

to see
of Ms. Betty Curry.

Tel: (212) 594-1870

Fax: (212) 967-5746

9.5.95

Carolyn -

Fax came in
earlier - . This is
the hard copy!

B

9-6-98

Send to Jim
Donskoid?

Yes ☒

No ☐

cc: Bob Nash
SOSNIK C.

ARNOLD A. SALTZMAN

350 FIFTH AVENUE
NEW YORK, N.Y. 10118

(212) 594-1870

August 28, 1995

Honorable William J. Clinton
The President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

It is my hope that someone will let you read this since I believe it may be of help to you. I also enclose my curriculum vitae and certain other documents which suggest it might be worth the effort. You are the first Democratic president since the days of Franklin Roosevelt who I have not served.

It is clear to everyone that our country is ill - not dying, not terminally ill, but sicker than it ought to be. This did not happen on your watch but begun a number of years ago and has been getting progressively worse. Lots of your colleagues (and detractors) can tell us what is wrong but not how we got to this place and certainly not what to do about it.

The problem is systemic. Our government lacks the mechanisms to get us healthy again. For several decades our government has suffered from at least two major deficiencies:

1. We make policy in bits and pieces with results often counterproductive to what was intended.
2. We react to events instead of anticipating events. We erect shelters - or try to - after the storm has struck.

In 1973 I proposed to our legislative leaders, to whom I was well known, that we were in the crisis intervention business and there was a better way for our country to function and recommended ways to get off that treadmill. I received many enthusiastic responses, several of which I enclose.

The Honorable William J. Clinton
Page 2
August 28, 1995

The result was Congress created a Blue Ribbon Advisory Committee of which I was Chairman to buttress support for these recommendations. As is typical in Washington, our report, widely acclaimed, was never implemented although it would have taken hardly any money and was simple to accomplish.

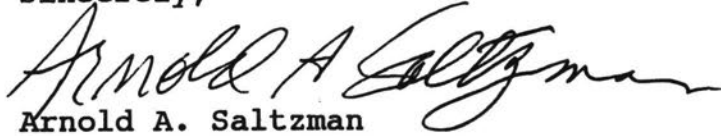
I then turned my energies to fighting against the Cold War so that the Soviet Union and various Republics might join our economic world. That is happening.

But as I look about and see my country hurting, see you, who I thought was a bright star, being savaged, and see our people being stirred up into confrontation instead of accommodation, I cannot abide what I see.

The government is the only possible umpire in our society made deliberately contentious for selfish political purposes. We cannot kill the umpire. But we must make policy that our people have had time to understand and to participate in its formulation.

I, therefore, write this and enclose these various documents to lend some credence to what I write. There is nothing I need or want except to help. I believe I have solutions that can still make your administration a bright example of how our government should function, how it can enrich the lives of our people, and how it can get us healthy.

Sincerely,


Arnold A. Saltzman

AS:er
encls.

United States Senate
Office of the Majority Leader
Washington, D.C. 20510

November 10, 1976

Honorable Jimmy Carter
President-Elect
Plains, Georgia

Dear Governor:

I am writing to put before you the name of Arnold A. Saltzman, Chairman and Director of the Seagrave Corporation of New York City. Mr. Saltzman has headed the firm for many years and has also served the United States Government in a number of capacities. Presently, for example, he is Chairman of the Advisory Committee of the Commission on Supplies and Shortages.

Mr. Saltzman is well-known among members of Congress, particularly on the Democratic side. He first came to my personal attention several years ago when I read an analysis which he had written on the wider implications of the petroleum shortage which was precipitated by the Arab boycott. The analysis demonstrated a rare depth of understanding of the nation's need for a rational system of foresight in dealing with basic problems, rather than the wasteful hit or miss, crisis-action and forget syndromes which have long been characteristic of so much of the federal approach.

Over the years, I have come to know Arnold Saltzman, his capabilities and his character, finding the former exceptional and varied and the latter unimpeachable. His ability to project a concept of the national interest in a long range and interrelated pattern, I have found to be particularly impressive.

Mr. Saltzman has indicated to me his desire to leave business and serve the nation in a Democratic Administration. In my judgment, he is fully qualified to assume federal responsibilities of the most exacting nature and on the highest levels of trust. I believe that he would be eminently suitable to serve in executive posts in the Department of State, as for example, that of Under-Secretary for Economic Affairs. I am confident that, in such a capacity, he would reflect great credit on the incoming administration and on the nation.

Honorable Jimmy Carter

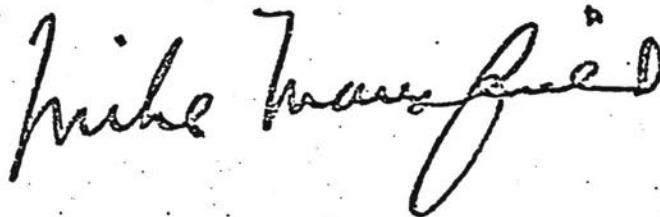
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November 10, 1976

Enclosed herewith is a biographical sketch of Mr. Saltzman and a copy of a preliminary report which he recently prepared at my request in connection with his work as chairman of the Advisory Committee of the Commission on Supplies and Shortages. It affords some indication of his competence.

I commend Arnold Saltzman to your attention without reservation.

Sincerely,

A handwritten signature in cursive script, reading "Mike Mansfield". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

Enclosures

THE WHITE HOUSE
WASHINGTON

5-27-80

To Arnold Saltzman

She has shared with me
your views on action we should
take in dealing with some of our
nation's problems. Your foresight
as demonstrated by the edit-
orials dating from 1974 adds
weight to your current advice.

Thank you for your
valuable help & counsel.

Jimmy Carter

FEDERAL GOVERNMENT SERVICE

Arnold Saltzman has served in various government capacities since 1939. He left the family business to join the Roosevelt administration where many of his former Columbia professors were creating the New Deal legislation and administration. Subsequently Saltzman served as a Navy officer until the end of 1945 when he came back to his family business. He interrupted his business career from time to time to serve the Government in a variety of economic and diplomatic policy-level assignments. His various assignments included the Agency for International Development, the State Department, Office for Economic Opportunity, Office of Price Stabilization, and others. His diplomatic assignments were Czechoslovakia, Vienna, Central America, Russia and Venezuela. He received the Presidential Commendation for his work on the Atomic Non-Proliferation Treaty.

Perhaps the most important and challenging domestic assignment was Saltzman's appointment as Chairman of a Blue Ribbon committee created by the Congress to examine into the way the Office of the President and the Congress created policy and to recommend basic change to improve the performance of both the President and the Congress. This committee became known as the National Growth and Development Committee. The inspiration for its creation came from Arnold Saltzman. By a by-partisan direction of both the House and the Senate, Saltzman was named the Chairman. The Committee met over a period of two years and created a report which was widely applauded. Arnold Saltzman was commended by both the President and the Congress and an editorial in the "Washington Post" likewise applauded his accomplishment.

Saltzman also served unofficially, advising the Congress on various matters. He testified on occasions as an expert in regard to a variety of legislative efforts. As a result of these activities he had and has the respect and friendship of many in the Congress. He did so as well for several Presidents.

Since his service in WWII, in all of these various assignments, Arnold Saltzman has not taken any compensation.

GEORGE J. MITCHELL
MAINE

United States Senate
Office of the Majority Leader
Washington, DC 20510-7010

January 25, 1989

Mr. Arnold A. Saltzman
Chairman
Vista Resources, Inc.
350 Fifth Avenue
New York, New York 10118

Dear Arnold:

Thanks so much for your good letter and for your kind offer of further service to the Party. Your breadth of experience has been invaluable to the Party and to the country in the past, and I look forward to calling on you in the days ahead as I begin my own service as Majority Leader. Arnold, I am very interested in your work as Chairman of the Blue Ribbon Committee on institutional change. I would be most appreciative if you would send me a copy of the full report of the Committee, and then after I've had the opportunity to read the report, perhaps we could get together again for a more wide-ranging discussion.

I look forward to hearing from you and to seeing you again soon. Warmest regards.

Sincerely,



George J. Mitchell

GJM:ps



NATIONAL COMMISSION ON SUPPLIES AND SHORTAGES
Advisory Committee on National Growth Policy Processes
1750 K Street, N.W. • Washington, D.C. 20006 • 202-254-6836

For further information:

Arnold A. Saltzman, Chairman
350 Fifth Avenue
New York, N. Y. 10001

JANUARY 10, 1977

212-594-1870

BACKGROUND FOR THE PRESS CONFERENCE RELATING TO THE
REPORT OF THE ADVISORY COMMITTEE ON NATIONAL GROWTH POLICY PROCESSES

In February of 1974 the leaders of both Houses of Congress initiated discussions with then President Nixon looking towards more orderly and successful methods of reaching major policy decisions affecting our nation's economic future. Stung by the Arab oil embargo, other material shortages and price dislocations, by growing unemployment and inflation, Congress passed legislation in the fall of 1974 -- virtually unanimously -- which created a committee with the broad mandate of recommending to the Executive and Legislative branches better ways of forging America's future growth and development.

Senate leaders Mansfield and Scott, who began the dialogue with President Nixon, continued them with President Ford and sponsored Public Law 93-426 which created the Advisory Committee on National Growth Policy Processes (referred to above), stated the following in support of the legislation they requested.

"The practice of waiting for the storms to strike and then, hurriedly, erecting shelters," Senators Mansfield and Scott note, "is not only wasteful and an inefficient use of the resources of the nation but its cumulative effect may well be devastating. There is a need, it seems to us, to anticipate and, as far as possible, to act in an orderly fashion before the difficulties have descended on us."

At the request of bi-partisan Congressional leadership, Arnold A. Saltzman, Chairman of The Seagrave Corporation, a New York industrialist with varied policy level experience in federal government and who had participated from the beginning in policy discussion with Congressional leaders leading to legislation, was appointed Chairman of the Committee. He was joined by 18 outstanding Americans drawn from the ranks of labor, business, academia, consumer activities, the professions and government (state, local and national). The committee members in addition to Mr. Saltzman are:

Roger S. Ahlbrandt
Chairman
Allegheny-Ludlum Steel Corporation

Charles Pillard
President, Int'l Brotherhood of
Electrical Workers

Norman Beckman
Acting Director
Congressional Research Service

William M. Roth
Director, Pacific National
Life Assurance Company

Jacob Clayman
Secretary-Treasurer
AFL-CIO Industrial Union

Richard B. Scudder
Chairman
Garden State Paper Company

Carol Foreman
Executive Director
Consumer Federation of America

Herbert Stein
Professor
University of Virginia

John W. Gardner
Chairman
Common Cause

Simon D. Strauss
Executive Vice President
American Smelting & Refining Co.

Richard Hatcher
Mayor
Gary, Indiana

Eric A. Walker
President Emeritus
Pennsylvania State University

Wassily Leontief
Professor
New York University

Ralph Widner
Director, The Academy for
Contemporary Problems

Patrick J. Lucey
Governor
State of Wisconsin

Harris Wofford
President
Bryn Mawr College

Richard E. Neustadt
Professor
Harvard University

Leonard Woodcock
Pres., United Automobile, Aero-
space and Agricultural Workers

James E. Thornton
Executive Director



საქართველოს სახელმწიფოს მეთაური

HEAD OF STATE OF THE REPUBLIC OF GEORGIA

Dear Mr. Saltzman,

We are aware of your many years of experience in diplomatic and economic affairs in policy level assignments for your country, and also that you have advised the former USSR as well as individual Republics.

We are very much interested in seeing you as chairman of the Transcaucasian-American Enterprise Fund, which is supposed to complement other US assistance programs in the region. The concept of the Transcaucasian-American Enterprise Fund was proposed by Senator R.Dole during my visit to US in March 1994.

Now, we would like to formalize an arrangement whereby you and your company, Windsor Production Co., act as official adviser to the Head of State of the Republic of Georgia. You would advise and help negotiate joint ventures, foreign investment with Georgia, international trade, and also privatization of State controlled companies or properties.

We would welcome your agreement to assist us in this capacity.

Sincerely,

Eduard Shevardnadze.

Honorable Arnold A.Saltzman
Chairman of Windsor Production Co.

DEPARTMENT OF STATE
WASHINGTON

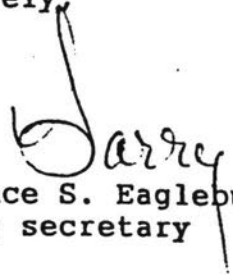
October 31, 1991

Dear Arnold:

Thanks for your comments on Vladimir Petrovsky. He was on my schedule last Friday, but I was out with the flu. I asked our Under Secretary for Political Affairs, Arnie Kanter, to meet with him and took the liberty of sharing your letter with Arnie. Arnie agrees with your assessment - Petrovsky is an impressive man with whom we can work. I'm sorry I missed him and hope to see him next time he is in town.

Best regards.

Sincerely,


Lawrence S. Eagleburger
Acting secretary

Mr. Arnold A. Saltzman,
350 Fifth Avenue,
New York, New York.

ARNOLD A. SALTZMAN

350 FIFTH AVENUE
NEW YORK, N.Y. 10116
(212) 594 1870

October 23, 1991

Mr. Lawrence S. Eagleburger
Deputy Secretary of State
Department of State
2201 C Street
Washington, D. C. 20520

Dear Lawrence:

I write this informally since I met at length with Vladimir Petrovsky today with whom you will meet on Friday. This will convey information that may be helpful to you prior to the meeting.

I have known Petrovsky for many years during the Brezhnev, Chernenko administrations. He has been as strong an advocate as possible for good relations with the U. S. As you know, I reciprocated those views and he invited me to Moscow in 1985 to meet Gorbachev and other Politburo members. The purpose was for the Russians to make clear to me the specific ways in which they wished to improve their relations with the United States (this was a stormy period) and discuss unofficial messages I could carry back. I repeated those visits several times between 1985 and 1989 and was debriefed by you.

I met Petrovsky, among other Russians, during some of my diplomatic and economic assignments for our country and maintained a cordial relationship with him. Thus, I understand better than most not only our own country's needs and objectives as well as theirs but, most importantly, who and what Vladimir Petrovsky really is.

I believe you will find him completely dependable and a true internationalist who has never been buried in the Soviet dogma. He has been involved in and deeply committed to the United Nations. His wife, Mira's job was to understand U. S. institutions.

Mr. Lawrence S. Eagleburger - 2 -

October 23, 1991

He was interested in my description of you and is most desirous of having a good personal relationship with you beyond the usual formalities. I think you will find him to be truthful, intelligent and cooperative. The fact that we have been good friends for many years might color my judgment, but I think not.

With best regards,

Sincerely,

A handwritten signature in cursive script, appearing to read "Arnold".

Arnold A. Saltzman

United States Senate
Office of the Majority Leader
Washington, D.C. 20510

November 14, 1973

Mr. Arnold A. Saltzman
The Seagrave Corporation
350 Fifth Avenue
New York, New York 10001

Dear Mr. Saltzman:

Thank you for sending me a copy of your memorandum. It is a fascinating analysis of where we are not going but ought to be.

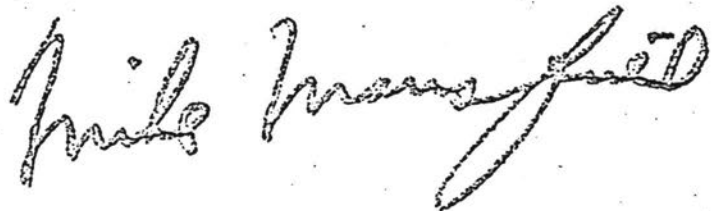
You comment on the inability of government to anticipate and act on national problems is very much to the point. It is, as I see it, not so much a question of lack of human and other resources for dealing with these problems as it is one of the structural inability of the government to confront changing needs in a timely and cohesive manner. What is lacking seems to be the capacity or inclination to devise acceptable machinery for making sound decisions of national consequence.

I would like to give your memorandum some additional thought and come back to it again. It touches on what may well be the fundamental problem of the nation for the balance of the century.

Thank you very much for sharing your observations with me. Perhaps we may have occasion to discuss them further in the near future.

With best personal wishes, I am

Sincerely yours,

A handwritten signature in dark ink, reading "Mike Mansfield". The signature is written in a cursive, flowing style with a large, sweeping "M" and a long, trailing flourish at the end.

КАБІНЕТ МІНІСТРІВ
УКРАЇНИ

м. Київ



КАБИНЕТ МИНИСТРОВ
УКРАИНЫ

г. Киев

199

№

Honorable Arnold A. Saltzman
Chairman, Windsor Production Corp.
New York City USA

Dear Mr. Saltzman

I am pleased to welcome you again in our country and greatly appreciate the advice Ukraine has been receiving from you. We are mindful of your long experience in important business matters and also of your many assignments for your own government in policy level economic and diplomatic positions. I know too that through your previous experience in the Soviet Union you are aware of our problems and needs.

In behalf of our Government I ask you to consider acting as our Advisor in the various economic matters that affect Ukraine. We need your abilities in negotiating joint ventures, regarding investment by foreign partners, in buying all or part of privatized companies by foreign interests, and even to see that goods sold for export are sold the best way.

If you would agree to act as our Advisor in these areas we would be most appreciated.

Sincerely,
Konstantin Masik,
First Vice Prime Minister

Konstantin Masik
100092



м. Київ

г. Киев

199

№

Высокопочтимому г-ну Арнольду А. Зальцману,
президенту корпорации "
Нью Йорк, США

Уважаемый господин Зальцман,

Я рад снова приветствовать Вас в нашей стране и высоко ценю те консультации, которые Вы оказали Украине. Я знаю о Вашем большом опыте в решении важных деловых вопросов и о тех высоких экономических и дипломатических уровнях, на которые Вас назначало Ваше Правительство. Я знаю также, что Вы имеете опыт работы в Советском Союзе и хорошо знаете наши проблемы и потребности.

От имени Правительства я прошу Вас рассмотреть возможность быть консультантом по различным экономическим проблемам, которые стоят перед Украиной. Нам нужны Ваши знания при проведении переговоров относительно создания совместных предприятий, инвестиций иностранных партнеров, в деле приобретения всех или части приватизируемых компаний иностранными партнерами, а также в вопросах экспорта нашей продукции с максимальной выгодой.

Мы высоко оценим Ваше согласие быть консультантом по этим проблемам.

С уважением,

Константин Масик

Первый вице-премьер-министр Украины

Константин Масик
100292р

Curriculum Vitae

ARNOLD A. SALTZMAN

Industrialist and Former U.S. Ambassador

Honorable Arnold A. Saltzman of Sands Point is married to Joan Saltzman and has resided with Joan in Nassau County since 1947.

Arnold Saltzman has served five Presidents in a wide range of policy-level diplomatic and economic assignments and has received a Presidential Commendation for his efforts on the International Nuclear Non-Proliferation Treaty. Ambassador Saltzman has carried out diplomatic assignments in Czechoslovakia, the Soviet Union, South America, Central America and Vienna. He has served the government in policy-level economic positions including the Office of Price Stabilization, the Procurement Policy Board, Office of Economic Opportunity, Agency for International Development, and was Chairman of the Federal Blue Ribbon Commission on National Growth and Development.

Mr. Saltzman also was appointed the Advisor to the New York State Congressional Delegation in Washington and Chairman of the Speakers Committee of the Assembly in Albany, New York. His function in both cases was to propose legislative agenda to benefit New York State.

Arnold Saltzman is Chairman of Windsor Production Corporation and a director in a number of industrial, financial and charitable corporations. His primary activities in behalf of not-for-profit causes include:

Trustee, North Shore University Hospital

Trustee, Hofstra University

Trustee, Columbia University School of International Affairs

Trustee, Maimonides Hospital

Trustee and Founding President, Nassau County Museum of Art

Trustee, Baltimore Museum of Fine Art

Executive Committee of Conservators, New York Public Library

Chairman, National Committee on American Foreign Policy

Ambassador Saltzman is a graduate of Columbia College, has received the Columbia University Medal of Honor, and holds honorary Ph.D degrees from both Hofstra and Adelphi Universities.



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 101st CONGRESS, FIRST SESSION

Vol. 135

WASHINGTON, WEDNESDAY, NOVEMBER 15, 1989

No. 160

Senate

ARNOLD SALTZMAN'S PROPOSAL FOR A MARSHALL PLAN FOR EASTERN EUROPE

Mr. PELL. Mr. President, former Ambassador Arnold A. Saltzman recently sent to me a very imaginative proposal designed to provide substance to Secretary of State Baker's recent statement that the United States has a stake in the success of perestroika in the Soviet Union and similar reforms in Eastern Europe. He proposes a Marshall plan for these countries in concern with our Western European allies.

Ambassador Saltzman makes a very persuasive case for helping the Soviet Union, Poland, Hungary and other so-called socialist nations to enter the Western economic system. As he puts it:

The two divergent economic systems pre-

PERESTROIKA VIEWED FROM THE INSIDE

It is long past the time when our Government should have instituted a "policy" for dealing with the earth-shaking events of Eastern Europe. Foremost of these events is the revolutionary change occurring in the Soviet Union, since who can argue that none of what has come to pass in Poland, Hungary and even in East Germany would have been possible had the old regime in the U.S.S.R. held sway. The limited agreements on armaments and more polite relations do not add up to a "policy". Rather we are reacting to events in East Europe without a grand plan other than a desire to see those countries become democratic capitalist nations, but with no strategy to help bring that about.

I do not refer to meddling in other nations' internal affairs. But the U.S. having been invited to play a role—either directly by Poland and Hungary or obliquely by the Soviet Union—ought to have determined for ourselves "do we or don't we". Also on what basis, in what manner, at what cost and

and East Germany would perforce allow shortly should the efforts of the others appear to be succeeding. Thus, a Marshall Plan to rescue Eastern Europe from that same doctrinaire philosophy is as vital today as it was for Western Europe 40-odd years ago.

The Marshall Plan was a cooperative voluntary arrangement whereby the United States supplied money and expertise which was used and administered within the countries for predetermined purposes. We purposely did not run the show but assisted the locals to develop their industries and their own expertise. They also used the money primarily internally to get the biggest economic "bang for the buck".

The U.S. should lead and garner support from other Western allies, who themselves were saved after the war, in proposing and supporting such a new East European Marshall Plan. Poland needs \$10 billion, Hungary \$6 billion and the USSR \$30 billion in grants and no-interest loans. They also need just as urgently an infusion of Western business, administrative and industrial know-how to be able to operate in a free-market economy and to participate in Western economic institutions such as the IMF, World Bank, GATT, etc. Money alone won't do it.

I have just returned from meeting with

mediate financing of the \$10 billion of new money they require.

It would be a mistake to concentrate on just Poland, which at the moment is highest on our horizon. If the Russian effort to reconstruct their economy along more liberal "free-market" lines fails, and the "tough guys" take back control in Russia, then Poland, Hungary and others will not sleep well. Conversely, success gets fence sitters, Czechoslovakia and East Germany, to join the parade.

I reiterate that money alone cannot rescue the economic malaise in the USSR (or Poland either) since Perestroika, without new administrative and management institutional arrangements, is doomed. These now have to come from the outside but as part of a cooperative program in order to be accepted by elements in their society suspicious of Western motives. Simultaneously, recommendations on armaments can be expedited, further relieving economic pressures for mutual betterment.

Thus, let us announce our new "Marshall Plan" for Eastern Europe. Let us help the USSR, Poland, and other Socialist countries enter the West's international economic fraternity. The two divergent economic systems prevent us from living in relative political harmony, and theirs does not work. Eastern Europe is ready to enter our world; we cannot afford not to help them.

a way not possible with a sitting Ambassador. They trusted me not to make mischief in my reporting since my own philosophy was in favor of better relations between the U.S. and Eastern Europe and particularly the Soviet Union. My capitalist background did not deter them, in fact it was helpful since we never engaged in polemics or attempts at brainwashing.

What was told to me came from responsible Central Committee members, Politburo members and even Gorbachev himself. Now much of it is history. At the time it was revolutionary. For example:

(1) I was the first to bring the news in early 1985, that the Soviets would accept on site inspections that were reciprocal. They challenged the U.S. by telling me they would accept any level of inspection the U.S. would accept.

(2) They told me eight months before Reykjavik, and I so reported in Washington that they would propose a mutual 50% cut in nuclear missiles. Thus I could not understand why President Reagan said this proposal to him Reykjavik caught him by surprise.

(3) Gorbachev himself told me he sought an understanding with the U.S. especially in armaments. He was concerned that the USSR would enter the 21st century industrially and technologically far behind the great Western capitalist nations. He said if the U.S. and USSR continued their arms race Japan could clobber both of us. He meant as a world force not militarily.

(4) In 1985 I met with the head of Gosplan who gave me much detail of the new five-year plan months before it was due to be presented to the upcoming plenary ses-

and these changes are necessary and desirable."

Question. "As you liberalize the economy eliminating much bureaucratic central control will you not be confronted by demands for political liberalization and decentralization as well?"

Answer. "There is no other way, and there is no turning back".

(7) In 1987 a Politburo member asked to meet with me. He said, based on new laws, the USSR was going to engage in joint ventures with foreigners who could own holdings and machinery in the USSR, employ workers, make profits, (repatriate profits) together with Soviet partners in existing enterprises or set up new ones. He urged me to come to Moscow for the purpose of doing business in the USSR. He promised to personally shake up the bureaucracy and secure a speedy result. Two weeks later I was in Moscow.

Within a week I had signed two protocols of intent with two different Ministries having been shepherded by my Politburo patron and the Deputy Prime Minister. The Bureaucrats negotiated in good faith, worked night and day with me, obstructed nothing. We finished two agreements for two projects, one in Central Russia, one near the border of Afghanistan. Thus first hand I know how Perestroika works, how the internal system works, for in fact I have been part of the process.

Over the next year, as I began to flesh out the detail of the tentative agreements with my Soviet partners, the Moscow bureaucracy's decision-making authority gradually passed to the Republics and even to the local partners. Moscow was no longer calling

the shots reflecting Gorbachev's decision to diminish the political and economic control of the Communist Party' central committee and pass it to the 15 Republics. The Republics in turn were to pass decision-making increasingly to individual enterprises and with greater "power to the people." Enterprises were told to improvise and to be self-financing, managers and workers to develop initiative. "Business" became the new buzz word, the magic password signifying economic sophistication.

Almost two years have now gone by and I have done some business with my intended partners but we are not any closer to achieving the end result objectives. The individual enterprises have no idea how to be self-financing in creating new ventures, the bureaucracies of the individual Republics are less experienced, less knowledgeable, generally far less capable than the previously entrenched central Moscow bureaucracy. My Soviet partners' Perestroika is stuck in a mire of confusion going nowhere.

The USSR today finds its economy in shambles. They are neither a planned economy as before nor are they an economy relating to market forces. Shortages of all kinds abound, many for no good reason.

They have fallen between the cracks economically. A typical example is the recent fiasco on soap, the shortage of which was a serious complaint of the recently striking miners. Thus they purchased millions of pounds of soap from the West. Soap is very easy to make even in the USSR if one has tallow. Instead of buying tallow they paid a greater amount of hard currency to buy soap from the West. Previously, the "Plan"

to the new political and economic more democratic societal arrangements Gorbachev has pushed. In a country in part forcibly pasted together with different languages, customs, religions and philosophies, passing "power to the people" in a period of economic distress could tear their "Union" apart. We see these signs not only in the Baltic states the U.S. press reports on, but in Muslim areas where 50,000,000 Muslims have been absorbing Khomeini's teachings.

Gorbachev needs a breather, he needs to regroup and get back on track. But how? He is running out of time by his own admission and there is nothing on the horizon to help him get healthy.

People in or outside the U.S.S.R. might debate how they got to this pass but there would be little disagreement as to where they are. I believe there would also be small disagreement that a Soviet internal debacle would augur nothing good for the efforts of Poland and Hungary. Conversely, if Russia succeeds, would not the same tide engulf Czechoslovakia and East Germany who are now sitting out this dance watching events unfold?

Thus we are drawn to my original premise that long since the U.S. should have made a strategic decision as to our role in this drama. It is not sufficient to state the problems. I would now propose solutions—urgent, because we are late in addressing events that level little time for amelioration.

A PROGRAM FOR PROGRESS

Our Secretary of State has just now stated it is in the interest of the U.S. that

there will be gratitude but laced with suspicion as well. We will therefore have to create policies of assistance that will be cast in the form of a partnership for progress. This will take great ingenuity and sensitivity on our part, not easy to sell in our country or within the U.S.S.R. either. Achieve it we must because there is an opportunity for the entire world to get a lot healthier if we succeed. The alternatives if Gorbachev goes down either in chaos or the past rigidities are ominous for the West.

If Secretary Baker indeed represents our desire to help Gorbachev succeed, we need a blueprint for action—not piece by piece too little and too late assistance. Events in the Soviet Union dictate action now.

A BLUEPRINT FOR ACTION—A MARSHALL PLAN FOR EASTERN EUROPE

(For reasons of sensitivity, particularly in the U.S.S.R., let's not call it that; perhaps Partners in Progress might be better)

In July 1948, Congress passed legislation creating what was generally called the Marshall Plan (named for General George Marshall) designed to rescue Western European nations from the danger of being engulfed by rigid, doctrinaire Communist control. These nations, industrially and economically beggared by the War and with their political foundations shaky, were brought back to economic and political stability. With the Marshall Plan's assistance, they escaped Stalinist Communist control.

In 1989, Eastern European countries—particularly Poland, Hungary and the USSR are endeavoring to move away from the rigidities of doctrinaire Communist economic and political philosophy. Czechoslovakia

the heads of Poland's various economic ministries and their Foreign Minister. The Communists I spoke with were ready to accept a new kind of socialism resembling Scandinavia more than Romania. Also, in my meetings with leaders of the Central Committee and members of the Politburo in the USSR, they redefined Leninism in startling fashion. They have been moving more rapidly away from what they recently embraced than the U.S. has understood or accepted.

But without a combination of financial assistance and expertise from the West—and soon—Poland, the USSR and Hungary will not succeed. If so, the hard-liners, who detest this flight from Marxist ideology, would reemerge and this window of opportunity could bang shut.

Today, we see one of the rare moments in history where a number of forces converge to make fundamental change in geopolitical arrangements possible. The price is minimal; the potential reward for an undivided and more peaceful world is enormous. And even if the experiment fails, our loss is small; relatively few dollars that we and our allies can afford.

Businessmen would characterize this opportunity as a most favorable risk/reward ratio.

In the case of Poland, \$5 billion of the \$10 billion is available directly from their own people. In my meetings with their ministries, we sketched a plan whereby Poland would issue \$5 billion of long-term dollar denominated bonds guaranteed by the United States and sold internally in Poland. This would bring out the "under-the-mattress" dollars hoarded by Poles and help the im-

ministration allowed conditions to further deteriorate while his heir apparent waited in the wings. Gorbachev while waiting did not fully grasp the full extent of Russia's problems but did know that they must abort the arms race with the U.S. and also get more initiative into his economy. How to achieve this was not yet clear but would evolve.

Since 1984 I have visited the Soviet Union regularly at the invitation of that government. I have had intimate personal conversations with Ministers, members of the Central Committee, Prime Minister and Deputy Prime Minister, and several Politburo members including Gorbachev himself. The inside of the Kremlin, both the business side and ceremonial areas, are familiar to me as is the inside of the Communist Party headquarters.

Our discussions involved economic, political and military issues vis a vis the United States and the Soviet Union and also East/West relations generally. I was known to Soviet officials as a businessman and former diplomat with whom they could be candid and direct and in turn receive my own candid assessments. Since 1985 they have stated their positions and intentions while soliciting my opinions and reactions. Some were intended to better understand the climate in my country, some were trial balloons they hoped I would float and some were expressions of their actual intentions they understood I would report to my country. But it would be unofficial and thus deniable. An unofficial "honest broker" is helpful to nations seeking to bridge chasms of mutual mistrust. Intentions are revealed, philosophies explained, questions asked, in

sion. The first elements of moves toward a partially market oriented economy were in the new "Plan"; a bombshell and sign post of where they were heading.

(5) Even though Glasnost appeared to antedate Perestroika it was the handmaiden. In order for the new economic policies of decentralized decision making, and production relating to the needs of the market to become reality, Gorbachev had to smash the entrenched bureaucracy. He unleashed writers, intellectuals, newspaper editors, to pour out torrents of Glasnost attacking the status quo. These former Gulag candidates were now "the enemies of Gorbachev's enemies".

(6) The United States has found it difficult to assimilate let alone to understand the degree of change in the USSR. Suddenly that bastion of communist belief is trying to accommodate to the needs of the market, allowing people to open personal businesses for profit, urging farmers to rent land and equipment from the state and produce crops for private sale and profit—and having real elections for legislative office in a legislature that has some degree of power. But it was not only the capitalist West that needed re-orientation to Soviet change. The Russians had a lot of explaining to do to re-orient themselves.

Early in 1987 I met privately with an old acquaintance, an ideological spokesman in the Central Committee of the USSR, and we had an unbelievable conversation. This was the verbatim exchange.

Question: "How do you equate Leninism with the radical changes now being made in the Soviet economy?"

Answer: "Lenin would favor such governmental actions as would benefit the people

would not have permitted such a result, nor would it have been necessary.

Critics like Yeltsin have been pushing Gorbachev to run faster than he can, faster than the system can absorb. Yeltsin's motives are open to question, and in any case, he is not helping. Goaded by pressures to improve the economy, Gorbachev smashed what they had without a sound foundation on which to build the new structure. He did not feel the entrenched power structure would cooperate in moving at a sensible rapid pace but would still be hanging on obstructing progress.

Individual enterprises are engaged in ill-conceived barter with foreign companies. Each of the fifteen Republics are striking out economically and politically on self-proclaimed courses often counter-productive with each other as well as national purposes.

Instead of one entrenched bureaucracy in Moscow which at least was somewhat capable and experienced, there are now fifteen, less experienced, less knowledgeable, with less sensitivity, potentially more venal and militantly jealous of their own narrow interests. I am reminded of the days of our nation's beginning, of the Nullification Acts of Virginia and Kentucky, of the individual states tearing the fabric of our nation, before Chief Justice Marshall's decision knit us together.

With the living standard of people the worst in years, with both the making and distributing of things people need every day in disarray, Glasnost pours kerosene on the fire. All the buried and half-buried gripes are vented. Deep-seated ethnic and geographical antagonisms long suppressed now boil the pot and further impede transition

Gorbachev succeed. How, or when, that favorable intention should be implemented is still undetermined. Thus, on the same day we see the United States vetoing a desire by our Western allies to supply more sophisticated tools to East Europe nations, such as the U.S.S.R., to improve their industrial capability. This vacillation points up the need for a plan for concerted action. By concerted I mean, first of all, within the United States Government itself so that Defense, State, Commerce, Treasury, National Security Advisor, Chief of Staff and President are all marching to the same music. Second, we must plan with our Allies for concerted assistance with burdens and advantages shared by agreement. Last, most important, it requires acting in concert with Gorbachev to foster what is not only necessary but also what is possible within the Soviet Union in the light of their present condition.

Unhappily, month by month as we hung back requiring Gorbachev to prove and reprove the truth of his purposes, the difficulty of helping him succeed has become ever more difficult and more costly. Daily it grows more costly in financial terms because as their economy deteriorates it is more expensive to fix it. But in political terms, it is also more difficult not on our side but theirs. Gorbachev now has a society each day more fragmented economically, racially, geographically, ideologically. The cap is off the bottle and the genies are out. His problems are not manifest in the Politburo or even the Central Committee but in the people themselves. While many grow ever more shrill with Glasnost slogans, more voices are heard that Stalin's predictability and order were better.

What we do for Poland or Hungary will be looked upon with gratitude. In the U.S.S.R.

vent us from living in relative political harmony, and theirs does not work. Eastern Europe is ready to enter our world; we cannot afford not to help them.

Ambassador Saltzman is uniquely placed to comment on developments in the Soviet Union and Eastern Europe. He has carried out diplomatic and economic assignments under four Presidents. He has negotiated with Communist governments and has also dealt with them as an unofficial "honest broker," helping to exchange viewpoints between Communist leaders and the United States. As a businessman, Ambassador Saltzman has engaged in joint venture projects in Communist countries. As a result, he brings an insider's perspective to both an analysis of developments in those countries as well as what the West's response should be.

Ambassador Saltzman's views are timely in light of the Senate's consideration this week of legislation to provide assistance to Poland and Hungary. I am pleased to share these views with my colleagues, and I ask unanimous consent that the text of Ambassador Saltzman's proposal be printed at this point in the RECORD.

There being no objection, the proposal was ordered to be printed in the RECORD, as follows:

with which partners do we influence events in these countries. At the same time we must decide what is the risk to us and what is the cost to us if these East Europe nations fail and could the U.S. have prevented such failure by actions we might take.

After such analysis perhaps a calculated decision might be made that we should not get too involved. I would doubt that could be the wise outcome, but at least it would be purposeful instead of the serendipitous course we now follow. Furthermore, it would help us realize how fragile all the Polish and Hungarian revolutionary changes are if Gorbachev's efforts fail.

Circumstances have placed me in a position to make such an analysis based on events in which I have personally participated. Since the early 60's the Russians, Poles and Czechs have known me as a businessman and periodic diplomat. I have negotiated with them on behalf of my country and sometimes for my own private interests. I have monitored events which brought Gorbachev to power, been invited by him and his ministers for frequent conversations and, since 1987, have myself participated in activities of Perestroika. Thus, I am in a position to share my views from the inside. To a lesser degree this is true of Poland and Czechoslovakia as well.

As background let me first state that Gorbachev and his ideas did not instantly materialize. His philosophical father and patron was Chairman Andropov who realized that radical economic reforms were necessary but died too soon to implement them. The tired do-nothing, Chernenko caretaker ad-

9-6



Jim-

Please use language
from Gov'r Hunt letter.

THE WHITE HOUSE
WASHINGTON

September 6, 1995

Thanks,

Phil

The Honorable Jimmy Carter
The Carter Center
One Copenhill
Atlanta, Georgia 30307

Dear Jimmy:

Thank you for writing to me regarding our efforts to limit teenagers' access to tobacco products. I know how committed you are to this important goal, and your input has been of great value.

As you know, I have authorized the Food and Drug Administration to propose rules to limit minors' access to tobacco as well as the promotion and advertising that enhances the appeal of tobacco products among them. These common-sense regulations will help to deter the teenagers who now find cigarettes and other tobacco products all too accessible and attractive.

~~While there may be risks involved in addressing this issue, the risks of ignoring our children's health are far greater. As always, I look forward to your thoughtful insights and involvement.~~

Sincerely,

Use language from Governor Hunt / Z. Lander letter

Use language from
Z. Lander of Governor Hunt letter.

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THE WHITE HOUSE
WASHINGTON

September 6, 1995

Dean Robert Lauder
The Sidwell Friends School
3825 Wisconsin Avenue, N.W.
Washington, D.C. 20016

Dear Bo:

Thanks so much for your letter regarding our efforts to limit teenagers' access to tobacco products. Your support means a lot to me.

As you know, I have authorized the FDA to propose rules to limit minors' access to tobacco ^{spell out} ~~as well as~~ ^{notes} the promotion and advertising that enhances the appeal of tobacco products among them. ~~These common-sense regulations will help deter the teenagers who now find cigarettes and other tobacco products all too accessible and attractive.~~

I think we're on the right track, and it's good to know that I can count on your continued involvement.

Sincerely,

and to restrict

New ff

These proposals do not constitute a ban on smoking or a threat to the First Amendment. Rather they are common-sense steps that will help to deter teenagers from the tobacco products that they now find and all too attractive

BC Sig OK
PLM

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cm
Tsongas

THE WHITE HOUSE
WASHINGTON

September 6, 1995

The Honorable Paul E. Tsongas
Foley, Hoag & Eliot
One Post Office Square
Boston, Massachusetts 02109

Dear Paul:

Thank you for writing to me regarding our effort to limit teenagers' access to tobacco products. I know how committed you are to this important goal, and your input has been of great value.

As you know, I have authorized the Food and Drug Administration to propose rules to limit minors' access to tobacco ~~as well as~~ ^{and restrict} the promotion and advertising that enhances the appeal of tobacco products among teens and children. These proposals do not constitute a ban on smoking or a threat to the First Amendment. Rather, these ~~are common-sense steps that will help us forge a better future for our children -- our most important resources.~~

I am grateful for your support on this matter, and I welcome your assistance as we continue our work to create a healthier America.

Sincerely,

No need for
BL Sig

Use Blair Hunt
letter language