department of Commerce has found, as it has for all previous such petitions, that petroleum imports threaten to impair the national security. However, it concludes that the costs to the national security of an oil import adjustment outweigh the potential benefits. Therefore, it does not recommend that you use your authority under Section 232 to adjust imports. Rather, it recommends continuation of current Administration policies with respect to energy supply enhancement and energy conservation and efficiency.

## PRESIDENTIAL REVIEW

Following White House receipt of the Department of Commerce report, the National Economic Council obtained the views of relevant agencies and offices. This task was greatly facilitated by extensive interagency consultation undertaken by the Department of Commerce in preparing its report, and by circulation of the completed report by the Staff Secretary within the Executive Office of the President.

All agencies and offices recommend that you accept the report as submitted. At the same time, there is recognition that interagency work continues under the Department of Energy's Domestic Natural Gas and Oil Initiative, and in response to your meeting last year with members of Congress seeking to enhance domestic oil and gas production. Additional policy measures remain under review as a part of that interagency effort. It is necessary to expedite that review process. Therefore, we are working to provide recommendations for additional actions to you by April 30.

## DECISION

\_\_\_\_\_ Concur with the Department of Commerce finding in its report "The Effect of Imports of Crude Oil and Refined Products on the National Security," December 1994, and with its recommendation to continue current Administration energy policy.

\_\_\_\_\_ Concur with the finding but not the recommendation.

\_\_\_\_\_ Do not concur with the finding.

\_\_\_\_\_ Other.

THE PRESIDENT HAS SEEN 2/8

THE WHITE HOUSE  
WASHINGTON

February 7, 1995

COFFEE WITH FUNDRAISERS FROM ACROSS THE COUNTRY

DATE: February 8, 1995  
LOCATION: Map Room  
TIME: 9:00 a.m.  
FROM: Harold Ickes *HI*

*H. Ickes*  
*Summary: This*  
*B.*

I. PURPOSE

To meet and talk with 15 fundraisers from various parts of the country, in order to re-energize everyone for the 1996 campaign.

II. BACKGROUND

This is the first in a series of three coffees that you agreed to do in your recent meeting with Terry McAuliffe. These meetings will allow your top supporters to spend quality time with you to discuss substantive issues and express their concerns. They need to feel that they are not just fundraisers, but also a crucial part of the "team."

Some of the attendees will use this as an opportunity to vent their frustrations, but generally, they will want to make the session issue oriented. It is my understanding that Terry McAuliffe has talked with everyone who will be attending, and all have made a significant commitment to the re-election.

You should just give general remarks at the beginning, and then open it up for Q&A. At the end of the hour, it is important for you to let them know how important their concerns and ideas are to you, and how much you appreciate their commitment to help for 1996.

III. PARTICIPANTS

See attached list.

IV. PRESS PLAN

Closed press.

THE WHITE HOUSE  
WASHINGTON

February 7, 1995

Wilma Donley  
Number D-11  
2123 Labette Manor  
Little Rock, Arkansas 72205

Dear Wilma:

Thanks for your kind letter. It was good to hear from you.

As you know, I remain committed to welfare reform and I am glad to know that you are playing a part in helping me.

Thanks, too, for your continuing support and encouragement. Hillary and Chelsea send their regards.

Sincerely,



Should  
Will  
Call  
UNP

62806

January 26, 1995

The Honorable Bill Clinton  
President of the United States  
The White House  
Washington, D.C. 20500-2000

Dear Bill,

I was very happy to hear from you. I want you and Hillary to know that I am fine now. The distress and anger I felt and expressed was justified by the two years of chaos, you know what I mean to say. It angered me what they were doing to you, Hillary, the Administration and the Country. This is a new day! I've dealt with that and I am in the now - the present pressing for the benefit of the future, of our Administration and this Country. I am very clear minded and focused. I know that everything will be O.K., but we have work to do. Please know that I'm O.K. and eager and ready to do what ever I can.

Bill, I have been talking with mothers who are on welfare. I go to low income housing (Appollo, Granite Mt. + Asbury) letting them know what's at stake in their live and how they can become a responsible participant. I started this back in November after the election. Its going well. The more they

AN  
ARTICLE  
IN PAPER

Come to understand what's going on and what could happen if they don't get involved they become more eager to do. All I'm asking them to do is register to vote and then, VOTE! This is another way I feel, they can make a contribution to their Country. This is an important way they can start to have some control and play an important role in formation of our change in this country and in their lives. I'm pointing out to them where they have this obligation; and that being a Registered voter and voting lends a sense of justification for the help the government renders. I asked them all, how do they think a person who goes out to vote, fighting for <sup>their</sup> well being would feel, knowing that they did not? Then I express how I feel the appreciation would be. Billy, I strongly feel that anyone who receives should be or become a registered voter. Not anyone person in any of these meetings we hold each week (at this moment) are registered voters, nor have they voted, ever. Yet, they are complaining about losing their welfare checks & food stamps, when they're not exercising their right to make a difference. This is not fair to those who are on welfare and do vote etc etc. I hope this makes some sense. Those whom I've talked with, will register and vote in '76. I wish there was a way I could expand this. I'm sure I'll come up with a way. I am going to speak with some ministers at some time in the future. I don't want to create or appear to be creating a non issue. I wish you or some would give me some insight.

(3)

Bill, things are looking great. You will do well. Trust in your heart and mind. It is a magnificent system. It is no accident that you are President. You're doing great.

Sincerely  
Wilma

P.S. Tell Hillary + Chelsea hello for me. Hillary is absolutely beautiful. Tell her to stay strong. She's a winner.

THE WHITE HOUSE  
WASHINGTON

February 7, 1995

Jo Luck  
Heifer Project International  
Post Office Box 808  
Little Rock, Arkansas 72203

Dear ~~Jo~~ *Jo Luck*

Thanks for your letter. I appreciate what you said about my State of the Union address.

Thanks, too, for the lapel pins. Hillary and I look forward to wearing them.

As always, I'm grateful for your support.

Sincerely,

*Barack*

*We should  
invite Jo Luck  
to next Arkansas  
party —*

*SENT HRC  
SAME LETTER  
CC: HRC  
Enclose Solidarity*

Jo Luck

HE  
SENT CC  
HILL

January 27, 1995

President Bill Clinton  
The White House  
Washington, D.C.

Dear Bill:

We are so proud of you. The State of the Union speech was terrific. I want to do everything possible in the coming year to support your vision.

I can begin by making it possible for you to quit talking about Newt's lapel pin and a Georgia based NGO. Enclosed is your own lapel pin representing the best model for sustainable development anywhere in the world. Better still we're hometown folks and you trained the CEO.

Warm regards to you and Hillary,



Jo Luck

Heifer Project International

P.S. I've enclosed a few extra pins so you can "pass on the gift."

THE WHITE HOUSE  
WASHINGTON

February 7, 1995

Trini Lopez  
Suite 217  
333 North Palm Canyon Drive  
Palm Springs, California 92262

Dear Trini:

Thanks for the putter. It was thoughtful of you to send it. I look forward to using it on my next golf outing.

I appreciate your comments about my State of the Union address.

Sincerely,

*Tim Clinton*

Travis!

cc: GIFT  
SOA Address  
when is it?  
asked

January 22, 1995

William Jefferson Clinton  
President of the United States  
The White House  
Washington, D. C.



Dear President Clinton:

On behalf of the many men and women associated with the Trini Lopez Celebrity Golf Tournament of Palm Springs, I want to let you know that altho we are disappointed that you cannot join us on the links here in Palm Springs, we certainly understand that your busy schedule limits your participation in this type of event.

Please accept the enclosed special made putter as a token of our admiration and respect for you and the wonderful job you are doing for all Americans. God Bless you and your family.

Respectfully,

  
Trini Lopez  
Celebrity Host  
The Trini Lopez Celebrity Golf  
Tournament of Palm Springs

*P.S.  
I really enjoyed your union Address!  
MAY God Bless & WATCH over you & your  
Family.*

  
Trini Lopez Celebrity Golf Tournament  
Tournament Chairman  
Tony C. Aguilar, Jr.  
President, All American Properties, Inc.


**AMERICAN FOUNDRYMEN'S SOCIETY, INC.**

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**Mr. John D. Podesta**  
**Assistant to the President**  
**and Staff Secretary**  
**Executive Office of the President**  
**1600 Pennsylvania Avenue, N.W.**  
**Washington, D.C. 20500**

**Hey John:**

Last November, I mentioned in a letter that I needed you to put in a good word with the Office of Public Liaison in order to lock-in on a White House Briefing at the OEOB for the American Foundrymen's Society. Your assistance would be very meaningful for this important association of small manufacturers.

It is our understanding that the staff in the Office of Public Liaison will be making their final decisions this week on which organizations will obtain White House briefings for the month of March.

The society is holding its annual Government Affairs Conference on Monday, March 6, 1995 in Washington, D.C. We expect over 200 metalcasters from across the nation to be in attendance. These men and women are the owners and CEOs of their companies. The metalcasting industry is a microcosm of American manufacturers with 80 percent of the companies having fewer than 100 employees. The industry produces castings that are used in 50 percent of all finished products. The importance of metalcasting to the success of American manufacturing cannot be overstated.

John, I realize your duties at the White House place great demands on your time, but I would greatly appreciate your help on this matter. Thanks very much.

**Sincerely,**
**Diana Waterman**
**Enclosure**

*Alexis Hermal*  
*Could you do this*  
*John*  
*2-7-95*



# AMERICAN FOUNDRYMEN'S SOCIETY, INC.

*publishers of modern casting*

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Lakeshore Sand Co. Ontario Ltd.

November 2, 1994

Mr. John D. Podesta  
Assistant to the President  
and Staff Secretary  
Executive Office of the President  
1600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20500

Dear John:

I can't imagine how intense your schedule and responsibilities must be - thank goodness your children are grown. I'll get right to the point. I need a good word from you in order to lock-in on a White House Briefing at the OEOB for a major client group. You might regard this as a minor request ... not worthy of bothering you. However, your assistance would be very meaningful to our firm and our client.

Since I left the Judiciary Committee, our firm has been fortunate to represent a number of national manufacturing associations. The largest of these organizations is the American Foundrymen's Society (AFS). Over 80 percent of their members are small business. Foundries produce castings for every major manufacturing sector in the nation.

The society is holding its annual Government Affairs Conference on Monday, March 6, 1995 in Washington, D.C. We expect approximately 200 metalcasters from across the nation to be in attendance. These men and women are the owners and CEOs of their companies.

We are currently promoting the March conference and would really like to publicize the White House Briefing as part of our program. In light of the many regulations being developed at EPA and OSHA, the Briefing will be the focal point of our meeting.

Unfortunately, we have been told that our request for a Briefing cannot be addressed until the latter part of January, at the earliest. This creates a time

J. Podesta  
Page 2  
November 2, 1994

problem for our conference promotion. We have been in contact with Marilyn DiGiacobbe in the Office of Public Liaison to discuss our request. I have attached a copy of our correspondence.

I would greatly appreciate your assistance in securing a speedy confirmation for the Briefing. Thanks for your help!

Sincerely,

A handwritten signature in cursive script that reads "Diana".

Diana Waterman

Enclosure


**AMERICAN FOUNDRYMEN'S SOCIETY, INC.**
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September 14, 1994

Ms. Marilyn DiGiacobbe  
 Office of Public Liaison  
 Old Executive Office Building  
 Room 122A  
 Washington, D.C. 20500

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**R. VanWyngaerden**  
 Construction Aggregates Corp. of Michigan  
 Lakeshore Sand Co., Ontario Ltd.

Dear Ms. DiGiacobbe:

We are in the midst of planning our annual Metal Casting Government Affairs Conference in Washington, D.C. The American Foundrymen's Society (AFS) is very interested in incorporating a White House Briefing into our program on the morning of March 6, 1995 and would appreciate your assistance on this matter.

We expect approximately 150-180 of our corporate members to be in attendance for our conference. These men and women are the leaders of our industry and the owners and chief executive officers of their companies.

Our members are eager to hear the administration's comments and perspectives on key environmental issues impacting our industry, particularly as they relate to clean air and clean water regulations. The implementation of the North American Free Trade Agreement and labor issues are also of interest to our members.

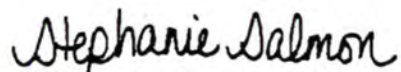
Let me acquaint you with our organization and industry. AFS is the leading metal casting association of North America. The majority of companies in our industry are small businesses.

The metal casting industry is the sixth largest primary manufacturing business in the United States. Nationwide, foundries employ over 200,000 people. Foundries manufacture components for automobiles, appliances, farm machinery, military gear, communications equipment, and a myriad of other consumer and industrial products. Metal castings are used in 90 percent of all manufactured items, and in 100 percent of all machinery used in manufacturing. I have enclosed an education piece on the industry for your review.

2

Thank you for your assistance in this matter. I will be contacting you next week to further discuss this matter. In the meantime, if you have any questions or need additional information, please call me at 202/842-4864.

Sincerely,

  
Stephanie Salmon

Enclosure

cc: T. Woehlke, President  
C. Jones, Exec. Vice President  
D. Huizenga, Kurdziel Industries

THE WHITE HOUSE

WASHINGTON

February 6, 1995 95 FEB 6 P2:40

MEMORANDUM FOR JOHN PODESTA

FROM:

JIM DORSKIND *JD*

SUBJECT:

THE COMMENT LINE

I received the attached memorandum from Patrick Briggs, the Deputy Director of Presidential Inquiries.

In his memorandum, Patrick explains that the calls to the Comment Line have, at least recently, mirrored the results of more scientific polling efforts. I know that we have doubted the usefulness of such a self-selected sample of (often angry and often ginched-up) calls, but there may actually be something to be gleaned here -- however modest. I should note that the calls on the Peso crisis also have paralleled the views reported in the public polls.

With your concurrence, I'd like to share Patrick's memorandum with Mark, Mike, George, and whomever else you think might be interested. I would, of course, be happy to talk about this, if you wish.

Thanks.

*but go ahead  
my judgment  
stands about its  
utility*

27-95

February 3, 1995

MEMORANDUM FOR JIM DORSKIND, SPECIAL ASSISTANT TO THE PRESIDENT  
AND DIRECTOR OF CORRESPONDENCE AND PRESIDENTIAL  
MESSAGES

FROM: PATRICK BRIGGS, DEPUTY DIRECTOR, OFFICE OF  
PRESIDENTIAL INQUIRIES

RE: THE USEFULNESS OF THE WHITE HOUSE COMMENT LINE IN  
GAUGING PUBLIC OPINION

In his January fifth Oval Office interview with President Clinton, Peter Jennings announced that a poll conducted by ABC earlier that day found that the deficit and health care reform are the two issues of utmost concern to the American People. Two weeks prior to that ABC poll, a question posed to Comment Line callers revealed that same information. I have enclosed a copy of that data for your information.

Indeed, the information gathered over the Comment Line appears to mirror what is reported by the major national polls. The figures compiled by our office concerning issues related to the State of the Union Address support this assertion. This information also accompanies this memorandum.

I firmly believe that the White House Comment Line can serve as an effective agent in tracking public opinion. Furthermore, because the information is compiled on a daily basis, the Comment Line often reveals public opinion before the national polls do. If we can use the Comment Line to aid the Administration in any way, please give me a call at 65445.

**SPECIAL SCHEDULING REQUESTS**  
**HONORARY CHAIR, HONORARY PATRON, HONORARY MEMBERSHIP**

Today's Date: February 3, 1995

95 FEB 3 P1

Date of Request: 1/18/1995  
Request for: POTUS/FLOTUS  
Type of Request: Honorary Co-Chairs  
Requestor Name: Ms. Victoria Calvert Kappel  
Title:  
Organization: HealthWorks Theatre  
3171 North Halsted Street  
Chicago, Illinois 60657-4435  
Contact Tel. #: 312/929-4260  
Event Date: 5/19/1995  
Event Description: Annual benefit  
Notes: Proceeds will go to the theatre, which performs AIDS prevention and prenatal care programs in the Midwest. The group seeks a reply by February 15.

Recommendations:

MW \_\_\_\_\_

JP \_\_\_\_\_

EB \_\_\_\_\_

2-7-95

**SPECIAL SCHEDULING REQUESTS**  
**HONORARY CHAIR, HONORARY PATRON, HONORARY MEMBERSHIP**

Today's Date: February 3, 1995

95 FEB 3 P1:16

Date of Request: 12/14/1994  
Request for: POTUS  
Type of Request: Honorary Member of Advisory Board  
Requestor Name: Mr. Stanley J. Lawson  
Title: Co-Chair  
Organization: Symposium of Hispanic Contributions  
c/o St. John's University  
8000 Utopia Way  
Jamaica, New York 11439  
Contact Tel. #: 718/990-1403  
Event Date: 10/05/95 - 10/07/95  
Event Description: Eighth International Symposium of Hispanic Professors.  
Notes: The theme is "Perspectives on Hispanic Business, Economics, Multicultural and Scientific Contributions," a tribute to Hispanic scholars in the Americas.

Recommendations:

JP

EB

27-95

THE PRESIDENT HAS SEEN

2-7-95

THE WHITE HOUSE  
WASHINGTON

February 1, 1995

95 FEB 7 10:17

*Wendy Smith*  
*Need summary*  
*Wendy*

MEMORANDUM FOR THE PRESIDENT

FROM: WENDY SMITH *WS*  
SPECIAL ASSISTANT TO THE PRESIDENT

RE: UPDATE ON AND PROPOSED PLAN FOR NEW HAMPSHIRE

The following information, while not all inclusive, should give you an idea of the structure which is currently in place in New Hampshire, some proposed activities, and scheduling proposals for the next six months.

I. CURRENT STATUS AND STRUCTURE

With the help of appointments, occasional visits from you and other principals, and New Hampshire Day, the feeling is generally that Democrats, at least, have had continual inclusion and contact with the Administration. There are, as it is to be expected, a few disenfranchised but we are now making a more concerted effort in their direction. Linda Moore and Nick Baldick of the DNC have done a great job with maintaining contacts and with bringing the 1992 Presidential primary opponents' supporters into the fold. To date, there's been no talk about a primary challenge.

From an organizational standpoint, the state has been divided into 14 regions with a "captains" system. There are 2 or 3 captains per region, about 90 total, who have just finished putting together Democratic supporters lists and whose activities will focus on and around basic field work (i.e., letters to the editor packets, op-ed pieces, opposition research). Beginning next week a list of 6,000 people will receive a weekly newsletter from the State Party (in conjunction with the DNC) on Administration updates and accomplishments. In addition, there is a list of 90 or so key people in every region who will be faxed talking points on a monthly basis.

As I eluded to before, the general consensus is that strategically we're stable as long as we shore up support with a few disenfranchised groups such as activist women and we should then be in good shape in blocking support for any Democratic challenger. Linda is working on inviting some '92 primary opponents' supporters to the official dinners coming up in March.

On a supplementary note, your radio interviews into New Hampshire the other night from Boston were a huge success. The stations have replayed them numerous times in their entirety. WMUR was in the studio when you were interviewed by Mary Nelson from Nashua and aired the 4 minute interview on their newscast.

## II. PROPOSED ACTIVITIES

A general timeline for proposed Presidential involvement in the Granite State would be as follows. This serves as highlights and it should be kept in mind that these activities will be interspersed with various Administration officials and other surrogate events and a comprehensive media strategy:

|               |                                                                                                                       |
|---------------|-----------------------------------------------------------------------------------------------------------------------|
| Feb. 7 -      | Interview with WMUR with POTUS in WH                                                                                  |
| Feb. 12 -     | Letter or video to State Committee meeting                                                                            |
| end of Feb. - | Interview with John DiStaso of the<br><u>Manchester Union Leader</u> in WH                                            |
| Mid-March -   | State Party fundraiser with Senator Dodd                                                                              |
| April 13 -    | <b>PRESIDENTIAL SPEECH</b> (see details below)                                                                        |
| mid-May -     | Media Day at WH with NH dailies and weeklies<br>with roundtable in Oval at end of day                                 |
| June 11 -     | <b>DARTMOUTH COMMENCEMENT</b>                                                                                         |
| August -      | Day of golfing or fishing while on vacation<br>or in conjunction with another New England<br>stop                     |
| Sept/Oct -    | <b>REGIONAL ECONOMIC CONFERENCE</b> (Bretton Woods)<br>OR<br><b>BILATERAL MEETING WITH P.M. CHRETEN OF<br/>CANADA</b> |

Note: Obviously, adjustments and reevaluations will be done continually based on changes in the political climate.

### A. Specifics on proposed Presidential schedule

1. We are proposing an **April 13th** visit by you to the Portsmouth region. The message/speech would be focused on small business. There is a group of 1,000 small businesspeople who have banded together to support the **Small Business Administration** against Republican attacks. We would like this group and the Portsmouth Chamber of Commerce to co-host the event. In addition we would like to schedule a **roundtable** before the speech with successful SBA loan recipients from all over the State. We think that this should be an in-and-out stop with perhaps an **open arrival or departure** so people can come see you. John doesn't think it's necessary to do a big supporters event.
2. Unless someone raises an objection soon, it seems that everyone agrees that the **Dartmouth**

- Commencement** on June 11th is a worthwhile thing for you to do. We would couple this very Presidential setting upstate with perhaps a BBQ with supporters in Concord or near there. The commencement is on a Sunday morning so it would be natural to then attend an outing of some kind.
3. Caveat: The idea of **vacationing** in NH to some seems very contrived considering the heat that Senator Dole took when he did it. But maybe just a day trip could be done. You did talk about golfing with John Broderick during the radio interview with Mary Nelson of Nashua.
  4. We are looking into the feasibility of doing either a **Regional Economic Conference** or a bilateral or some other type of meeting with **Prime Minister Chretien**. As the memo from Governor Dukakis stated, the Conference could be one of a series of regional meetings held throughout the country. I believe John Broderick and Terry Shumaker spoke with you about the latter idea but I don't know the progress of that conversation. The obvious connection with the Canadian economy (NAFTA) would be the focus.

B. OTHER PROPOSALS

1. POTUS Schedule -- We have currently asked for a **block of time** from your weekly/bi-weekly schedule to be devoted to **New Hampshire contacts**. These contacts could be in the form of phone calls to those disenfranchised mentioned above, radio call-ins, handwritten notes and interviews. Priority lists are being prepared so that whenever this time is scheduled we will be ready to make the most productive use of it.
2. FIELD work - Charlie Baker and Nick Baldick recommend that we do a poll in the late Spring, don't hire any staff until the Fall, and concentrate on getting the voter files in shape beginning around July and completed around September/October.

cc: Harold Ickes  
Linda Moore

JOHN O. NORQUIST  
MAYOR



OFFICE OF THE MAYOR  
MILWAUKEE, WISCONSIN

February 7, 1995

THE PRESIDENT HAS SEEN

2-7-95

✓  
President Bill Clinton  
The White House  
Washington, D.C.

Polk Leon

Dear Mr. President:

I share your desire to end the labor dispute underway in Major League Baseball. There is no question that fans around the nation are disappointed the strike continues. And the mediation efforts that have taken place under your auspices make sense.

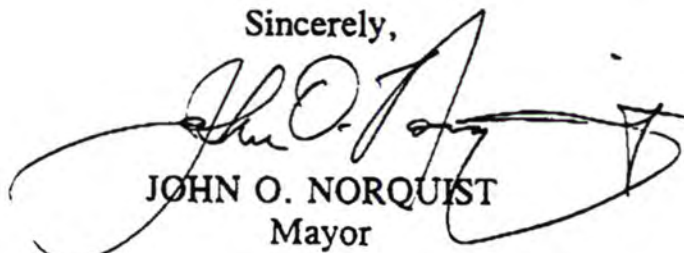
However, you should stay out of this dispute. Rail and steel strikes can do lasting damage to America's economy. Presidents Truman, Eisenhower, and Kennedy intervened effectively to end big labor disputes in their day. You appropriately intervened recently to get the Soo Line Railroad running again in Illinois, Wisconsin, and Minnesota.

But baseball is entertainment. It is fun. Baseball can even be an obsession (my wife and I buy Milwaukee Brewer season tickets every year). However, it is not fundamental to the national economy.

Both sides of this dispute have enough to lose to settle on their own. The nation has little to win or lose economically from this strike.

As a supporter of yours, I can tell you that you have little to gain and much to lose from getting into this. Stay out, and when it's over, visit Milwaukee and I'll take you to a game.

Sincerely,

  
JOHN O. NORQUIST  
Mayor

JOHN O. NORQUIST  
MAYOR



OFFICE OF THE MAYOR  
MILWAUKEE, WISCONSIN

95 FEB 7 P4:14

F A C S I M I L E C O V E R S H E E T

DATE: 2-7-95

PLEASE DELIVER TO: Marcia L. Hale, Assistant to the President

FROM: Orson Porter  
Office of the Mayor

NUMBER OF PAGES INCLUDING COVER SHEET: 2

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(414) 286-2200.

OFFICE OF THE MAYOR FAX NUMBER IS: (414) 286-3191

+ + + + +

MESSAGE

Please share the Mayor's concerns with the President.

Sincerely,

A handwritten signature in dark ink, appearing to be "Orson Porter", written over a horizontal line.

ORSON PORTER  
Staff Assistant to the Mayor

THE PRESIDENT HAS SEEN  
2/17/95  
STRATEGIC ECONOMIC DECISIONS, INC.  
905 SHERMAN AVENUE  
MENLO PARK, CALIFORNIA 94025  
U.S.A.

From  
Woody  
Brock

TEL: (415) 854-2404  
FAX: (415) 854-2415

February 6, 1995

President William J. Clinton  
The White House  
1600 Pennsylvania Avenue  
Washington, D.C. 20500

To Laura  
As this is his report.  
I don't understand the  
math! Understated in

Dear Mr. President:

Thank you very much for your kind letter of January 24. I am very pleased that you participated in the Davos WEF forum, and understand that you did a very good job.

You asked me, "How can I get a copy of Paul Romer's new analysis of the inflation overstatement problem?" This research was prepared for me, and I attach a copy. It is technical, but the logic is very clear which is usually *not* the case. The conclusion appears in the last paragraph.

**Summary:** Here is the key issue. To say that "inflation is overstated by  $x\%$ " is *equivalent* to the deeper assertion that "productivity growth (of both labor and capital) is understated by  $x\%$ ." It is the latter assertion that matters.

Certain measurement problems cause government statisticians to actually *overstate* productivity gains for some factor inputs. Other measurement problems cause statisticians to *understate* productivity gains from yet other factor inputs. Romer's conclusion is that the *net measurement bias* causes total factor productivity to be understated (and inflation thus overstated) *by over 2%.*

The contending analyses of those who argue for a net understatement of only 0.5% result (as best as I have seen) from highly *risk averse methodological strategies* which should not be taken very seriously in my opinion.

In particular, these analyses sidestep completely the all-important phenomenon of "technological exfoliation". This is the process whereby an increasing large share of the products constituting GDP enjoy rapid increases in product quality and other forms of "enhancement". For example, productivity gains due to the increasing penetration of the microprocessor now impact three-quarters of the US economy in ways which are measured little if at all by conventional statistics.

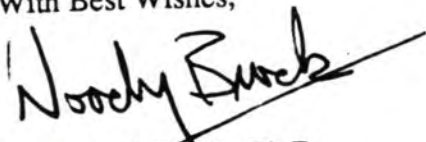
**One Final Point of Great Irony:** The statistics overstate inflation most for the poorest Americans – they benefit most from the advent of generic drugs, CDs, and Wal-Marts.

The very rich, ironically, benefit least from these developments, and their true inflation rate is in the range of 4% - 8%. [There have been few if any productivity gains in hiring a string quartet, in a Harvard education, or in shipping works of art from house to house!]

All in all, while Romer's piece is deliberately brief and thin on empirical detail, its logical structure is valid, and points us in the right direction. My own belief is that, given ample empirical elaboration, the net productivity understatement (inflation overstatement) is 2.5% - 2.75%. I hope this helps.

Please give my fondest regards to Hillary.

With Best Wishes,

A handwritten signature in black ink, appearing to read "Noahy Brock", written over a horizontal line.

Horace W. Brock, Ph.D.  
President

**THEORETICAL APPROXIMATION OF THE  
INFLATION / PRODUCTIVITY MISMEASUREMENT BIAS**

**Professor Paul M. Romer  
University of California, Berkeley  
National Bureau of Economic Research**

**Prepared for  
Horace W. Brock, Ph.D.  
President  
Strategic Economic Decisions, Inc.**

**January 1995**

**STRATEGIC ECONOMIC DECISIONS, INC.  
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## 1. Notation and Basic Results

I will use the dot notation (first proposed by Newton) to denote a derivative with respect to time:

$$\dot{x}(t) := \frac{d}{dt}x(t)$$

In this expression, I have used the symbol  $:=$  to denote something that is true by definition. That is, I have defined the symbol  $\dot{x}$  so that this expression is true. In many cases, I will not bother to include the time argument for a variable like  $x$  and will merely write  $\dot{x}$ .

Recall that the chain rule for derivatives gives the following expressions for the derivative of a product and a ratio:

$$\begin{aligned}\frac{d}{dt}(xz) &= \dot{x}z + x\dot{z} \\ \frac{d}{dt}\left(\frac{x}{z}\right) &= \frac{\dot{x}z - x\dot{z}}{z^2} \\ &= \frac{\dot{x}}{z} - \frac{x}{z}\frac{\dot{z}}{z}\end{aligned}$$

It is helpful to have a simple notation for the proportional rate of change. Following a convention in economics, I use a hat to denote this:

$$\hat{x} := \frac{1}{x} \frac{d}{dt}x$$

Whenever I refer to the "rate of growth" of a variable, I mean this kind of proportional rate of growth, the kind we could measure in units of so many percent per year. If I ever want to refer to a time derivative, I will say so explicitly.

It is sometimes useful to note that a "hatted" variable can be thought of as the time derivative of the natural logarithm of the variable. Using  $\ln(x)$  to denote the natural logarithm (or logarithm to the base  $e$ ) we can write

$$\hat{x} = \frac{d}{dt} \ln(x)$$

This follows because  $\frac{d}{dt} \ln(f(t)) = \frac{1}{f(t)} \frac{d}{dt} f(t)$ . Because  $\ln(xz) = \ln(x) + \ln(z)$ , it follows that the rate of growth of the product of two variables is the sum of the rates of growth for the individual variables.

$$\widehat{(xz)} = \hat{x} + \hat{z}$$

Similarly, because  $\ln(\frac{x}{z}) = \ln(x) - \ln(z)$ , the rate of growth of a ratio is the rate of growth of the numerator minus the rate of growth of the denominator:

$$\widehat{\left(\frac{x}{z}\right)} = \hat{x} - \hat{z}$$

## 2. Bias in the rate of growth of real output

I will use  $Y$ ,  $C$ , and  $I$  to denote output, consumption, and investment, all measured in current dollars. I will call all output that is not investment consumption, so the basic income identity is:

$$Y = C + I$$

This means, for example, that I am putting all government spending in consumption.

To construct a measure of real income, we need deflators. Let  $P$  be the deflator for consumption and let  $Q$  be the deflator for investment goods. I will use lower case letters to denote real or deflated quantities:

$$c(t) := \frac{C(t)}{P(t)}$$

$$i(t) := \frac{I(t)}{Q(t)}$$

Recall that the symbol  $:=$  denotes a definition. There is no independent deflator for  $Y$ . We define real output  $y$  in terms of  $c$  and  $i$ :

$$y := c + i$$

To calculate the rate of growth of output  $\hat{y}$  in terms of the underlying variables, argue as follows:

By definition:

$$\dot{y} = \frac{d}{dt} \frac{C}{P} + \frac{d}{dt} \frac{I}{Q}$$

Using the results for the derivative of a ratio and the definitions of  $c$  and  $i$ ,

$$\begin{aligned}\dot{y} &= \frac{\dot{C}}{P} - \frac{C\dot{P}}{P^2} + \frac{\dot{I}}{Q} - \frac{I\dot{Q}}{Q^2} \\ &= \frac{\dot{C}}{C} \frac{C}{P} - \frac{\dot{P}}{P} \frac{C}{P} + \frac{\dot{I}}{I} \frac{I}{Q} - \frac{\dot{Q}}{Q} \frac{I}{Q} \\ &= \hat{C}c - \hat{P}c + \hat{I}i - \hat{Q}i\end{aligned}$$

If we divide both sides by  $y$  we get

$$\hat{y} = \frac{\dot{y}}{y} = \hat{C}\frac{c}{y} - \hat{P}\frac{c}{y} + \hat{I}\frac{i}{y} - \hat{Q}\frac{i}{y}$$

Lets define  $\sigma$  as the fraction of real GDP that is devoted to investment:  $\sigma := \frac{i}{y}$ . It follows that  $1 - \sigma = \frac{c}{y}$ . We can now substitute these in and write the rate of growth of real GDP as a weighted average of the rates of nominal quantities minus a weighted average of the growth in the price indices:

$$\hat{y} = (1 - \sigma)(\hat{C} - \hat{P}) + \sigma(\hat{I} - \hat{Q}) \quad (2.1)$$

$$= (1 - \sigma)\hat{C} + \sigma\hat{I} - [(1 - \sigma)\hat{P} + \sigma\hat{Q}] \quad (2.2)$$

I will use an asterix "\*" to denote the true price index. Thus,  $P^*(t)$  gives the true price index for consumption goods at date  $t$  and  $P(t)$  gives the official price index that includes measurement error. We make similar definitions for  $Q$  and  $Q^*$ . I will denote the errors as  $E_P$  and  $E_Q$  respectively and define them so that the following expressions hold:

$$P = P^*E_P$$

$$Q = Q^*E_Q$$

Under this definition, a value of  $E_P$  bigger than 1 implies that the official price index has increased by more than the true price index. From these definitions, it follows that

$$\hat{P} = \hat{P}^* + \hat{E}_P \quad (2.3)$$

$$\hat{Q} = \hat{Q}^* + \hat{E}_Q$$

To illustrate these definitions, suppose that the base year is 1960 so  $P(1960) = P^*(1960) = E_P(1960) = 1$ . For illustrative purposes, suppose that the value of  $P$  in 1990 is  $P(1990) = 3$ , but that the true price index has increased by less,  $P^*(1990) = 2$ . This means that  $E_P(1990) = 1.5$ . According to these numbers, the official index says that it takes \$300 in 1990 today to purchase the same quantity of consumption goods as \$100 purchased in 1960, but in fact, \$200 today will purchase the same quantity of consumption goods. How could this arise? For example, the statistical agency observes that a stereo record in 1960 cost \$5 and a CD costs \$15 in 1990. It treats the record and the CD as being equivalent and takes the ratio  $\$15/\$5 = 3$  as the indicator of pure inflation. In fact, suppose that a CD today is of higher quality, and gives sound comparable to that from a high quality audiophile record (virgin vinyl, etc.) that cost \$7.50 in 1960. Then the correct indicator of pure inflation is  $\$15/\$7.50 = 2$ .

Of course, the error in the measurement of the cost of recorded music is much larger than this suggests because CD quality vinyl records would have been available only at astronomical prices in 1960. This very large error in one component of the price index  $P$  will be offset by relatively small errors in other parts of  $P$  like the price of milk. The error term  $E_P$  will represent a kind of average of the errors in all of the different components of  $P$ .

In terms of growth rates for the indices, we generally expect both  $\hat{P}^*$  and  $\hat{Q}^*$  to be positive because of general price inflation (although, the CD example reminds us that technological forces could actually make the true dollar price of some kinds of goods to fall, even in a world with general price inflation.) We expect the growth rates of the error terms  $\hat{E}_Q$  and  $\hat{E}_P$  to be positive because of mis-measured quality change of the type illustrated by the CD example. A careful attempt to measure the true price index for investment showed that the error  $\hat{E}_Q$  was on the order of 3% per year. (Robert J. Gordon, *The Measurement of Durable Goods Prices*, published by the University of Chicago Press for the National Bureau of Economic Research, 1990.) We do not have a good estimate of the error for the consumption deflator, but it is possible that it is of roughly the same size.

We can now calculate a measure of true GDP growth  $\hat{y}^*$  that we can compare with the reported measure of GDP growth  $\hat{y}$  from the official statistical agencies.

We can start by defining the true measures of consumption and investment:

$$c^*(t) := \frac{C(t)}{P(t)^*}$$

$$i^*(t) := \frac{I(t)}{Q(t)^*}$$

Then true GDP is

$$y^* = c^* + i^*$$

If we repeat the derivation leading up to equation 2.1, we get the same result except that the rate of growth for each of the official price indices  $P$  and  $Q$  is replaced by the rate of growth of the true price index:

$$\hat{y}^* = (1 - \sigma)(\hat{C} - \hat{P}^*) + \sigma(\hat{I} - \hat{Q}^*) \quad (2.4)$$

We can substitute in the expressions  $\hat{P}^* = \hat{P} - \hat{E}_P$  and  $\hat{Q}^* = \hat{Q} - \hat{E}_Q$  from equation 2.3 to get

$$\hat{y}^* = (1 - \sigma)(\hat{C} - \hat{P} + \hat{E}_P) + \sigma(\hat{I} - \hat{Q} + \hat{E}_Q)$$

Then if we subtract equation 2.1 from equation 2.4 to get an expression for the bias in the measurement of the growth rate, we have

$$\hat{y}^* - \hat{y} = (1 - \sigma)\hat{E}_P + \sigma\hat{E}_Q \quad (2.5)$$

Because we expect both  $\hat{E}_P$  and  $\hat{E}_Q$  to be positive, this implies that the true growth rate is larger than the measured growth rate, possibly by as much as 2% or 3% per year.

### 3. Bias in Productivity Measures

The two fundamental measures of productivity that are used are labor productivity and total factor productivity. Labor productivity growth is merely growth in GDP per man-hour worked. We can define labor productivity as the ratio

$$LP := \frac{y}{L}$$

where  $L$  is a measure of total hours worked (per year) and  $y$  is real GDP produced (per year). Labor productivity growth,  $LPG$ , is the rate of growth of labor productivity  $LP$ :

$$LPG := \left( \frac{\hat{y}}{\hat{L}} \right) = \hat{y} - \hat{L}$$

If we continue to use an asterix to denote true measures, as opposed to the reported measures, then we can define

$$LPG^* := \left( \frac{\hat{y}^*}{\hat{L}^*} \right) = \hat{y}^* - \hat{L}^*$$

We can insert the expressions for  $\hat{y}$  and  $\hat{y}^*$  from equations 2.1 and 2.4. Under the reasonable assumption that labor hours are measured correctly so that  $\hat{L} = \hat{L}^*$ , the bias in labor productivity growth is exactly the same as the bias in output growth:

$$LPG^* - LPG = (1 - \sigma)\hat{E}_P + \sigma\hat{E}_Q$$

The other measure of productivity growth is total factor productivity growth. Total factor productivity growth is an attempt to measure the growth in output that is not due to growth in inputs, and is therefore attributable to technological change or some other process of discovery and improvement. Labor productivity growth is the difference between output growth and the growth in one input, labor. Total factor productivity growth is defined as the difference between growth in output and growth in a weighted average of the two main inputs, capital  $K$ , measured in physical units like machines, and labor  $L$ , measured in physical units like man-hours:

$$TFPG := \hat{y} - (1 - \alpha)\hat{L} - \alpha\hat{K}$$

The weight  $\alpha$  in this expression is the share of capital income in total income. Since all of GDP accrues to some factor of production as income, we can separate GDP into income that goes to labor and income that goes to capital. A fraction of total income  $\alpha$  is received by capital and a fraction  $1 - \alpha$  is received by labor. In the expression for total factor productivity growth, the rates of growth of the two factors are weighted by their shares in total income. One can show that these are the correct weights for calculating the contributions that growth in each factor of production make to total GDP. A ballpark estimate of  $\alpha$  is that it is between 0.33 and 0.25.

We do not directly observe the rate of growth of the stock of machines in the economy. What we do measure is investment  $I$  in dollars in a given year. We

use the deflator  $Q$  to convert this dollar figure into units of machines. We also can estimate how much capital (in machines) disappeared because of depreciation. Then we know that the increase in the stock of capital in any year is the number of machines installed minus the number lost to depreciation. If we add this number up over many years, we get an estimate of the current stock of capital in each year.

In practice, we need some starting value for the stock. For example, we might assume that the total stock of capital in 1900 was zero, and start cumulating additions to the capital stock from that date forward. Because there was some capital in 1900, the estimates of the stock in the early years of the century will be too low. Eventually, all of the capital stock existing in 1900 has depreciated away, so that in the years after, say, 1950, this method gives a relatively good indication of the total capital stock in use.

If we want to measure the true rate of total factor productivity growth, we need to correct for the effects of  $\hat{E}_P$  and  $\hat{E}_Q$  on the estimated rate of growth of output  $\hat{y}$  as above. But now we have the additional problem that we must also correct our estimate of the rate of growth of the capital stock. If the official price index  $Q$  is wrong, then we are adding the wrong number of machines each year in our construction of an estimate of the capital stock.

This problem is clearly illustrated by investment in computers. What we want is an estimate of total computing power (in physical units like megabytes of storage and capacity for MIPS – millions of instructions per second.) For many years, the statistical agencies assumed that the price for computers rose with the general level of inflation, so  $Q$  was increasing over time. They assumed that \$1 million bought less computing power in 1990 than in 1960. Of course, the true price index for computers fell dramatically, so that \$1 million in investment in computers in 1990 lead to the installation of far more computer power in 1990 than an equivalent dollar expenditure in 1960.

As a result, we need to figure out how the error  $E_Q$  in the capital goods deflator affects our estimate of the rate of growth of the capital stock if we are to come up with the true rate of growth of total factor productivity. We start with the basic equation for the accumulation of capital. Assume that a fraction  $\delta$  of the capital stock depreciates in each year. Then the time derivative of the capital stock (the increase in the total number of machines in use) is

$$\dot{K}(t) = \frac{I(t)}{Q(t)} - \delta K(t)$$

If we divide both sides by  $K$ , we have the measured rate of growth of the capital

stock:

$$\begin{aligned}\hat{K}(t) &= \frac{\dot{K}(t)}{K(t)} = \frac{I(t)}{Q(t)K(t)} - \delta \\ &= \frac{i(t)}{K(t)} - \delta\end{aligned}$$

For simplicity, let us make the plausible assumption that the capital stock has been growing at a constant exponential rate (e.g., at 3% per year) and that the total amount of investment has also been growing at a constant rate. This means that  $\hat{K}$ , the expression on the left hand side of the equation is a constant. The depreciation rate  $\delta$  is a constant. It follows that the ratio of real investment  $i$  to capital  $K$  is also a constant. This means that measured real investment  $i$  and measured real capital  $K$  must be growing at the same exponential rate, so  $\hat{K} = \hat{i}$ . (By a parallel argument, it follows that true real investment  $i^*$  and the true capital stock  $K^*$  must also grow at the same exponential rate, so  $\hat{K}^* = \hat{i}^*$ .) This means that to find the bias in the rate of growth of the capital stock, we need only look at the bias in the rate of growth real investment:

$$\hat{K}^* - \hat{K} = \hat{i}^* - \hat{i}$$

From definitions of  $i$  and  $i^*$ , we can calculate the bias in the rate of growth real investment:

$$\begin{aligned}\hat{i} &= \widehat{\left(\frac{I}{Q}\right)} = \hat{I} - \hat{Q} \\ \hat{i}^* &= \widehat{\left(\frac{I}{Q^*}\right)} = \hat{I} - \hat{Q}^* = \hat{I} - \hat{Q} + \hat{E}_Q\end{aligned}$$

The last equality comes from equation 2.3, which relates  $\hat{Q}$  and  $\hat{Q}^*$ . From this it follows that the bias in the rate of growth of capital is

$$\hat{K}^* - \hat{K} = \hat{i}^* - \hat{i} = \hat{E}_Q \quad (3.1)$$

We now have all we need to calculate the true rate of total factor productivity growth and its bias due to problems with the price indices:

$$\begin{aligned}TFPG^* &= \hat{y}^* - (1 - \alpha)\hat{L} - \alpha\hat{K}^* \\ TFPG^* - TFPG &= \hat{y}^* - \hat{y} - \alpha(\hat{K}^* - \hat{K})\end{aligned}$$

(As before, we will assume for now that  $\hat{L}$  is correctly measured.) Substituting in the results from 2.5 and 3.1, we can write this expression in terms of the rates of growth of the errors in the two price deflators:

$$TFPG^* - TFPG = (1 - \sigma)\hat{E}_P + \sigma\hat{E}_Q - \alpha(\hat{E}_Q) \quad (3.2)$$

In evaluating this result, economists frequently observe that measurement error in the price index for capital goods will not matter much for productivity calculations because  $\sigma$  and  $\alpha$  are about equal to each other. As a result, the two terms involving  $\hat{E}_Q$  will tend to cancel each other out. Recall that  $\alpha$  is about .33 or .25. A rough estimate of  $\sigma$  is about .20. Using the smaller estimate for  $\alpha$  and the estimate cited above of 3% per year for  $\hat{E}_Q$ , we see that the term  $(\sigma - \alpha)\hat{E}_Q$  is equal to  $-0.15\%$  percent per year. This means that the measured rate of total factor productivity growth of roughly 1% per year may be 0.15% larger than the true rate of total factor productivity growth because of the mis-measurement of the prices for capital goods.

The economic intuition for these offsetting effects is as follows. We underestimate the rate of growth of output because we are producing more machines than the statistics suggest. But we are also underestimating the number of machines that we are using as inputs, and productivity growth is the difference between the rate of growth of outputs and inputs.

However, this calculation completely neglects the effects of  $\hat{E}_P$  on measured total factor productivity growth. Many economists neglect its effects because we do not have good measures of precisely how big the error in the prices for consumption goods is. But to get a ballpark sense of what its effects might be, suppose that  $\hat{E}_P$  is as big as  $\hat{E}_Q$ , about 3% per year. Then the term  $(1 - \sigma)\hat{E}_P$  is equal to  $0.8 * 3\%$  or  $2.4\%$  per year. Substituting all of our estimates into equation 3.2, we see that a measured total factor productivity growth rate of about 1% per year must be increased by  $2.4\% - 0.15\% = 2.25\%$ , so it becomes 3.25%!

NANCY

*With Compliments*

HERE IS THE REPLY  
TO THE PRESIDENT'S LETTER  
FROM DR. BRUCK. THANKS  
FOR YOUR HELP

REAGAN AMMANN  
FOR WOOD BRUCK

STRATEGIC ECONOMIC DECISIONS, INC.  
905 Sherman Avenue  
Menlo Park, California 94025  
(415) 854-2404

THE WHITE HOUSE  
WASHINGTON

January 24, 1995

Horace "Woody" Brock, Ph.D.  
President  
Strategic Economic Decisions, Inc.  
905 Sherman Avenue  
Menlo Park, California 94025

Dear Woody:

Thanks for your letter of January 17 and for following up on my suggestion. I appreciate your suggestions and comments and, as always, I'm grateful for your support.

Hillary sends her best regards. Please keep in touch.

Sincerely,

*Bill* How can I get Paul Romer's analysis?  
Don't Greenspan's arguments argue against an interest rate increase now?  
Thanks for getting me to do the WFF - It clearly was the right thing to do.

THE WHITE HOUSE  
WASHINGTON

THE PRESIDENT  
2/1/95

95 FEB 6 09:42

6 February 1995

MEMORANDUM TO THE PRESIDENT  
FROM HAROLD ICKES (HP)  
RE DNC direct mail letter

Attached is a proposed direct mail appeal to be sent by the DNC over Senator Dodd's signature, focusing on the Republican proposal to recalculate the inflation rate thereby reducing COLA payments on social security benefits. I would appreciate your comments as soon as possible. They would like to mail this letter in the next day or so.

cc: Leon Panetta

*See memo m. this  
B*

CLIENT: DEMOCRATIC NATIONAL COMMITTEE  
PACKAGE: FEBRUARY SOCIAL SECURITY APPEAL  
FORMAT: PAPER PAK

picture of senior couple

Ms. Jane Doe,  
Do You Support The New Republican  
Plan To Cut Social Security COLA's?

**Democratic National Committee**

Senator Christopher Dodd  
General Chairman

Dear Ms. Doe:

Throughout the 1994 election campaign, the Republicans promised to keep their hands off of Social Security.

And now, only weeks after taking office, that promise is already broken.

If you haven't read about this proposal in the paper, it's because the new Republican leadership did not have the courage to propose an outright cut in Social Security benefits.

Instead, they are trying to use a cowardly, back-door political gimmick to take tens of billions of dollars out of the pockets of senior citizens. Here's how it works.

House Speaker Newt Gingrich, acting with the backing of Republican leaders throughout Congress, is trying to change the way the government computes the rate of inflation.

If the Republicans can force the federal government to lower its estimate of inflation, then they can dramatically reduce the cost-of-living adjustments received by every Social Security recipient in America.

The GOP's plan would take tens of billions of dollars out of the pockets of America's senior citizens -- every single year!

And to force the government to cook its numbers and push down its inflation estimate, Gingrich has threatened to cut all funding from the agency that computes the rate of inflation.

Don't let Gingrich and his gang play politics with your money. If you share my outrage at this shameless and cowardly attempt to shortchange senior citizens, then I need your help and I need it right away.

You can fight back by doing two important things:

1. First, sign the enclosed petitions to Speaker Gingrich and Majority Leader Dole urging them to stop efforts to reduce the Social Security COLA's for all senior citizens.
2. Second, please return your signed petitions along with a generous emergency contribution to the Democratic National Committee.

I know you remember the battles in the mid-eighties when Democrats finally succeeded in defeating Republican efforts to cut Social Security.

This time the Republicans are afraid to propose direct cuts. But their phony inflation estimates will rob senior citizens just as surely as any direct cut.

We cannot remain silent while the new Congress finances another round of tax cuts for the wealthiest Americans by reducing the hard-earned benefits received by older Americans.

Your signed petition will deliver a clear and unmistakable message. It will tell the Republican leadership that they cannot get away with a back-door strategy to cut Social Security benefits.

And your contribution to the DNC will help in our fight against a Republican Congress that seems willing to use almost any type of political ploy, no matter how deceiving, to accomplish their goals.

In the coming weeks, I will be speaking out against this outrageous Republican scheme. We hope to reach millions of Americans with our message, and generate a public fury against this attack on Social Security benefits.

But this campaign will be expensive and the DNC is still paying off a debt from the last election campaign.

We need your immediate contribution to have the resources to expose the Republican plan and save the benefits of millions of retired Americans.

You will also be supporting our efforts to take back the Congress in 1996 -- the only action that will totally ensure that the GOP can't cut your Social Security benefits.

As you read this letter, Newt Gingrich is preparing legislation to abolish the Bureau of Labor Statistics and shift their responsibilities into Republican hands.

There is no time for delay. Please return your signed petitions and a generous emergency contribution right away.

Sincerely,

Christopher Dodd, Chairman

P.S. Anyone who has been to a grocery store lately knows the truth. When Republicans say inflation estimates are too high, what they are really saying is that senior citizens are getting too much money! Stop the Republican effort to cut Social

Security COLA's. Return your signed petitions along with an emergency contribution right away.

## DON'T CUT SOCIAL SECURITY COLAS!

To: Democratic National Committee  
430 South Capitol Street, S.E.  
Washington, DC 20003

FROM: Ms. Jane Doe  
123 Any Street  
New York, NY 12345

I am outraged at the new Republican plan to cut Social Security COLA's by forcing federal employees to falsely lower inflation estimates. To help the DNC in it's campaign to protect our commitment to retired Americans, I have:

( ) Signed the attached petitions to Bob Dole and Newt Gingrich stating my opposition to their cowardly and back-door plan to cut Social Security COLA's. I am returning them to the DNC for hand-delivery along with tens of thousands of other petitions.

→ ☒ Enclosed an emergency contribution to support the DNC in its efforts to stop the COLA cuts and defeat Republican plans to shortchange America's seniors. My contribution is in the amount of:

( ) HPC    ( ) HPC + 50%    ( ) HPC + 100%    ( ) Other \$ \_\_\_\_\_

\_\_\_\_\_  
Signature

Please make your check payable to the DNC/Federal Account and return it with this form in the envelope we have provided. Mail to: DNC, 430 South Capitol Street, S.E., Washington, DC 20003.

**Please fill out the required federal information on the reverse side.**

Federal Election law requires political committees to report the name, mailing address, occupation and name of employer for each individual whose contributions aggregate in excess of \$200 in a calendar year. Your contribution may be used in connection with Federal elections and is subject to the limits and prohibitions of the Federal Election Campaign Act. Your contribution is not tax-deductible as a charitable contribution for Federal income tax purposes.

\_\_\_\_\_  
Employer

\_\_\_\_\_  
Occupation

( ) Check here if self-employed.

\_\_\_\_\_  
Home Phone Number

**PETITION TO:  
SENATOR BOB DOLE**

I am outraged at the Republican plan to use phony inflation estimates to reduce the Social Security COLA's of America's senior citizens. Don't play politics with my money. If you want to cut Social Security, you at least owe Americans a forthright proposal and an honest debate.

I urge you to abandon this plan to shortchange America's seniors and oppose efforts to cut Social Security benefits.

Respectfully,

Ms. Jane Doe  
123 Any Street  
New York, NY 12345

**PETITION TO:  
SPEAKER NEWT GINGRICH**

I am outraged at the Republican plan to use phony inflation estimates to reduce the Social Security COLA's of America's senior citizens. Don't play politics with my money. If you want to cut Social Security, you at least owe Americans a forthright proposal and an honest debate.

I urge you to abandon this plan to shortchange America's seniors and oppose efforts to cut Social Security benefits.

Respectfully,

Ms. Jane Doe  
123 Any Street  
New York, NY 12345

Inside Back Cover:

picture of Post headline  
"GOP Leaders Join Challenge  
To Price Index"

**The New Republican Plan  
To CUT Social Security COLA's**

1. **Slash Inflation Estimates:** The Republicans claim inflation estimates are "grossly overstated" -- even though the 1994 inflation rate was only 2.7%. They want to change the way inflation is computed to produce a dramatically lower estimate of price increases in America.
2. **Bully The Bureaucrats:** To force federal agencies to lower estimated inflation rates, Speaker Gingrich has threatened to eliminate the Bureau of Labor Statistics. He said "If they can't get it right in the next 30 days or so, we zero them out..."
3. **Lower Social Security COLA's:** By forcing down the estimated consumer price index, the Republicans will reduce Social Security COLA's by tens of billions of dollars -- every year.

2/6/95 11:00am  
left voice mail msg.  
@62230 / Griffin's  
ofc / that call  
was made

*Sewagner*

THE WHITE HOUSE  
WASHINGTON

THE PRESIDENT HAS SEEN

2-6-95

95 FEB 1 A10:08

January 30, 1995

RECOMMENDED TELEPHONE CALL

TO: Senator Carol Moseley-Braun

DATE: January 30, 1995

RECOMMENDED BY: Pat Griffin ✓ SW

PURPOSE: To discuss funding in the FY96 Budget for her Education Infrastructure Act proposal which she successfully added to the reauthorization of ESEA (Elementary and Secondary Education Act) last year. She is aware of the fact that it is currently on the recision list.

BACKGROUND:

The proposal is essentially one of "bricks and mortar" grants to state and local governments for repair, renovation and construction for public elementary or secondary schools. She amended ESEA to add a \$400 million authorization for these grants. Prior to final passage of ESEA, the Senator's proposal received a \$100 million appropriation from the Congress last year.

From the beginning, Secretary Riley advised the Senator of the Administration's opposition to her proposal. However, since funding had been provided by the Congress, the Department of Education worked with the Senator to craft language to ensure that the program would be easier and more cost effective to administer.

The Senator met Secretary Riley last week and argued very forcefully that continued funding for this proposal is key to her reelection because she considers it a major legislative accomplishment pivotal to her campaign in 1998. He informed her that the program is on the recession list.

*2-6-95*  
*Peter and*  
*"Leon Panetta*  
*talked w/ CMB.*  
*✓ TW*  
*Leon will do*  
*follow up call*

*[Signature]*

TOPICS OF DISCUSSION:

1. An effort such as this is a state and local responsibility. The federal role in education is reform and teacher training.
2. This program, if done properly at the federal level, would be prohibitively expensive. The \$100 million appropriation from the Congress last year is a mere "drop in the bucket" and that sum is not even sufficient to cover the needs of any one major city.
3. The Administration has consistently opposed new education programs proposed by Congress that could redirect dollars from education programs with higher priority.
4. Because the program was included in the rescission package, the Administration cannot easily propose an amendment to restore funding. We will need a compelling policy reason to modify or reverse our position.
5. Should you decide that it is necessary to reverse or modify the Administration's current proposal (which is to zero-out this proposal), please inform the Senator that you will direct your staff (Pat Griffin, Leon Panetta, OMB) to work closely with her on possible alternatives.

CONTACT PERSON AND  
TELEPHONE NUMBER(S):

White House Signal

DATE OF SUBMISSION:

January 30, 1995

ACTION: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_