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Subseries:	Public Correspondence Files

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

September 21, 1992

Mr. Samuel F. Wright
Attorney at Law
P.O. Box 2983
Washington, DC 20013-2983

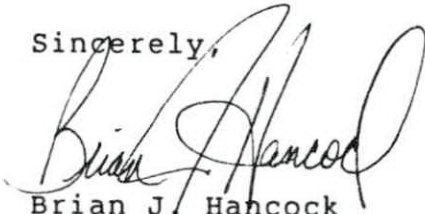
Dear Mr. Wright:

Thank you for your recent correspondence to White House Chief of Staff James Baker regarding the voting rights of military and overseas citizens, forwarded to our office for review.

The Clearinghouse takes great pride in the work that we do to assist the Federal Voting Assistance Program in providing election information to our overseas community. Through our contacts at FVAP, we realize and appreciate the need to make exercise of the franchise as easy as possible to Americans around the world, while still maintaining the integrity of the election process.

We applaud your efforts on behalf of this often overlooked group of Americans and wish you luck with this project. If our office can ever assist you, please do not hesitate to contact us at either 1-800-424-9530, or (202) 219-3670.

Sincerely,


Brian J. Hancock
Election Specialist
National Clearinghouse
on Election Administration

cc: Shirley M. Green
Deputy Assistant to the President
for Presidential Messages
and Correspondence

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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Federal Election Commission
617

SHIRLEY M. GREEN
DEPUTY ASSISTANT TO THE PRESIDENT
FOR PRESIDENTIAL MESSAGES
AND CORRESPONDENCE
THE WHITE HOUSE
WASHINGTON, DC 20500

Aviation Development Corporation

1034 Riva Ridge Rd., Suite 1000, Great Falls, VA 22066 Phone: (703) 759-0550 Fax: (703) 759-0551

TO: Mr. James Baker
Chief of Staff
The White House

Sept 30, 1992

FROM: Larry O. Oliver

NRN

Via Fax: Page 1 of 2

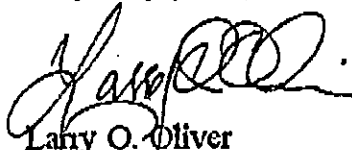
Dear Mr. Baker:

I fully realize that this was not the President's doing, but my options are quite limited. When the President's own party members take such clear exception to his budget, direct action is called for! I have already contacted Senator Warner's office and expressed my shock and dismay over this, and I have contacted Congressman Frank Wolf and done the same.

Only rarely is sole-source acquisition justified. Certainly there is nothing that justifies sole source in this instance. I look to the President, Commander-In-Chief, and leader of the Republican Party--as well as the country--to inform Senator Warner that this action is morally wrong, counter-productive and not to be tolerated!

Had the President demanded more accountability and responsibility from Republican legislators, he may not have been in the difficult position that he is in now with regard to the election. While the past is past, it is never too late to improve upon one's performance. In any regard, my best wishes are with you for the election.

Very truly yours,


Larry O. Oliver
President

Aviation Development Corporation

1034 Riva Ridge Rd., Suite 1000, Great Falls, VA 22066 Phone: (703) 759-0550 Fax: (703) 758-0551

TO: The Honorable Frank Wolf Sept 30, 1992

FROM: Larry O. Oliver

SUBJ: Sen. Warner's Activity on Defense Bill

Dear Frank:

We met several weeks ago at Ted & Marcy Dykes reception, and again at the Victory '92 breakfast at the Sheraton. I am president of an aerospace consulting company, and work many U S Government programs on behalf of my clients. While I fully understand that you are not on the committees that are involved with the legislation that concerns me, you are obviously in contact with Senator Warner.

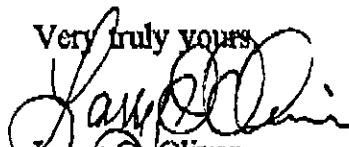
The National Guard and Reserve Equipment budget in the Senate Bill has included \$242M for items that were not in the President's budget. To the best of my knowledge, these items were not in the DoD POM when it went to the President. Sen. Warner lead the way to fund night vision goggles, and then worked with Sen. Dole to fund two competing types of turbo-prop aircraft for the Guard/Reserve. When Sen. Nunn objected, \$25M was put into the budget to buy an executive aircraft that is manufactured in Savannah, GA., to curry his support.

As an aviation professional, I fully support the efficient use of aircraft. As a taxpayer, I vociferously oppose sole-source acquisitions. Under these circumstances, there is absolutely no justification for sole-source funding. Lest the Senator try to tell you that there is no other, comparable product, one of my clients manufactures an aircraft that is a clear competitor of the Georgia product, yet it is \$8M less expensive to acquire and costs about 30% less to operate.

I regard the actions of Senators Warner and Dole as reprehensible. They are in conflict with the President's budget, and are pure "pork." Furthermore, such a blatant action indicates a lack of support of the President. Are these two Republican vultures starting to pick the flesh off a not-quite-dead President? It would seem so.

Please pass on to Senator Warner that his actions have hurt one of your constituent's business, and shocked and dismayed me as both a loyal Republican and a taxpayer. My disappointment and frustration over this are beyond description.

Very truly yours


Larry O. Oliver
President



'The Telegram Company'

Telegram

ATTN: MR JIM BAKER (CHIEF OF STAFF)
C/O THE WHITE HOUSE
1600 PENNSYLVANIA AVENUE NW
WASHINGTON, DC 20500

NRN

DEAR MR. BAKER,

I AM A STRONG SUPPORTER OF THE PRESIDENT.

IT COULD BE IMPORTANT FOR THE VOTERS TO BE REMINDED WHAT THEIR PRIORITIES WERE 4 YEARS AGO. I AM SURE THAT I REMEMBER THAT VERY HIGH IN THE POLES WAS THE ENTIRE VERY DANGEROUS WORLD SITUATION. PEOPLE WERE TRULY VERY FEARFUL FOR THE WORLD, THEIR CHILDREN AND FAMILIES OF AN ATOMIC WAR AND ETC. THE POLES, ISRAELIES AND MANY OTHER GROUPS HAVE MANY DEEP FEARS AND CONCERNS. WAS NOT A STRONG MANDATE GIVEN TO THE PRESIDENT TO GIVE THESE MATTERS A TOP PRIORITY. CAN THE POLES BE FOUND TO SUPPORT THIS CONCERN OF 4 YEARS AGO. LEST WE FORGET YOURS FOR VICTORY.

JACK E. MACK
7174 S. VINE CIRCLE E.
LITTLETON, CO 80122
303 798-6301

Photocopy - Preservation

TO REPLY BY TELEGRAM 1-800-343-7363

Logg. re trade w/Cuba

NRN

1545 North Willow
Lake Forest, IL. 60045
Sept 18, 1992

Mr. James Baker
Chief of Staff
The White House
Washington, D.C. 20510

Dear Mr. Baker:

The Russians have withdrawn their last soldier from Cuba.

Castro is an ageing tiger who has no more power to harm the United States.

The President should withdraw the existing embargo against US trade with Cuba and announce that the US is prepared to resume relationships with the Cuban people who are near starvation.

This will be strongly supported by the majority of US citizens: the Cuban community in Florida; and the Latino community in all parts of the U.S.

It will be viewed by the world as another example of American statesmanship.

President Bush should carry out the above in the next 30 days. It is his duty to do so as sitting President of the US.

It may well secure his re-election which otherwise will probably not occur.

Yours sincerely,



Donald L. Wylie

DONALD WYLIE
1545 North Willow Road
LAKE FOREST, ILLINOIS 60045



Mr. James Baker
Chief of Staff
The White House
Washington, D.C.
20510

3
Congress

VRN

September 22, 1992

The Honorable James Baker
White House Chief of Staff
The White House
1600 Pennsylvania Ave., N. W.
Washington D. C. 20500

Dear Sir:

I am writing this as a concerned American Citizen.

I do not intend to vote for Governor Clinton as I feel that he does not present the truth. The only times I have seen him is on television and he appears to be more egotistical than sincere with the people. I draw this from my position during my career of hiring and firing many employees. Association with personalities if you wish. On one occasion, on radio, I heard a resident of Arkansas state that they had been promised things by him that did not come through.

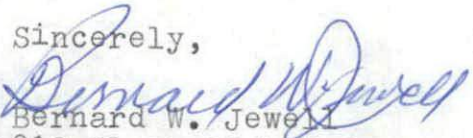
Now, for my main reason for writing. On numerous occasions I have heard President Bush state that his hands were tied by the Democratic Congress, he plans an economic recovery which he says is on the way, etc.

Why can't we have specifics, dates, topics, situations, names. Bring out those who have opposed him in his plans. Lay the blame individually and on what issues and the tentative results if the President had been worked with.

What I am trying to say is that we deserve details and an opportunity to get rid of those who do not take the Country and it's people at hearts.

I realize that you probably should not expose your hand early to let the other side have the last say on possible inaccuracies.

Good luck!

Sincerely,

Bernard W. Jewell
810 Black Duck Drive
Port Orange, Florida 32127

Barbara:

Please forward.



State Superintendent
of Public InstructionOREGON DEPARTMENT OF EDUCATION
700 PRINGLE PARKWAY SE. SALEM, OREGON 97310-0290 PHONE (503) 378-3569FACSIMILE

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Business Phone Number: (202) 456-6797

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Address/Department:

Fax Number:

Business Phone Number: (503) 378-3573

Number of Pages, including this cover sheet: 2

Date Sent: 9.22.92

If there are any problems with any portion of this message, please call.

COMMENTS:



NORMA PAULUS
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION

September 22, 1992

James A. Baker III, Chief of Staff
Executive Office of the President
The White House Office
1600 Pennsylvania Avenue NW
Washington, D.C. 20500

Attn: Janet Mullins

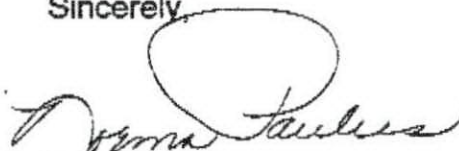
Dear Jim:

I am pleased to join my fellow Oregonians in the effort to have President Bush grant a waiver to allow the implementation of The Oregon Health Plan. This strong bipartisan effort springs from the realization that the critical problem of health-care needs a practical, common sense, affordable solution. The Oregon Health Plan is just that. Doctor Kitzhaber's leadership and tenacity have now quelled the arguments of all major critics. Give us the chance to demonstrate that health-care can be effectively reformed.

Speaking strictly politically, the President has nothing to lose by the granting of a waiver and much to gain. Governor Clinton's position on Oregon's health plan is considered very weak by its proponents. I see this as an opportunity for President Bush to take a leadership position on this most critical national problem.

Thank you.

Sincerely,



Norma Paulus

klhSUPT478

Barbara :

Can you please

Send this to HUD

for appropriate

action...

thanks,

Bridget Montagne

Frumkin, Shralow & Cerullo

A PROFESSIONAL CORPORATION: ATTORNEYS AT LAW

12th Floor
1760 Market Street
Philadelphia, PA 19103
215-636-0400
FAX 215-636-0523

September 26, 1992

FEDERAL EXPRESS

The Honorable James A. Baker, III
Chief of Staff
The White House
Washington, D.C. 20500

Dear Secretary Baker:

I am a Republican who cares deeply about the things that you and the President espouse; and about the President's re-election. What is wrong with big government has been driven home to me by the difficulty I have had in getting a reasonable hearing for the ideas set forth in this letter and the attached, very brief proposal. I am forced to conclude that "our" bureaucrat's are as bad as "their" bureaucrat's. No one seems to be able to look at the "big" picture; which is why I am writing to you.

In simple terms, I would propose the Federal Government make available via a guarantee program to the Hurricane victims in Florida, "bridge financing" of the down payment required to allow them to immediately acquire housing to replace what they lost. Appropriate documentation could be put in place that would insure that when the bureaucracy catches up with reality, the Government's exposure under this bridge financing program would be eliminated. In effect the Federal Government would prime the pump for private enterprise, and get out of the road.

The money could come from the banks. The Federal Government's involvement would be to organize the effort (see enclosed memorandum) and provide guarantees of acceptable down payments to the banks (against assignment of funds that become available when the insurance companies and Federal Government bureaucracies finally catch up). A year is too long for people to wait for replacement housing.

If the President moved quickly on such a proposal, in accordance with the attached memorandum, it would serve as a demonstration of what we all mean when we say the Federal Government's role should be limited and that private enterprise will do the job.

While I can guaranty that given the availability of buyers who can pay for new housing because of this bridge financing, the private sector will provide it promptly, I wanted to make sure

Second Street & Laurel Boulevard
P.O. Box 500
Pottsville, PA 17901
717-622-0767
FAX 717-622-0798

Frumkin, Shralow & Cerullo

Secretary Baker
September 26, 1992
Page -2-

that there was immediate evidence of that fact. It is for this reason that I found and speak about Nanticoke Homes.

Putting the program in effect, having a plant under construction and homes actually delivered under the program before the election, is possible under my proposal.

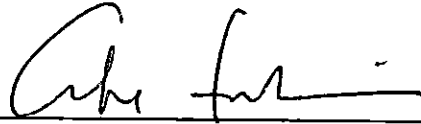
My own bona fides can be established in a call to Arlen Specter, who is a good friend. Unfortunately, my very good friend, for whom I served as campaign treasurer from 1976, Senator John Heinz, is no longer with us.

If the foregoing sounds reasonable, I ask only that you read the enclosed proposal which outlines my ideas in more detail.

Very truly yours,

FRUMKIN, SHRALOW & CERULLO, P.C.

By: _____


Abraham H. Frumkin

AHF/rjs
Enclosure

PROPOSAL TO EXPEDITE REGENERATION OF HOUSING STOCK
IN AREAS OF SOUTHERN FLORIDA DEVASTATED BY HURRICANE ANDREW

THE REPUBLICAN WAY

PROBLEMS:

1. People are camping out on empty housing foundations, because these are their "Homes."
2. History has shown it takes a year to begin replacing destroyed housing stock.
3. The adoption of a legislation to get federal money flowing to homeowners will take time; as will, subsequently, the development of a delivery mechanism.
4. Insurance companies are not processing claims promptly enough.

POLITICAL OBSERVATION

The President's demonstration of leadership in cutting through these problems and finding a way to "unlock the power of the Private Sector" to provide new hurricane-resistant, quality, housing stock, at fair prices, promptly would have a significant positive impact in Florida and elsewhere. The clean up of hurricane Andrew's devastation, can, if certain prudent steps are taken by the federal government, constitute a demonstration project on how government can unleash the energy of private enterprise; at no direct cost to the taxpayers. It will be a concrete example of what the President has been saying, and we all believe.

SUMMARY SOLUTION

The Federal Government, through HUD regulation (or other appropriate means) should guaranty 100% of the down payment required to obtain immediate bank loans for new hurricane-resistant housing (built to tight specifications). Approved Documentation would assign to the lending bank 100% of insurance proceeds finally collected (to cover any balance on an existing mortgage and/or the down payment). All, or some portion of, the funds to be provided by the federal government to each homeowner (an appropriate sum should be retained by the homeowner for re-acquisition of personal property) would also be pledged against the down payment.

With money thus available to potential purchasers of replacement housing, I can guaranty the housing stock will be made promptly available by the private sector.

NANTICOKE HOMES, INC.

(a summary)

If the President is to announce such an initiative, he must be sure that there is an immediate demonstration by a quality company that housing will be provided promptly.

Nanticoke Homes, Inc., in Greenwood, Delaware would, as part of the initial announcement of the program, or immediately on its heels at your discretion, commit to, immediately on location of a manufacturing site, move supervisors, equipment, etc. into Homestead, Florida. They would put 150 people to work building hurricane-resistant, top-quality, homes inside a manufacturing facility where they can be easily inspected for adherence to quality standards; initially at the rate of 10 per day. If a hangar at Homestead AFB could be made available, they could immediately start putting in at least one line (10 homes a day) and employing people; giving hope to some, and a feeling of forward motion to all.

Also, Nanticoke could, and would, immediately build in their current 600,000 sq. ft. facility in Delaware a barge-load full (10) of the proposed, "basic" home and ship them to Homestead via the Inter-Costal Waterway. Thus, prior to the election there will be a plant moving toward completion (or completed if a hangar is available) and a landing of housing stock.

Nanticoke would initially build only one model, an 18' by 40' home made with top-quality materials (Andersen windows, GE appliances, treated lumber, special shingles, etc., etc.). This would fit on most small pads constructed for mobile homes and other smaller houses. The Nanticoke product would sell for just under \$30,000, installed on the site; not much more than mobile homes that blew away.

One big advantage to Nanticoke's "kicking off" the project is the credibility that it and its owners will give the program. John Mervine and his family are the "picture perfect" Republican entrepreneurs who have, together, built a substantial, privately held, modular housing business beginning from a chicken coop in 1971. The business now occupies 600,000 square feet of space and employs more than 600 people. They provide their employees with day care, free health club facilities, inexpensive meals, etc.

FEDERAL GOVERNMENT ACTION AGENDA

1. A meeting with Secretary Kemp, Senator Mack, a key White House representative and Senator Roth should be held to sign off on the Project in concept (within current week).

2. All federal departments whose cooperation would be required should be identified. These would include H.U.D., Department of Defense, FEMA, White House and whatever agencies would be involved in making funds available (within current week).

A. An action task force of appropriate people within these departments should be created to develop specific outlines of action required in each area to accomplish objectives (key assessment - what can be done without Congressional action).

B. Outlines should emphasize where state cooperation is required.

3. The White House or Secretary Kemp calls for prompt working meeting in Florida with Insurance Companies, FEMA, Bankers, etc. to put in place understandings and documentation to reflect those understandings.

A. All parties should be requested to bring legal counsel who should be locked up with government attorneys and not let out of the room until all required documentation is completed.

4. Simultaneously, the Governor of Florida and local municipalities should be requested to attend a similar meeting to work out proper local supervisor approvals, inspection, etc.

A. They should bring engineers and attorneys where appropriate to be matched with federal government people who can lead them toward all appropriate local documentation.

The White House

9/28/92

NRN

Attn: Mr. James Baker.

From: George Gower
217 Parker Drive
Eldorado, Texas

Subj. 1992 presidential Campaign.

Dear Sir;

I am hoping and praying that Pres. Bush will be re-elected. He is a fine man and there is no comparison between Clinton and Pres. Bush.

I have just learned that Clinto went to Russia where he was wined and dined by the Russians for his objection to the Vietnam war.

My source is my Brother who lives in Pennsylvania and keeps up with things like this.

If this is true, why not make it known to the American public. My brother's name is Irving Gower, 451 Cassatt Road, Berwyn Pa. Phone number is 215 296 3404.

The election to the presidential office, of Bill Clinton, would be a catastrophe.


George Gower



NAACP LEGAL DEFENSE
AND EDUCATIONAL FUND, INC.

National Office

Suite 1600

99 Hudson Street

New York, N.Y. 10013-2897 (212) 219-1900 Fax: (212) 226-7592

FBI
NRN
Caf

September 23, 1992

President George Bush
The White House
Washington, DC 20500

Dear Mr. President:

I am chairman of the Black Leadership Forum, an organization consisting of heads of various national civil rights organizations (the membership list is attached). We would very much like to meet with you to discuss issues of concern facing the African American community.

We will be meeting in Washington, DC on October 14th and sincerely hope that we can meet with you sometime during that day. If not, please advise of another date and time that will be convenient for you.

Respectfully yours,


Julius L. Chambers
Director-Counsel

JLC/nl

cc: The Hon. James Baker
Chief of Staff

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Rev. Henry Williamson, Sr.
Executive Director
Operation PUSH, Inc.
930 East 50th Street
Chicago, Illinois 60615
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312-373-3366 - Switchboard after 7 P.M.
312-373-3571 FAX

Ms. Daisy M. Wood
General Electric Appliances
Appliance Park, Building 3
Room 235
Louisville, Kentucky 40225
502-452-7532 (O)
502-452-5075 FAX
Secretary: Ginny Dobson

7/2/92

FAX COVER SHEET

FAX NO. : 202-456-2461 / DATE Sept. 25, 1992
TO : Chief Of Staff
ATTENTION : Mr. James A. Baker III
SUBJECT : Payment for Recent
Terrorism on Victims
as a result of Mass Corruption
from 1977-1992
SENDER : William E. Batch
APOSTLE WILLIAM E. BATCH

NUMBER OF PAGES : 5 COVER SHEET + 4 = 5 PAGES

IF ALL PAGES NOT RECEIVED, PHONE OR FAX 216- 332- 8454

NRN
MR. WILLIAM E. BATCH
326½ W. WILSON STREET
SALEM, OHIO 44460

SEPTEMBER 25, 1992

THE WHITE HOUSE
CHIEF OF STAFF
MR. JAMES A. BAKER III
1600 PENNSYLVANIA AVE.
WASHINGTON, D.C.

DEAR CHIEF OF STAFF,

AS TO YOUR TRANSMISSION I SENT YOU ON AUGUST 25, 1992, THE VIOLENCE HAS INCREASED TO DESTRUCTION IN THE JURISDICTION OF THE FEDERAL ENFORCEMENT AGENCIES. YOUR SPIES HERE REJOICED THE SECOND I SEEN THE DESTROYING OF PROPERTY OF THE VICTIM. AND WENT BACK AND FORTH ON TAX PAYERS TRAINS, JUST BLOWING THEIR WHISTLES AS LOUD AS THEY COULD IN INJOYMENT. THESE EVIL PEOPLE ARE AS SICK AS THEIR THOUGHTS.

THE TRUTH REMAINS YOU ALL DESTROYED MY FAMILY AND MY LIFE WITH ALL THAT FRAUD IN THE COURTS AND ~~THE~~

THAT YOU ALL LOST IN THE U.S. SUPREME COURT, WHERE YOU ALL VIOLATED THE U.S. CONSTITUTION OVER AND OVER AGAIN.... AND NOW THE U.S. HOUSE APPROPRIATIONS COMMITTEE MUST PAY THE DEBT OF \$ 2,225,183,835.00.

ALSO ENCLOSED PLEASE FIND THE TERRORISM HERE WORSE THAN THE K.G.B. BY CONRAIL AND THE F.B.I., THE PICTURES OF THE DOMESTIC TERROR AS I LIVE IN THE STREETS, AS A SENIOR CITIZEN.

ALSO THIS TRANSMISSION IS A STATEMENT FOR YOUR SPIES DAMAGES IN THE AMOUNT OF \$ 4925.82 AND

THIS PRICE REFLECTS TRIPLE DAMAGES AS TO LAW, TO WIT :

TITLE USCS 1964, n 1 (c)

and where a fived pattern of corruption occurred.....

please make payment for the corruption damages immediately as you are totally respobible, as to the transmission dated august 25, 19992 and get this domestic terrorists put injail where they belong.

AGAIN I GIVE YOU ALL INSIGHT, YOU HAVE GIVEN ALL YOUR RIGHTS T O ME AS TO LAW AND THIS TERRORISM IS OUTSIDE THE LAW OF THIS COUNTRY..

SINCERELY,



WILLIAM E. BATCH

AN AMERICAN & THE DEFENDER OF THE U.S. CONSTITUTION

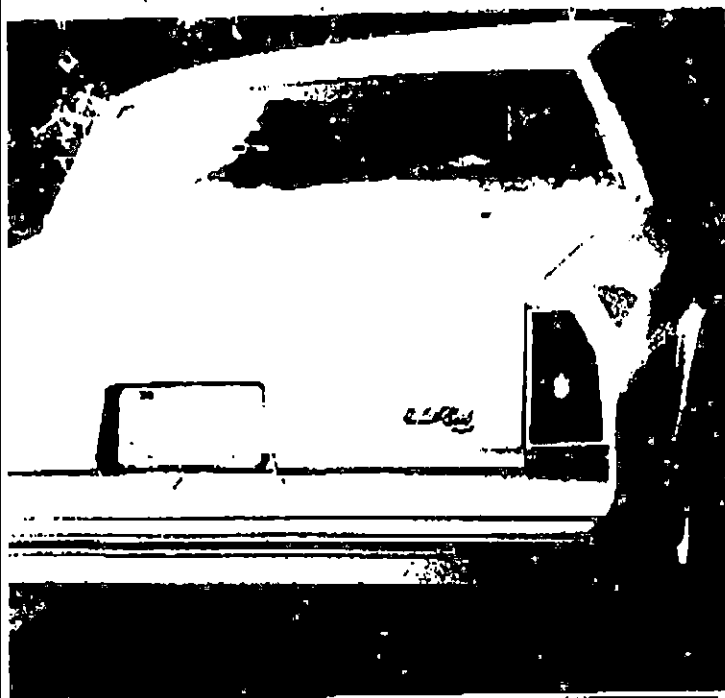
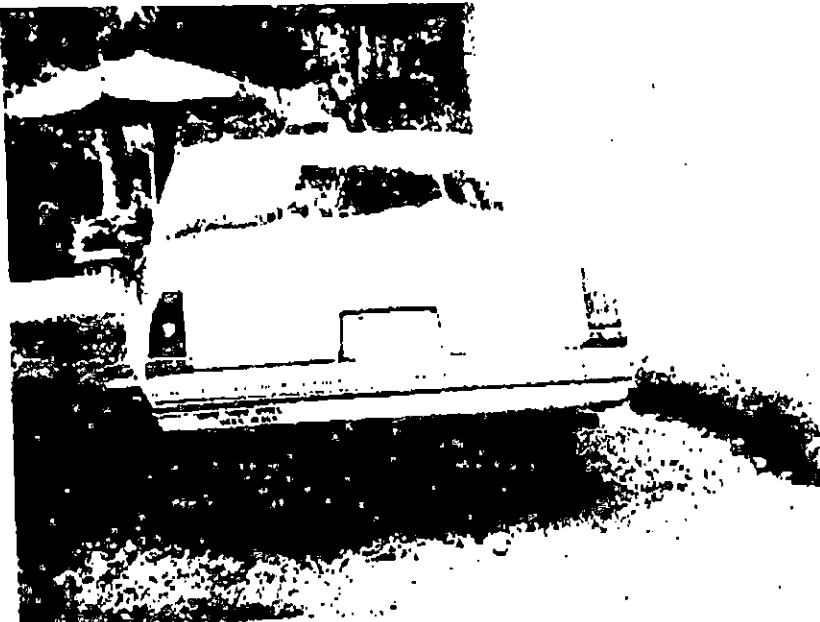
W EB/WEB

CC : ON/FILE

MEMO

THE INTEREST ON YOUR BILL WILL START AT THE DATE ON TRANSMISSION IF BILL IS NOT PAID WITHIN 30 DAYS.

AND THE INTEREST RATE IS AS TO F.R.C.P. U.S. CODE TITLE 28 AND TITLE 18; THE RICO STATUTE.



Terrorism
of Victims Vehicle
In Salem Ohio
Abusing a Senior
Citizen

WAIVER**RECEIVED****JUL 21 1983****OFFICE OF THE CLERK
SUPREME COURT, U.S.****IN THE SUPREME COURT OF THE UNITED STATES****OCTOBER TERM, 1983****WILLIAM E. BATCH, PETITIONER****vs.****No. 82-6962****JUDGE WARREN BEITIS, ET AL., RESPONDENTS****WAIVER**

The Government hereby waives its right to file a response
to the petition in this case, unless requested to do so by
the Court.

Rex E. Lee
REX E. LEE

Solicitor General

JULY 21, 1983**cc: [SEE ATTACHED SERVICE LIST]**

Sign of authority as to [unclear]

to Unit:

F.R.C.P. 28. Code Title 28 505

(Formerly G-56)

FORM OSC-13
DOJ 12-7-76

Page 374

REPRESENTING
THE MANUFACTURER

SALES

MARKETING

MANAGEMENT

MICHAEL R. FISH & CO.

MAIL: P.O. BOX 4340 / AKRON, OHIO 44321-0340
SHIP: 1245 S. CLEVE.-MASS. RD., #218, AKRON, OH 44321

NACDS

National Association of Chain Drug Stores

MEMBER
PLMA
PRIVATE LABEL MANUFACTURERS ASSOCIATION



NAGMR
National Association General
Merchandise Representatives

September 18, 1992

Mr. James Baker
Chief of Staff
White House
1600 Pennsylvania Ave.
Washington, D.C. 20500

NBN

Dear Mr. Baker:

I am writing this letter as an owner of a small business and a Republican. On September 24, 1992, the Coalition of Americans to Save the Economy (CASE) has organized a lobbying effort in Washington, D.C. to speak out about the "power buyer" issue and Wal-Mart's threat to our survival. I have included, in this envelope, a Xerox copy of a letter by Robert E. Andrew supporting an investigation of Wal-Mart and their violation of the Robinson-Patman Act and various articles about CASE and Wal-Mart.

How does this effect your campaign? While Mr. Clinton was Governor of Arkansas his wife, Hillary Clinton, was on the board of Wal-Mart; Wal-Mart grew and grew. Who's side was he protecting - the peoples' or his wifes' position on the Board of Wal-Mart?

FACTS:

Wal-Mart is the largest importer of goods in the U.S., if not the world. They are hurting our economy.

Wal-Mart is hurting small businessmen. If Wal-Mart can get away with cutting out commissioned sales people, so will everyone else. Phar Mor cut out brokers right before they went Chapter 11.

The "domino effect" is in place. Thousands of small businesses around the country are in jeopardy, including mid-level management. Wal-Mart wants our commission for their "power buying". Small businesses account for 6 out of 10 jobs in our nation, yet if we let Wal-Mart continue to cut out small businessmen more jobs will be lost. Unemployment statistics will even be higher.

(216) 666-2442

FAX - (216) 666-4176

REPRESENTING
THE MANUFACTURER

SALES

MARKETING

MANAGEMENT

MICHAEL R. FISH & CO.

MAIL: P.O. BOX 4340 / AKRON, OHIO 44321-0340
SHIP: 1245 S. CLEVE.-MASS. RD., #218, AKRON, OH 44321

NACDS
National Association of Chain Drug Stores

MEMBER
PLMA
PRIVATE LABEL MANUFACTURERS ASSOCIATION



NACMR
National Association General
Merchandise Representatives

September 18, 1992
Mr. James Baker

Page 2

Mr. Clinton is pushing his Health Plan, which would provide health insurance for every American, either through work or government sponsored coverage. Yet Wal-Mart philosophy is to man the stores with part-time workers therefore, enabling them not to have to pay for health care benefits. I guess Mr Clinton wants the government to be responsible for health care so his friends at Wal-Mart do not have to accept this responsibility.

You can turn this lobbying campaign on September 24th a plus for our side and cast aspersions into Mr. Clinton and his wife's allegiance. Who's side is he on anyway? Ours or Wal-Marts?

Thank you for reading this and let us hope you can utilize this information to help re-elect the President.

Sincerely,
MICHAEL R. FISH & CO.

Judy Fish
Vice President

JF:pa
Enclosures

(216) 666-2442

FAX - (216) 666-4176

COMMITTEE
EDUCATION AND LABOR
SUBCOMMITTEE
EMPLOYMENT OPPORTUNITIES
HEALTH AND SAFETY
POSTSECONDARY EDUCATION

Congress of the United States
House of Representatives
Washington, DC 20515-3001

COMMITTEES
SMALL BUSINESS
SUBCOMMITTEES
ANTITRUST,
IMPACT OF REGULATION
AND ECOLOGY
REGULATION, BUSINESS OPPORTUNITIES
AND ENERGY
SELECT COMMITTEE ON
FINANCIAL ABUSE AND CONSUMER PROTECTION

May 4, 1992

Mr. Dennis Harcketts
Federal Trade Commission
Room 3223
601 Pennsylvania Avenue, N.E.
Washington, D.C. 20580

Post-It™ brand fax transmittal memo 7871 # of pages 2	
To: Mike Fish	From: R. Callahan
Co: Michael R. Fish & Co	Co: NACMR
Dept:	Phone #
Fax # 216-666-4176	Fax # 312-527-6640

Dear Mr. Harcketts:

I am writing in support of an investigation of Wal-Mart, specifically regarding a possible violation of anti-trust laws. This matter first came to my attention through inquiries by concerned constituents. After further research, I have found considerable reason to be distressed about this issue.

In December, Wal-Mart sent out a letter stating that they were going to begin only dealing directly with the principals of the manufacturing companies. They defined a principal as an employee of the company that is empowered to make decisions and act in behalf of the company. This will place small manufacturing firms at a great disadvantage because they can only afford to use outside sales brokers and representatives.

Wal-Mart's initial reasoning behind this decision was that it would improve communication and increase reaction time between Wal-Mart and manufacturers. They also claimed that by eliminating this third party, they would receive lower prices, thus benefiting consumers through lower prices.

Wal-Mart maintains that their conduct and policy is not a violation of the federal antitrust law and policy. I must question this assertion. It seems to me that Wal-Mart is not in compliance with antitrust policy, specifically the Robinson-Patman Act. Section 2c of this act states that it is illegal to have a person/company lower the price while disregarding the brokerage commission. Also section 2f states that it is illegal for a company to force a manufacturing company to eliminate outside sales brokers/representatives in hopes that they will receive a lower price. Wal-Mart may not require that savings and brokerage be passed on to them in the form of lower prices, but it seems apparent that this is their main objective.

I am very concerned about the impact of Wal-Mart's policy on small businesses. Smaller firms can not afford to have a broker/sales representative on full salary, that is why they use

1001 LONGWORTH BUILDING
WASHINGTON, DC 20515-3001
(202) 226-6601

18 BOWENDALE SQUARE
BOWENDALE, NJ 08003-1345
(609) 827-8000

67 N. BROAD STREET
WOODBRIDGE, NJ 08026-1002
(609) 348-2500

P.03

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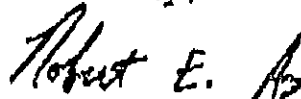
TO 9160922794

PAGE.003

independent organizations that they can place on commission. Wal-Mart has stated, however, that they will no longer deal with these intermediaries. They are forcing manufacturers to eliminate their outside sales force. Wal-Mart's policy will decrease if not abolish completely their dealings with small manufacturers. The long term effect of this could be fewer manufacturers, thus fewer new products in the marketplace, and possibly higher prices for consumers.

I do not believe that Wal-Mart's new policy is in the best interest of the consumer. The legality and fairness of Wal-Mart's business practice needs to be examined. I understand that an inquiry by the FTC is already underway. I fully support this investigation and will be anxious to hear the results. Please keep me updated and informed of your progress.

Sincerely,



ROBERT E. ANDREWS
Member of Congress

REA:tk



Competition Keeps America Working

FOR IMMEDIATE RELEASE **CONTACT:** Bob Schwarze, 202/789-2844
Ray Hall, 312/649-1333
John Weber, 800/752-4111

**CASE LAUNCHES GRASS-ROOTS INITIATIVE
IN SUPPORT OF LOBBYING AND MEDIA CAMPAIGNS**

WASHINGTON, May 1 -- The Coalition of Americans to Save the Economy (CASE) is launching a campaign to add aggressive grass-roots support to its advocacy efforts on Capitol Hill, with the Federal Trade Commission and in the news media, it was announced today.

These latest actions by the national coalition begin with advertisements in upcoming issues of Supermarket News and Grocery Marketing, with ads in other industry trade publications to follow. The ad asks, "Who loses when 'Power Buyers' dictate how products can be brought to market? We all do!" The copy stresses that small businesses, which create six out of 10 American jobs, are especially hurt when the independent representative/broker is eliminated.

Independent representatives, brokers, suppliers and retailers can join CASE or learn more about the issue by mailing in a coupon or calling 1-800-752-4111.

"With these advertisements, our toll-free hotline and other communications vehicles, we are now accelerating our efforts to garner support from a cross section of the great industries of America," said Bob Schwarze, CASE's executive director.

- more -

GRASSROOTS/2

"A key message we will hammer home again and again is that the independent representative/broker performs a vital function that cannot simply be removed from the system and discarded," Schwarze said. "The higher sales costs caused by the independent representative's or broker's elimination must either be borne by the power buyer or, more likely, it will be thrust on its suppliers."

Through mailed surveys and calls into its hotline, CASE is building a database of politically active brokers, representatives and others who are interested in supporting the coalition's initiatives.

Key to CASE's efforts to document the negative effects of power-buyer dictates is the gathering of information for an economic study being prepared under the direction of Dr. William Comanor, professor of economics at the University of California, Santa Barbara.

"The interest to get involved in the CASE program is clearly there from a wide variety of industries, including food, toys, electronics, general merchandise and many more," said Ray Hall, CASE's deputy director.

Over the coming months, the local chapters of CASE-member associations will also hold a series of educational events for key Members of Congress.

CASE is a non-profit organization based in Washington, DC. Its objectives are to preserve the rights of suppliers to choose how their products are brought to market, and to educate a variety of audiences on the role and contribution of independent representatives and brokers.

Specialty foods.

Do they represent any real potential for your business?

American consumers continue to indulge their craving for specialty foods.

Such products are already established in gourmet shops, department stores and supermarkets. Now, they're top sellers in other types of outlets: gift and cookware stores, restaurants and hotels, bakeries, florists, natural food stores and mail-order catalogs.

Today's specialty food marketplace continues to be one of dramatic growth and seemingly endless opportunities. It's one of intense challenges, too.

That's why it's essential to get the facts when you explore your own potential in this dynamic category.

Your best resource for complete and timely information is NASFT—the National Association for the Specialty Food Trade.

Here's how this non-profit organization fosters trade and interest in this industry:

1. **Fancy Food Shows**—Officially the International Fancy Food and Confection Show; these are recognized as the premier marketplace for reaching the specialty food trade. In fact, they're the biggest, most important and only ones of their kind in this country!

They're held twice yearly: the Summer Show in the East (with over 30,000 attendees); Winter, in the West (as many as 20,000).

At each of these Shows, more than 20,000 products (many for the first time) are presented by over 1,000 exhibiting companies.

Exhibitors must be members of NASFT, pre-qualified for membership through a quality-guided screening process.

2. **NASFT Showcase**—Our official magazine, written primarily for re-sellers of specialty foods. It's a vital and inspiring source for essential news on products, trends and other key industry developments.

3. **Ground-breaking Research Information**—The NASFT conducts pioneering research to provide timely and thorough information about the specialty food industry that's not available through any other sources.

SPECIAL OFFER

Send today for the NASFT's exclusive *Specialty Foods InfoPack*. This useful kit is yours free—and includes a sample issue of *Showcase Magazine*...details on upcoming Fancy Food Shows (including information on exhibiting, if you wish)...plus descriptions of NASFT research reports.

No obligation; just write or call us today.

Phone (800) 255-2502 / Press extension 300

N·A·S·F·T

8 WEST 40TH STREET, NEW YORK, NY 10018

NEWS, TRENDS AND IDEAS

Brokers invite Wal-Mart's Glass to take a second look

By Ryan Mathews

Bob Schwarze, president and chief executive officer of the National Food Brokers Association, issued a challenge to Wal-Mart President David Glass in a speech before the National Food Processors Association's Annual Convention recently.

Schwarze asked Glass and Wal-Mart suppliers to establish whatever standards and service levels they feel best meet their needs and then determine whether brokers and other independent representatives have a place in Wal-Mart's future.

(In late 1991, Wal-Mart officials indicated they no longer wanted to be called on by either brokers or other independent sales agents.)

Schwarze said if any brokers fail to meet Wal-Mart's standards, at least they will have been given a chance rather than passively sitting back as what he termed "...faceless victims of an arbitrary and unilateral decision to eliminate a viable and much in demand industry sector."

Returning to some of the themes he first advanced in his keynote speech at the NFBA's Annual Convention in San Francisco in December, Schwarze said, "Today both brokers and suppliers confront some of the most significant challenges they have ever faced alone or together—challenges which threaten the broker's right to survive as well as the supplier's basic and inherent right to come to market on their own terms."

Dictation of selling terms by "power buyers," the use of in-house brokers and the decision by some buyers to disallow broker representation "...are threatening the very fabric of the free-enterprise system itself," Schwarze said.

"Your most basic and fundamental right as businesses—the right to come to market on your own terms, represented by the sales agent of your choice—is being challenged," he told NFBA members.

"You, as principals, must not be forced to deal direct or asked to give up your basic right to employ a broker

sales force even when selling a power buyer—whether it be Publix or Wal-Mart—and none of us can afford to accept the existence of the ever-increasing number of in-house brokers like the one Safeway announced a few weeks ago, or any other erosion of the kind of free enterprise that stems from open, unobstructed competition between a variety of strong, healthy trading partners."

Saluting Wal-Mart's proven ability to reduce operating costs, while at the

goods come to market, how they come to market and at what price they come to market.

"If our rights as brokers are violated today, your rights as suppliers will be taken away from you tomorrow. If any customer is allowed to dictate what we hold to be unethical or illegal terms of sale, there will be no end to those demands."

Schwarze told the NFPA audience of NFBA's recent efforts on behalf of the National Food Marketing Coalition and The Coalition of Americans to Save the Economy.

"On February 3rd of this year, the National Food Marketing Coalition—with the full support of NFBA—petitioned the Federal Trade Commission to investigate the use of in-house brokers in the private label product market: brokers who are controlled by a retailer or wholesale chain buyer and who kickback rebates of cash and/or services to that buyer," Schwarze said.

The use of buyer-controlled in-house brokers, he said, is a clear violation of Section 2(C) of the Robinson-Patman Act. He added CASE—which was founded in the wake of

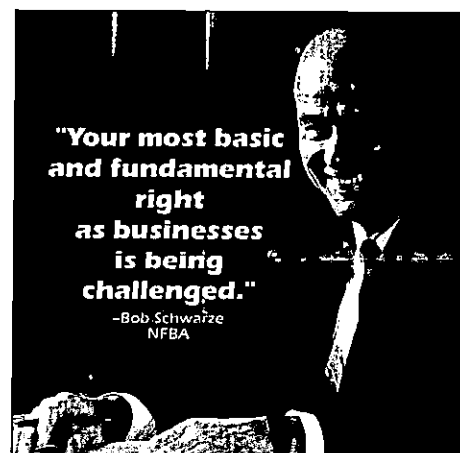
Wal-Mart's announcement in November that it would no longer buy from independent sales representatives—is also prepared to attack power buyers by litigation, legislation and/or regulation.

"There is nothing less at stake in the FMC actions and the outcome of CASE's efforts than the very survival of free enterprise as we know it," Schwarze said.

"If you believe, as we believe, that the Robinson-Patman Act is not some yellowing piece of past history, but rather a vital blueprint which should dictate the present and future course of how business is conducted, I urge you to join with us in our efforts to protect our common future."

"We must be willing to change," he concluded.

"We must, however, not lose sight of what has made this country's economy the best in the world: a free enterprise system, where small as well as large suppliers and retailers compete on a level playing field." □



same time improving profitability and market share, Schwarze said the entire distribution industry needs to remember "...systems can never become a substitute for people."

"High technology may offer us a better distribution plan, but it is the human element that supplements and complements the computer process that ensures no glitches and a smooth, expedient transition of data to action."

"As suppliers," Schwarze added, "you must look beyond the promise of apparent short-term volume gains in order to protect your long-term control of your brands, your margins, your products and their current sales and marketing organizations and, of course, your profits."

"Manufacturers hold the key to the consumer's future in their hands," he continued. "If you remain silent, sacrificing your right to choose how you come to market for a limited sales agreement, the broker, the consumer and ultimately you face a future in which power buyers will dictate what

a way that would allow them to support TQM. Most headquarters functions are isolated from the consumer despite the fact that merchandising, buying, advertising, space allocation and pricing all benefit from a customer-oriented perspective.

In many companies, for example, consumer requests for products never leave the store.

2. Every department and employee in a company has one or more customers.

Stores cater to consumers. Warehouses service stores, transportation publics, accounts payable departments and buyers.

Transportation departments, in turn, serve stores, warehouses and buyers.

Buyers serve consumers and need to be mindful of warehouse and accounts payable needs.

Accounts payable teams have to interact with suppliers and associates. And the underlining concept underpinning TQM is satisfying the customer by providing superior service.

3. TQM is not independent of productivity, in fact, there is significant overlap between these two concepts.

The goal of TQM is to achieve zero defects through doing the job right the first time, which has an obvious impact on productivity.

For example, deductions increase cost, reduce productivity and represent a service failure. In the same way, stores checking warehouse deliveries and the processing of shortages increases cost and inhibits store and company productivity.

4. TQM is not a quick fix or a one-time approach to solving a company's problems.

Years, not months or weeks, are required to institute TQM. Continuous measurable improvement, not giant steps or dynamic breakthrough, is the name of the game.

Because TQM is both a people-based and cultural-based approach, many small steps are required to bring about change.

Continuous improvement is the key to long-term competitive success and never accepting the status quo is critical to any future success.

No free lunch

Quality has a cost—there's no free lunch. Most companies underestimate the cost of quality because they never determine it.

The object of TQM is to reduce the cost of quality while increasing customer satisfaction.

Quality cost can be grouped into four categories:

- Internal failure—the cost of cor-

recting or fixing a problem before the customer receives the product or service, such as a warehouse receiver not reflecting ship notification charges or

A good working definition for retail quality might be "meeting and exceeding consumers' shopping expectations."

the use of warehouse runners to retrieve selection shorts.

• External failure—the cost of resolving or fixing a problem after the product is delivered to the customer, such as processing consumer returns, deductions and coupon misredemption.

• Appraisal cost—the cost to monitor quality, including testing and inspection such as private label cutting or sanitation inspection.

• Prevention cost—the cost incurred to reduce failure cost, including items such as equipment maintenance and employee education.

The most striking differences between TQM and the typical operating environment are the lack of quality measurement systems and internal barriers to customer satisfaction.

Just looking at clean stores, fill rates and out-of-stock percentages is far too simplistic, we need to think like the external customer or consumer.

Of course, we might not really know what consumers want.

We need to create a method of evaluating the shopping experience as a whole and to develop a measurement system that monitors numerous service elements and tracks improvements.

For example, today a part-time bagger rounds up carts and moves them toward a central spot.

Under TQM the carts would be gathered, inspected, cleaned if necessary and defective carts would be removed for repair—improving the total shopping experience.

The effectiveness of this effort would be measured not in quarterly or annual cart repair costs, but rather by a weekly ratio of customers per functional, clean carts.

Although this is a small step, imagine all the improvements that would occur if each worker expended a similar effort: produce managers would only display product they would buy themselves; dairy coolers would be stocked with a minimum of one-week dating; service department workers wouldn't take a break when a customer was waiting; baggers would pack with

common sense, not urgency, as the guiding principle; and each customer request would be followed up.

The same would be true of internal customers: forced distribution would be eliminated; selection errors would be reduced; purchase orders would match invoices; payrolls would be correct the first time; and so on.

Of course, many industry executives believe they can't provide those kinds of service levels on their current margins.

My immediate response is, you can't afford to not provide this kind of service, at least if you want to survive in the long run.

Remember, the "T" in TQM stands for total—TQM is a total company concept. Elimination of non-value added functions between departments, not contribution to quality, will reduce cost and improve productivity.

Exceptions are expensive to process and to handle.

Under TQM exceptions are either eliminated or become the normal way of doing business.

TQM teaches us that customer expectations and satisfaction are broader than a few narrow measurements. As individuals people are complex, and when viewed in groups those complexities are multiplied.

Most department organizations are not structured to satisfy this complexity.

Continued on page 30

Buy Into A FRESH New Look

**Planters
Fresh Roast
is NOW
Planters
Snack Sack™**

• Bold new yellow graphics for more shelf impact.

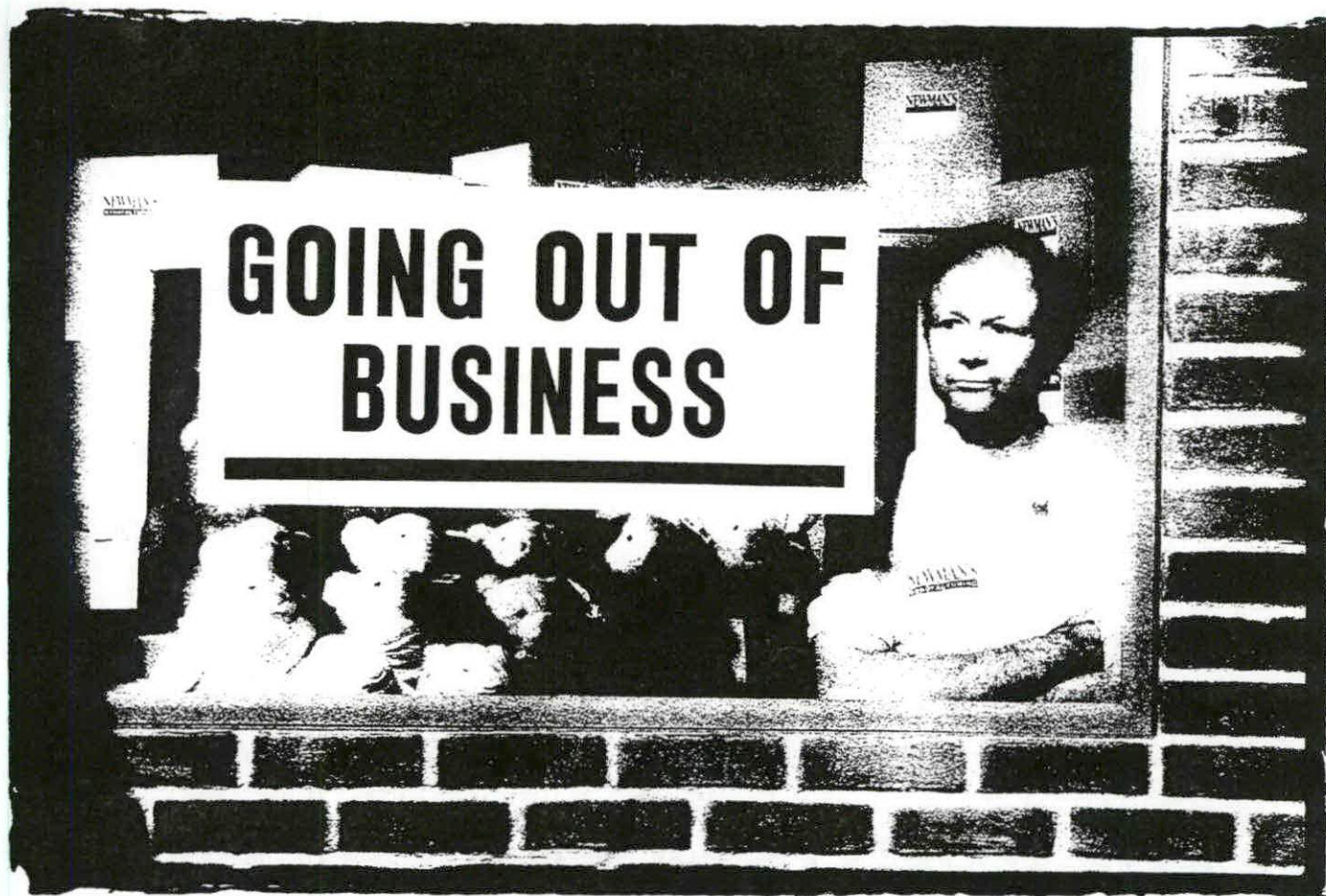
• New name that better communicates package benefits.

• Vacuum brick form maximizes efficient use of shelf space.



© 1992 Nabisco Foods Group

HIS RIGHT TO CHOOSE A SALES FORCE WAS JUST THE FIRST THING HE LOST.



Small businesses are the backbone of the American economy. They provide six out of every 10 U.S. jobs. They are tireless creators of new and innovative products. They are the lifeblood of the American free enterprise system.

But, today, huge retailers like Wal-Mart are announcing policies that threaten one of the rights most valued by small businesses: the freedom to choose how their products are brought to market. As a result, many companies—both large and small—fear they will no longer be able to compete effectively in the marketplace.

WHAT'S GOING ON AT WAL-MART?

In November of 1991, Wal-Mart sent a letter informing its regular suppliers that it had decided they should deal direct with Wal-Mart. Leveraging more than \$40 billion in marketplace clout, Wal-Mart is insisting that manufacturers stop using independent sales representatives and use only the manufacturer's employees to service Wal-Mart. The implication is quite clear: Do it Wal-Mart's way or run the risk of being denied space on Wal-Mart's shelves.

Being shut out of Wal-Mart's retail empire can be devastating for businesses of any size.

MANY BUSINESSES DEPEND ON INDEPENDENT SALES REPS.

All manufacturers need sales people to represent their products. While some manufacturers use their own employees, others hire *independent* representatives

product choice and less competition—which could lead to higher prices. Fewer and fewer suppliers selling to fewer and fewer retailers is not a trend that serves the interests of the nation's economy or its citizens.

HELP US MAKE A CASE FOR SMALL BUSINESS.

The Coalition of Americans to Save the Economy (CASE) is a non-profit organization dedicated to preserving the free enterprise system and a business's right to self-determination. If you own or manage a business, if you believe small businesses have a rightful place in the U.S. economy, or if you are simply a consumer who is concerned about the loss of goods produced by small businesses, now is the time to stand up and let your voice be heard. Please return this coupon. You can add your voice to thousands of other Americans who believe our nation and our economy benefit from fair and open competition.

YOUR VOICE WILL BE HEARD.

I want CASE to deliver the following message to (you can check more than one):

☐ Wal-Mart

☐ Congress

"I support CASE in its efforts to preserve free enterprise and the rights of all businesses to compete on a level playing field. I oppose the efforts of Wal-Mart and other 'power buyers' to compromise the rights of manufacturers, and especially small businesses, to determine how their products come to market."

LET ME KNOW HOW I CAN HELP.

SEND NO MONEY NOW. WE'LL SEND YOU A COUPON TO USE.

to perform the sales function. Businesses of all sizes, but especially small companies, use independent representatives as an integral part of their marketing teams. They use independent representatives because reps assume no salary, benefits or overhead. They are paid a commission only after a product is sold. By denying businesses the right to use independent reps, retailers like Wal-Mart may eliminate for many companies their most cost-effective and efficient way of doing business. It may mean some won't stay in business.

Consumers, too, may feel the effects. If unchecked, these "power buyer" dictates may ultimately result in less

Name _____

Address _____

Phone _____

I am a:

- ☐ Manufacturer ☐ Retailer-distributor
☐ Other Business ☐ Consumer

CASE

COALITION OF AMERICANS
TO SAVE THE ECONOMY

Competition Keeps America Working
2255 Wisconsin Avenue, N.W., Suite 400
Washington, D.C. 20007

FAX Message

William D. Witter, Inc.
153 East 53rd Street
New York, N.Y. 10022

Fax (212) 486-7697

Date: 9/25/92
To: MR. JAMES BAKER III
Company:
Fax Phone Number: 202-456-2883
CC:
From: WILLIAM D. WITTER
Subject:
of Pages (including this cover sheet):

Message:

If you do not receive all pages, please call back immediately.

(212) 753-7878

(800) 755-7871

William D. Witter, Inc.

ONE CITICORP CENTER
153 EAST 53RD STREET, NEW YORK, NEW YORK 10022
(212) 753-7878 • FAX (212) 486-7897

NRN

September 25, 1992

For Mr. James Baker III
The White House
Washington, D. C.

The semiconductor industry is a sunrise, building block, in many instruments, appliances, autos, computers, industry which is up this year and especially ahead of the summer of 1991.

This good news is useful in projecting economic progress and vigor. The page 5 Paine Webber book/bill chart is dramatic. The ever increasing semi usefulness at lower prices supplements this chart and our economic growth may be further understated by outdated economic measurements of technology and progress.

William D. Witter

William D. Witter
Investment Counselor,
a founder of National Semiconductor

Technology Group

PaineWebber



SEMICONDUCTORS

No slump this summer!

Highlights

- The typical seasonal semiconductor summer slump does not appear to be materializing. SIA flash data for July indicated that orders were up 29% over last year and the B/B ratio was 1.09.
- Preliminary indications of good order input through mid-August, B/B ratio likely to bottom in August or September, but remain above unity.
- Lead times continue to stretch and some products on allocation. Prices generally firm, expect DRAMS and other commodity memory devices.
- Financial reports for second quarter were generally favorable. Most companies demonstrated growth in revenues and profits.
- Forecasting 12% U.S. semiconductor industry growth to \$17.2 billion and 7-8% worldwide industry growth to \$59 billion. Japan remains the weakest sector.
- Electronics industry stocks rose 6% in July and outpaced the market. Stocks up 2.5% year-to-date and slightly ahead of market averages.
- Recently upgraded Intel to attractive (2) from neutral (3). Other stocks rated attractive include: Armel, Applied Materials, Cypress Semiconductor, Lam Research, Motorola, National Semiconductor and Novellus Systems.

Investment summary

Electronics stocks, particularly large semiconductor issues have generally held their own this summer. The overall electronics group is up 2.5% this year compared to 1.2% for the S&P 400 Industrial Index. Meanwhile, the five large capitalization semiconductor stocks are up an average of 20%, even though the market value of Advanced Micro Devices is down 49%. In nine of the past ten years, this broad-based equity group has generally declined an average of 25-40% during the summer months in response to reduced business activity. However, so far this summer, the electronics industry has posted growth due to an improved economic environment and to strength in the personal computer sector, in particular strength in demand for new products. Semiconductor three-

month moving average bookings have increased sequentially every month through June, and only fell a modest 5% in July from record June levels. Other anecdotal evidence (such as longer lead times, some allocation, firmer prices, etc.), generally points to a continuation of the current industry recovery. As long as the U.S. economy continues to strengthen and foreign economics remain stable, we believe there is a high likelihood that the current semiconductor industry recovery will gather momentum in early 1993 and continue on an upward trend for the foreseeable future. Moreover, the book/bill ratio has remained above unity every month this year. Our inputs indicate no slowing of business activity through mid-August, although we would not be surprised if the B/B ratio slipped again in August and Sep-

tember to reflect flattened bookings and higher billings. In any event, 1992 may be the first year since 1987 when every month posted a B/B ratio above unity.

Given these rather sanguine industry prospects, we believe select semiconductor stocks still possess the potential to outperform the market. Our coverage universe is shown in Table 1, including earnings estimate and valuation data. The stocks have not become expensive and the fundamentals are still pointing in the right direction. We continue to maintain an investment strategy that focuses on companies with excellent earnings visibility, or good companies that have fallen on hard times and are now crawling out of trouble.

We recently upgraded our opinion on Advanced Micro Devices to neutral (3) from unattractive (4). Although we cut our EPS expectations for 1992 to \$1.90 from \$2.65, we are maintaining our 1993 projection of \$1.50. We believe the stock has probably bottomed since it is selling it at a discount to its book value of over \$10 per share. The company still faces some risks in the microprocessor area since 386 revenues did peak in the first quarter. Moreover, Intel's 486 SX price cuts of 58% should migrate more PC manufacturers to the 486 suggesting the industry unit demand for the 386 on the decline. Finally, the company lost the rights to use Intel's microcode on the 287 math coprocessor, subject to judicial review (a decision is expected on September 2). This legal precedent can also be applied to the 386 and the 486. While the 386 impact may not occur until next year, the company must redesign its 486 chips and rewrite the microcode which means that AMD will not commence volume shipment of the 486 until mid-1993, or possibly later.

Atmel is a niche player in the semiconductor industry that focuses on high performance memory and logic devices. The company reported its second consecutive solid profit performance in the second quarter, led by new products including flash memories, serial EEPROMs and low power devices. In addition, its troubled ASIC business appears to have turned and is close to achieving profitability around under new management. Orders were very strong in the quarter, and we expect another solid third quarter financial performance. Should Atmel continue to outpace investor's expectations, the stock rated (attractive) could draw a larger following and achieve a higher valuation.

Cypress Semiconductor reported its third consecutive (bad news always seems to come in threes) disappointing quarter which resulted in a break-even operating performance but a reported loss due to restructuring charges. The company also indicated that EPS would be relatively sluggish for the next two quarters owing to reduced revenues from Sun Microsystems and cost pressures on SRAMs. The company also introduced its "Pinnacle" SPARC microprocessor. Working sili-

con on all three chips was achieved in early August. We rate the shares attractive because we believe the company will win new business at Sun Microsystems with its pinnacle chipset.

We recently upgraded Intel to attractive from neutral. The growing demand for the company's high-end microprocessors, particularly the higher speed versions of the 486DX (including clock doubler chips), has enabled Intel to control the pricing mechanism and maintain its lofty profit margins. The company has emerged with a virtual, albeit temporary, monopoly position at the high-end of the X86 spectrum. Moreover, competition seems to have waned. Chips and Technologies has terminated development of its 486 project and is focusing on integrated 286 and 386 solutions for portable computing. Advance Micro Device's legal setback (although there is a chance this jury decision could be overturned on September 2) has extended its 486 entry well into 1993. Cyrix has two excellent chips and a brilliant strategic plan, but its revenues from X86 products this year will fall well short of its original \$100 million sales target. Also, Texas Instruments will not be much of a factor in the market until sometime next year. In the meantime, Intel is strengthening its franchise and appears to be in a position to beat our 1992 and 1993 EPS estimate of \$4.00 and \$4.35, respectively.

Motorola is also rated attractive as the company is positioned to benefit from the rapid long-term growth potential of wireless communications markets. MOT has won several large contracts including the outfitting of Fleet-Calls' digital special mobile radio services (SMRs) network (\$300 million order), United Parcel Service's new communications network and Bell Atlantic's dual mode cellular phone order. In addition, the company's semiconductor operations appear to be gaining market share owing to success in ASICs, microcontrollers and SRAMs. Both the semiconductor and wireless (cellular and traditional two-way radio) areas should experience improved demand and profitability as the economy recovers.

National Semiconductor's new management team has guided the company to increased earnings every quarter since the restructuring began last year. The break-even point has been driven below \$400 million in revenues per quarter and is expected to drop even further as more facilities are consolidated. Furthermore, the product mix continues to become richer in proprietary products. The company reported strong fourth fiscal quarter EPS financial performance of \$0.22 (including \$0.09 from royalties) which compared favorably with \$0.04 last year (see Appendix F). As the company assembles a continuous and more consistent earnings pattern, it will attract more investor attention which should ultimately lead to a higher valuation. The stock is rated attractive.

Texas Instruments is rated neutral on a valuation basis. While the company should experience a dramatic earnings turnaround by next year (our estimate is \$4.25 for 1993),

the bulk of earnings will be derived from royalty payments. Operating profits are only expected to be about \$2.00 per share in 1993. By discounting the future profit share from royalties through the year 2000, we arrive at a present value of \$13 to \$17 per share. Attaching a weighted average multiple on TXN's operating earnings, we arrive at a valuation of \$18.75 to \$28.00 per share for the operating component of total earnings. Combining these numbers offers us a \$32.45 per share value for the company. At its current price of \$39, the shares appear fairly valued.

Applied Materials, the leading U.S. semiconductor equipment supplier, is also rated attractive. The company posted a fine third fiscal quarter performance for the period ending July, as revenues and EPS rose 15.8% and 8.6% respectively. We slightly increased our FY 1992 EPS estimate to \$1.08 from \$1.05, while maintaining our FY 1993 EPS projection of \$1.75. The company continues to benefit from its strong global position (over 60% of its sales are generated outside the U.S.), broad product line and excellent strategic relationships with the top-20 semiconductor suppliers. Currently, business is being propelled by newer products such as its Endura 5500 PVD unit, its tungsten CVD product, and its Precision 5000 etch system for metals.

We added Lam Research Corporation to our research coverage list on June 8, with an attractive rating and continue to recommend purchase of the stock. The company recently reported a solid fourth fiscal quarter financial performance and we raised of FY 1993 EPS estimate to \$1.10 from \$1.00. Lam is a leading supplier of dry plasma etch equipment to the semiconductor industry. The company has gained market share in each of the past two years owing to the superior performance of its Rainbow family of etch products. We expect this trend to continue as the company will soon introduce enhanced versions of the Rainbow incorporating a new transformer coupled plasma (TCP) source, which should position Lam to capture orders for equipment required to etch 0.5 micron line widths. We also expect the company to capture additional share of the Japanese market as it will soon commence a direct sales effort of its TCP-based products. All other products will be sold through its existing sales channels.

Novellus Systems stock has lost more than half of its value since peaking in January. While some value erosion can be justified due to concerns of slowing Japanese demand, which will create a less robust near-term earnings outlook, the shares appear to have over-reacted to reasonably well-known news. We continue to rate the shares attractive and believe Novellus earnings will rebound later this year as semiconductor companies boost their capital spending budgets. Moreover, the company should benefit from higher sales of its new tungsten deposition product, which has received a

very favorable endorsement from Sematech. Furthermore, the management issues have been solved as Joe Dox returned from retirement to take the post of president; Gary Harmon was hired to replace Dox as CFO; and Peter Hanley left Applied Materials to assume the role as marketing and sales head of Novellus.

July flash meets expectations

The semiconductor industry association released its flash data for the month of July, reporting a book/bill ratio of 1.09, which was in line with our target of 1.10. Three-month moving average bookings decreased 4.6% sequentially to \$1.599 billion from June's \$1.677 billion. July orders were slightly below April 1992 bookings of \$1.605 billion (the last beginning-quarter month), but rose 28.8% over year ago's cyclically weak levels. Three-month average shipments of \$1.462 billion were essentially flat with the prior month, but were 13.8% higher than July 1991 shipments of \$1.285 billion.

The sequential dip in the book/bill ratio reflects the normal seasonal slowdown which typically occurs during the summer months. Despite the contraction from June data, both orders and shipments were surprisingly strong in July. A healthy summertime book/bill ratio above unity supports our belief that a domestic electronics industry recovery is underway. The driving factors for the domestic recovery include a healthier U.S. economy, unusually low inventory levels, and longer lead times for certain devices. Moreover, lead times have continued to stretch on many items due to cautious management of capacity additions.

Worldwide semiconductor market review

During the first half of 1992, worldwide semiconductor sales rose 4% to \$28 billion over \$27 billion reported in the year ago period (see Table 3). Through June, ICs sales totaled \$23 billion (up 6%) versus \$22 billion in 1991. Revenues from bipolar products fell 13% to just over \$600 million, as users continue to migrate away from these mature products towards CMOS devices. MPUs continue to be the electronics industry's "hot item" as sales from MPU products jumped 31% year/year to over \$2 billion reflecting an increase in demand for "second wave" 386 and 486-based products. Despite a competitive pricing environment, revenues from SRAMs were up 18% over the comparable period due to greater use of secondary cache memory in 486-based PCs and high-end workstations. Aggressive pricing drove revenues from EPROMs down 18% to \$619 million. DRAMs sales rose 22%, primarily due to migration towards 4MB devices which command higher ASPs than 1MB devices.

September

Table 2

SIA monthly flash data

Three-month moving average

	Bookings	Yr.-to-Yr. % Change	Billings	Yr.-to-Yr. % Change	Book/Bill
Jan - 90	1,237.0	3.7%	1,171.0	0.2%	1.06
February	1,218.0	-3.7%	1,127.0	-4.8%	1.08
March	1,333.0	5.5%	1,163.0	-5.4%	1.15
April	1,360.0	3.4%	1,178.0	-7.5%	1.15
May	1,393.1	9.0%	1,215.7	-5.2%	1.15
June	1,270.4	1.2%	1,203.5	-6.0%	1.06
July	1,189.1	3.5%	1,187.1	-5.0%	1.02
August	1,199.5	8.1%	1,215.1	-1.5%	1.00
September	1,179.4	2.3%	1,231.9	-3.8%	0.96
October	1,209.5	6.5%	1,257.2	1.6%	0.96
November	1,152.8	-2.8%	1,241.6	-0.7%	0.93
December	1,206.7	-1.7%	1,200.7	-0.9%	1.00
Jan - 91	1,207.2	-2.4%	1,173.4	0.2%	1.03
February	1,339.3	10.0%	1,179.9	4.7%	1.14
March	1,388.8	4.2%	1,265.4	8.8%	1.10
April	1,447.8	6.5%	1,264.3	7.3%	1.14
May	1,374.1	-1.4%	1,301.6	7.1%	1.06
June	1,309.7	3.1%	1,308.1	8.7%	1.01
July	1,241.1	4.4%	1,284.6	8.2%	0.97
August	1,215.1	1.3%	1,257.1	3.5%	0.97
September	1,205.2	2.2%	1,287.2	4.5%	0.94
October	1,253.7	3.7%	1,306.7	3.9%	0.96
November	1,337.0	16.0%	1,327.4	6.9%	1.01
December	1,389.6	15.2%	1,298.6	8.2%	1.07
Jan - 92	1,447.3	19.9%	1,324.1	12.8%	1.09
February	1,476.8	10.3%	1,330.4	12.8%	1.11
March	1,499.8	8.0%	1,402.6	10.8%	1.07
April	1,604.5	10.8%	1,433.6	13.4%	1.12
May	1,614.9	17.5%	1,460.1	12.2%	1.11
June	1,676.7	28.0%	1,468.4	12.1%	1.14
July	1,599.1	28.8%	1,461.5	13.8%	1.09p

p = preliminary numbers

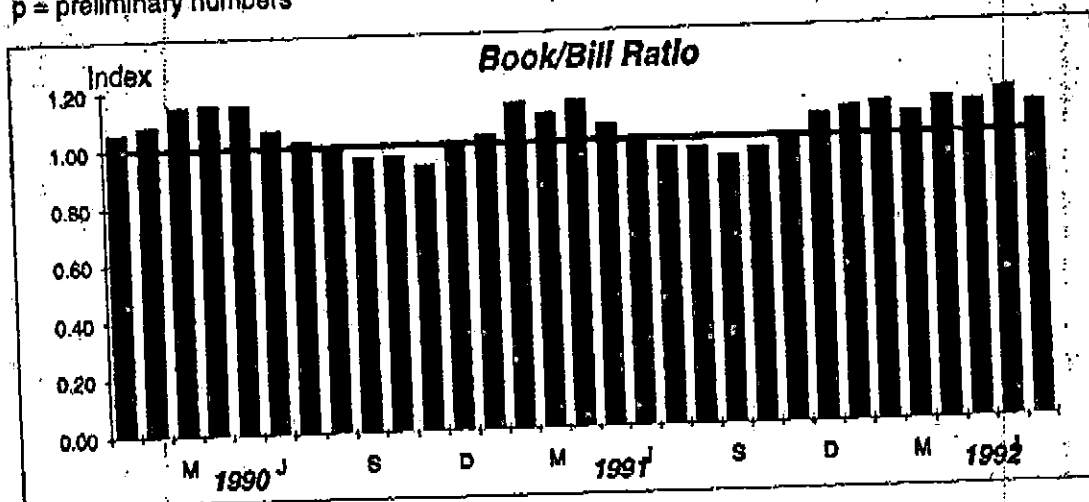


Table 3

Worldwide semiconductor sales

dollars in thousands

	Six Month Jun-91	Six Month Jun-92	Yr/Yr % Change
Discrete & Optoelectronics	\$4,994,233	\$4,834,309	-3.2%
Digital Bipolar	1,802,305	1,561,264	-13.4%
Analog	4,204,070	4,155,369	-1.2%
MOS MPU	1,675,051	2,201,071	31.4%
Total MOS Micro	5,575,045	6,223,861	11.6%
CMOS Logic	4,341,458	4,248,962	-2.1%
MOS DRAM	3,262,608	3,965,716	21.6%
MOS SRAM	1,201,124	1,411,264	17.5%
MOS EPROM	751,072	619,311	-17.5%
Total MOS Memory	5,922,648	6,930,164	17.0%
Total ICs	\$22,108,605	\$23,319,531	5.5%
Total Semiconductor	\$27,102,838	\$28,153,940	3.9%

Second Quarter Review

Semiconductor Manufacturers

Advanced Micro Devices

Second quarter financial results were close to consensus expectations. Revenues declined 14% sequentially to \$350 million primarily due to the 45% reduction in 386 shipments (See Appendix A). Unit shipments contracted less than 10%; however, Average selling prices dropped nearly 40% to an estimated \$ 50 from first quarter levels. Second quarter EPS of \$0.43 compared favorably to last year's \$0.17 but were down sharply from \$0.90 earnings reported in the first quarter. For the third quarter we expect more of the same, with revenues and earnings down from second quarter levels owing to reduced 386 shipments and aggressive pricing. We estimate that 386 shipments will drop to \$75 million, down from \$100 million in the period just reported. Sales from other products should remain about flat sequentially at roughly \$250 million. We expect EPS of \$0.20 to compare favorably to last year but fall 37% from second quarter levels. For the full year we are maintaining our \$1.90 EPS estimate on revenues of over \$1.4 billion, led by improvements in commodity products and contributions from flash memories which will add up to \$50 million in incremental revenues.

Atmel Corporation

Atmel appears to be benefiting from strong acceptance of its new products and a turn-around in its ASIC business, which caused the bulk of the revenue and earnings shortfall in 1991. Second quarter EPS of \$0.17 compared with \$0.19 last year, but were up from \$0.14 in the prior period (see Appendix B). Revenues grew 8% to \$33 million driven by sales of flash memories and serial EPROMs. The gross margin remained at 42.5%, flat with the prior quarter. SG&A rose roughly \$1 million sequentially owing to \$500,000 in legal expenses associated with settling its suit with SEEQ Technology, coupled with salary increases and higher sales commissions. The company is entering the third quarter with record high bookings of \$40 million and should be able to post improved results over the second quarter. We esti-

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mate sales of \$34 million; which would represent a 13% increase over last year. Profit margins should expand sequentially and EPS of \$0.19 should be about flat with third quarter 1991 but up modestly from the second quarter. For the year, we continue to estimate EPS of \$0.75 compared to \$0.61 in 1991.

Cypress Semiconductor

Cypress reported its third consecutive disappointing quarterly financial performances. Second quarter revenues of \$65 million were 12% below the year ago quarter and were well below the company's original expectations (see Appendix C). Revenues from SPARC microprocessor shipments to Sun Microsystems fell to an estimate \$6 million from \$15 million last year and accounted for the majority of the revenue shortfall. Sales of SRAMs were also down as the company continued to lose share in this market to competitors such as Micron Technology and Motorola. Lower revenues caused the gross margin to erode to 40%, the lowest its been since the company went public in 1986. While CY managed to break-even on an operating basis, the company incurred a \$2.5 million restructuring charge (associated with moving its assembly and test operations to Thailand) which resulted in a \$1.66 million net loss or (\$0.04) per share. We expect the company to return to profitability in the current quarter and project revenues of approximately \$70 million. Orders strengthened in June and the backlog has improved which should help support higher third quarter shipments. We have reduced our 1992 EPS estimate to \$0.20 from \$0.52 to reflect the disappointing second quarter financial results.

Intel Corporation

Intel reported a reasonable quarter that matched consensus expectations but was a nickel higher than our \$0.95 target, owing to a lower tax rate and a reduction in the number of average shares outstanding (see Appendix D). Sales grew about 5% to \$1.3 billion over the prior year led by higher 486DX and SX shipments. A 60% price cut on the 486SX stimulated demand for this product and caused a massive migration from the 386 to the 486SX. Sales of standard products such as microcontrollers, logic and flash memories also showed year-to-year growth. Expenses rose 26% owing to higher costs of the "Intel Inside" program and increased R&D expenditures. Net income decreased 7% to \$213 million primarily due to a higher expense ratio. EPS of \$1.00 were below the \$1.10 reported in the year ago quarter, but improved sequentially over first quarter EPS of \$0.86.

The company has many challenges ahead as a major product transition is under way. While dollar sales of the 486 have surpassed that of the 386, unit shipments crossover is expected sometime in the second half. Aggressive R&D and promotional expenses are likely to temper near-term operating margins, suggesting that EPS will remain in the \$1.00-1.05 range for the next two quarters. For the year,

we maintain our 1992 operating EPS estimate of \$4.00, which implies a modest 7% gain over 1991. For next year, we have modestly increased our EPS estimate to \$4.35 from \$4.10.

Motorola Inc.

Second quarter EPS of \$1.09 were 21% above \$0.90 last year and in line with consensus expectations, but short of our \$1.15 estimate owing to lower sequential semiconductor profits (see Appendix E). Revenues of \$3.1 billion rose 12% over the prior period and all major business units reported growth. The Semiconductor sector posted the strongest comparable performance, up about 21% to roughly \$1.1 billion, led by sales of its customized microcontrollers and its broad product line. Sales from both the General Systems and Communications sector rose 11%. Growth in the General Systems sector was primarily driven by strong demand for cellular subscriber equipment. Strong global demand for pocket pagers and slightly higher shipments of land mobile radio products fueled growth in the Communications sector. The Computer group continued to operate at a manageable loss which we estimate to be roughly \$10 million per quarter. Operating profits improved over second quarter 1991 and first quarter 1992 but fell short of our second quarter target owing primarily to a shortfall in semiconductor profits reflecting higher R&D costs associated with the joint development of the Power PC RISC microprocessor with IBM and Apple Computer. Net income of \$146 million compared favorably to prior period owing to a slightly lower tax rate and positive currency effects. For the third quarter we expect both revenues and earnings to fall short of second quarter levels due to seasonal factors, particularly in Europe. However, we expect the sequential sales and EPS declines to be less notable this year relative to their average historic level of 3% and 12%, respectively, owing to MOT's strong shippable backlog and an improving U.S. economy. We expect revenues of \$3.1 billion and EPS of \$0.95 to compare favorably with last year. We have trimmed our 1992 EPS estimate to \$4.40 from \$4.50 to reflect the modest earnings shortfall reported in the second quarter. The company is expected to report stellar financial results this year with record revenues and earnings.

As detailed in our recent report on the company (7/24/92), Motorola will adopt SFAS 106 and 109 in the fourth quarter of this year. MOT will incur a net plan obligation of \$190-310 million which will be taken as a one-time charge during the fourth quarter. The charge to earnings will not occur until 1Q:1993, and all quarters in 1992 will be restated to reflect the retroactive change in accounting. Next year Motorola will incur additional expenses of \$20-35 million to comply with the ongoing costs to adopt SFAS 109. Consequentially, we have shaved our 1993 ESP to \$5.40 from \$5.50, to accommodate these additional expenses.

Texas Instruments

Excluding royalty payments, TXN's second quarter operating performance was close to our and street expectations. Revenues grew 11% to roughly \$1.9 billion over the prior year driven by an estimated 15% growth in component sales and healthy demand for defense electronics (see Appendix G). Sales of software and digital products rose a modest 2%, while sales of metalurgic materials fell 2%. Royalty payments totaled \$124 million and included \$45 million in one-time payments from five Japanese companies. The company has made progress towards returning to acceptable profitability levels. TXN's cost cutting measures resulted in a 15% decrease in operating expenses. Tight cost control, together with higher product revenue and royalty income resulted in second quarter operating income of \$128 million. EPS of \$0.73 compared to an operating loss of \$0.40 in the year ago quarter and the reported loss of \$1.99 which included a special restructuring charge. We expect TXN financial results to continue to improve in the second half of this year. TXN ended the quarter with bookings of \$1.9 billion, up 25% from last year.

Orders growth was driven by a surge in demand for defense electronics (up 55%) and a 21% increase in demand for components. In the third quarter we expect modestly higher component sales and stable defense electronics shipments. However, lower royalty payments will most likely cause third quarter revenues and earnings to fall short of second quarter levels. We estimate third quarter revenues of \$1.8 billion, up 7% from the prior year, and EPS of \$0.46. We project further year/year revenue growth in the fourth quarter to roughly \$1.9 billion. Fourth quarter results will be modestly attenuated by the sale of TXN's minicomputer business to Hewlett Packard. This unit posted revenues of about \$200 million in 1991 and was modestly profitable. Fourth quarter EPS are expected to rebound to \$1.05, provided the semiconductor division achieves operating profitability. Our 1992 EPS estimate has been revised upward to \$2.60 from \$2.00 to account for the one-time royalty payment in second quarter. Revenues for the year are expected to grow 7% to \$7.2 billion. For 1993, we have also increased our EPS estimate to \$4.25 from \$4.00 to accommodate higher royalty revenues.

Semiconductor Equipment Manufacturers

Applied Materials

Third quarter EPS of \$0.30 exceeded targeted expectations of \$0.26, largely because an \$11 million order from a new Japanese customer was pulled into the third fiscal quarter (see Appendix H). This order had originally been scheduled for fourth quarter delivery. Excluding this item, the quarter was essentially on target. Third quarter revenues of \$194 million rose 16% reflecting the order pull-in plus strength

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in PVD unit shipments, Tungsten CVD and metal etch systems. Strong bookings (up 37%) and a solid \$237 million backlog suggest higher fourth quarter financial results. We expect revenues of \$200 million (up 25%) and EPS of \$0.35 vs \$0.18 (up 89%). The gross margin will not improve as much as originally expected owing to severe price competition from a few Japanese suppliers and the recurring problem of under utilized service personnel in Japan. The company expects to book orders in excess of \$200 million, including several large orders from Korea.

Lam Research

Lam reported fourth quarter and year-end EPS of \$0.20 and \$0.73, respectively, which were in line with our consensus expectations (see Appendix I). Fourth quarter revenues reached a record level of \$46.2 million and compared favorably (up 19%) with year ago levels. Revenue growth in the fourth quarter was driven primarily by demand from domestic OEMs. The gross margin of 52.9% improved sequentially and over last year's 49.8% owing to higher revenues and better manufacturing efficiencies. Operating expenses rose as a percentage of sales due to project over-runs on new products and slightly higher payroll expenses associated with longer June quarter. Net income rose 63% to \$3.1 million despite a higher tax rate of 27%. The improvement in bottom line performance reflected the company's ability to gain share in a relatively flat equipment market, and maintain strong control over expenses.

Lam also reported record annual revenues of \$171.4 million, up 19% from the prior year. Revenue growth in the second half of the fiscal year was driven primarily by an improved product mix which contained a larger portion of newer Rainbow products and share gains in the etch market. Expenses remained relatively stable at 41.4% of sales versus 40.4% in the prior year. Year-end income rose 64% to nearly \$10 million despite higher non-operating expenses and an higher tax rate.

Novellus Systems

Novellus reported a very disappointing second quarter financial performance. Although the company posted a slight operating loss of \$316,000, NVLS was able to report EPS of \$0.01 due to net interest income (see Appendix J). These earnings were well below year ago EPS of \$0.29 and below consensus. Expectations of about \$0.14 per share. Revenues declined 27% to \$14.5 million and were also 33% below those of the prior quarter. The company's bookings were very soft in this period, perhaps \$12-13 million due to weaker demand from Japan. The backlog entering the quarter was also depleted (we estimate \$12-14 million). Consequently, the company relied very heavily on turn business to fill its production schedule. The reduced shipments caused the gross margin to drop to 53%. Expenses were 30% over last year due to increased development spending on new

process chambers and process technologies. In addition, severance pay for the deposed Mr. Queyssac, bloated SG&A spending.

We expect improved orders, revenues and earnings to materialize in the third quarter. Novellus and other major equipment companies have begun to experience improved customer quoting activity from Japan. We expect demand from the market to turn around during the quarter and have a more pronounced impact starting with fourth quarter shipments. For the year, we have reduced our EPS estimate to \$0.49 from \$0.75, and cut our revenue estimate to \$69 million, which represents a 14% annual decline. This would be the first decrease ever in revenues for the company. We have also trimmed our 1993 EPS estimate to \$0.95 from \$1.35. Revenues in 1993 are expected to rebound 30% to \$90 million, led by a turnaround in Concept One sales, and incremented revenue from the tungsten system and the Concept Two.

Connector Companies

AMP Inc.

AMP reported second quarter EPS of \$0.68 were right on target, up 12% from the year ago quarter (see Appendix K). Sales rose to a record high of \$827 million, yet fell short of the company's earlier expectations due to weak global economies. By geographic region, sales from the U.S. were essentially flat with first quarter levels while international sales rose slightly. The gross margin remain firm at 34% as the company appears to have manufacturing costs under tight control. AMP indicated that pricing has firmed somewhat in domestic markets and noted that pricing has become less aggressive in Europe. Connector pricing in PC-related markets remains the most competitive. The operating margin improved modestly sequentially, level at the 16% range. Net income rose 11% over the prior year despite a higher tax rate of 39%. While second quarter orders of \$831 million were up 10% over the prior year, bookings were just 1% ahead of first quarter levels. This lackluster order pattern suggests AMP will not be able to report third quarter revenues above the second period, in part to seasonal factors and weakness in Japan. For the year, we expect revenues of \$3.3 billion and EPS of \$2.76. In the U.S., sales should pick up in the second half of the year and should compare favorably to the year ago period (up 12%), led by demand for automotive and PC-related products. European and Asia/Pacific sales should both rise about 5%, with some seasonality in third quarter European sales and continued softness in sales within Japan. We continue to rate shares of AMP neutral as the company's earnings progress has been below expectations for the past three years. We believe this sluggish growth pattern reflects the reality that the connector industry is a mature industry in an increasingly competitive environment. Given this type of market environment, we have assigned an 8-10% secular growth rate for the company, well below management's target of 12-13%.

Molex Inc.

Molex fourth fiscal quarter operating results were about in accordance with our and consensus expectations. However, reported numbers were above target owing to favorable currency translation gains. Reported EPS of \$0.39 rose 11% from \$0.35 and were above our \$0.36 estimate and the consensus forecast of \$0.37 (see Appendix L). However, currency gains contributed \$0.02 per share to earnings and a lower quarterly tax rate of 39.6% compared to 40.6% for the nine month period, also added a penny to EPS. Therefore, operating EPS were right on our estimate. Revenues of \$208 million increased almost 12% and were helped by \$8.4 million in favorable currency translation effects. The company experienced its strongest revenue gains in the U.S. followed by the Far East—South and Europe. The strong sales gain enabled the gross margin to improve modestly to 42.2% from 41.9%, and also compare favorably with 40.7% in the prior quarter. Nonetheless, pricing remains aggressive in all markets, particularly Europe. Expenses increased 18% or at faster pace than sales due to year end adjustments. The lower tax rate reflects a larger portion of profits generated from lower tax rate areas such as Ireland. Overall, the quarterly financial performance was very good. Bookings, which rose 15% to a new record high of \$220 million, were also inflated by favorable currency effects. Nevertheless, demand was particularly strong in the U.S. and also improved in Asia and Europe. The backlog also expanded to a record high of \$146 million.

We anticipate that first fiscal quarter sales and profits will fall below those of the period just reported due to normal seasonal factors. Molex derives around 70% of its business outside the U.S. For the quarter, we project a 7% revenue gain to \$200 million and EPS of \$0.35 to compare favorably (up 17%) with \$0.30 last year. For the entire year, we are maintaining our \$1.60 EPS estimate assuming an 11% sales gain to \$860 million.

Thomas & Betts

TNB reported second quarter EPS of \$0.80 versus \$0.72 in the prior year (see Appendix M). Second quarter financial results included the operations of American Electric which was acquired in first quarter, an acquisition that effectively doubled the size of the company. Revenues climbed 88% to \$265 million, but rose only 4% on a pro forma basis. Sales from the electrical division grew 4% (excluding the contributions from American Electric) where strength in industrial markets was somewhat offset by weakness in the utility sector. Sales from the electronics division rose modestly as domestic sales grew 3% and European and Pacific region

sales increased 2%. Vitramon continued to enjoy robust growth as sales from the wholly-owned subsidiary rose 15% worldwide. The gross margin improved sequentially to 34.2% from 33.5% owing to an improved product mix. In addition, operating costs appear to be under control as both R&D and S,G&A remained relatively flat with first quarter levels. Second quarter 1992 net income rose 22% to \$15.1 million over the comparable period, but six month net income declined 43% due primarily to a restructuring charge taken in first quarter.

For the year we are maintaining a EPS estimate of \$2.82 within a range of \$2.80–2.85, which will be essentially flat with the prior year. TNB should be able to report sequential revenues and earnings growth for the balance of the year as contributions from American Electric have somewhat reduced the company's vulnerability to seasonal factors. By year's end we believe TNB will have fully absorbed the acquisition and expect TNB to comfortably report 1.00 EPS by the fourth quarter. For 1993, we have set a preliminary EPS estimate of \$4.20, up 47% from 1992.

Stocks rebound in July

During the month of July, electronic stocks rebounded slightly from June as the group's average share price rose 5.6%, which compared favorably to a 3.7% rise in the S&P 400. Equipment manufacturing stocks increased an average of 10%, led by gains in the share values of Kulicke & Soffa (37%), Novellus Systems (23%) and GenRad (19%). Major capitalization semiconductor company stocks posted an 8% average increase in share value. Motorola (up 12%) and Texas Instruments (up 19%) posted the highest gains within the sector. Distributor stocks (up 6%) outperformed the market on average, but were held back by declines in the share prices of Western Micro (17%) and Bell Industries (6%). Stock price performances within the small & medium capital semiconductor group were mixed, primarily reflecting investors reactions to second quarter financial results. Companies reporting positive results and/or favorable earnings surprises were rewarded with notable gains in share values (i.e. Cirrus Logic up 22% and Xilinx up 26%), while others were penalized for not meeting expectations i.e., Chips & Technologies and Micron, both stocks down 29%. Modest gains in the share prices of the major connectors stocks were mostly offset by the lackluster performance of the smaller capitalization stocks. The group finished July up an average of 3%, making it the only sector not above the market.

PENNZOIL PRODUCTS COMPANY

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W. M. ROBB
Executive Vice President
Manufacturing

September 23, 1992

MRN

C. Boyden Gray
Counsel to the President
The White House
Washington, DC 20500

Dear Mr. Gray:

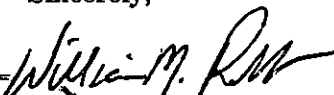
On August 21, 1992, I wrote to you to express Pennzoil's concerns with reported proposals to provide various competitive advantages to the ethanol industry under the reformulated gasoline (RFG) program pursuant to the Clean Air Amendments (CAAA) of 1990. Again, we are hearing that some combination of these ideas will be proposed by President Bush within the next few days. And again, Pennzoil implores the Administration to adhere to the negotiated regulation and not embark upon a road that will result in an unfair and unwarranted competitive advantage for the ethanol industry, environmental degradation, and increased costs for Pennzoil Products Company's refining division.

Pennzoil, again, particularly is concerned about proposals to force refiners to further lower Reid vapor pressure (RVP) to accommodate ethanol blenders. As I mentioned in my earlier correspondence, such a situation would cause Pennzoil to incur increased tankage and line costs of at least \$2 million at each of our three refineries to produce RFG -- over and beyond the base cost of producing RFG. Similarly, we remain concerned about any proposal that would preclude or inhibit states from implementing a cap on oxygenates.

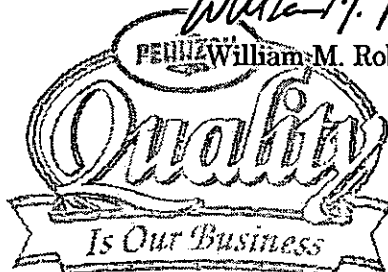
The ethanol proposals under consideration by the Administration violate the reg-neg agreement and are counter to the President's espoused belief in free market principles. Furthermore, such accommodations will not assist the Administration in achieving its Clean Air Act goals, and may, in fact, result in goals missing, followed by increased restrictions on other types of emission sources.

Again, Mr. Gray, I urge you to counsel the President that the Administration's only legal choice is to honor the negotiated regulation. Thank you, and I look forward to hearing of a resolution to this issue which is consistent with the negotiated regulation.

Sincerely,



PENNZOIL William M. Robb



:92392

 PENNZOIL PRODUCTS COMPANY

C. Boyton Gray
September 23, 1992
Page 2.

cc: → James Baker, III
Chief of Staff
The White House
Washington, DC 20500

Richard Darman
Director
Office of Management and Budget
252 OEOB
Washington, DC 20503

David McIntosh
Council on Competitiveness
286 OEOB
Washington, DC 20503

William Reilly
Administrator
Environmental Protection Agency
401 M St. S.W.
Washington, DC 20460

Linda Stuntz
Deputy Secretary
Department of Energy
7B-252 Forrestal Bldg.
Washington, DC 20585

Robert Zoellick
Deputy Chief of Staff
The White House
Washington, DC 20500



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NRN

60 Ambassador Drive
Red Bank, N.J. 07701
September 20, 1992

Dear Mr. Baker,

I have been a Republican all of my life. I feel that Our Party is in jeopardy and I feel that I know how to remedy the situation.

First of all, you must do two things.

1. Realize that the general public does not know how the government works. They do not know that the Congress writes the bills and votes for their enactment. President Bush must actually explain this and tell the people that the Congress has been dominated by the Democrats for the last 50 of the last 60 years. And that is why we are in the sad state of affairs that we are in.

2. Explain the line item veto. He must actually use a bill as an example. He must tell how the bill was good except for a specific "line". He must describe this in great detail so the average American can understand. Then he must tell how he would have voted for it except for that one line. People have to understand that the Democrats have gotten us into the mess we are in. IT IS NOT BEING COMMUNICATED PROPERLY. THE AVERAGE AMERICAN DOES NOT UNDERSTAND!!!!

You will lose the next election unless you come to the level of the people.

Welfare is killing our country. One solution is a "reverse welfare". We all know how much it costs to fund each child. Many people are having children for the wrong reasons....more money per month. (which incidentally is not spent on the child, but on drugs etc.) It costs hundreds of thousands of dollars to take care of each of these children. We must educate, medicate and, unfortunately, incarcerate these people. Why not make it financially desirable NOT to have children? If a woman can show that she has not been pregnant during the last 12 months, she can collect a check on January 1st of each year. This would be an incentive for a woman to "remember her pill" because she would know SHE would be getting the money. She would be in control of her life and no longer be a victim. Our welfare roles would drop, unwanted children would no longer be a burden to society, and people who had children would have them for the right reasons...because they want to raise and nurture a child. And the problem of abortion will be greatly reduced. There would be an INCENTIVE for women to be in control of their bodies. Abortion would not be a method of birth control.

Please tell President Bush that I will do anything to help him. I truly believe in the Republican philosophy. However, if he doesn't address the people at THEIR level, he will lose.

Never have I felt that we are so vulnerable as we are now. Enough rhetoric, get down to basics.

Sincerely,

A handwritten signature in blue ink that reads "Gail F. Shoop". The signature is written in a cursive style with a large, stylized "G" and "S".

Gail F. Shoop

NRN



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DRAFT / ISSUE
ARKANSAS RECORD

1215 Zinfandel Drive
Roseville, 95747, CA
Sept., 18, 1992

Mr. James Baker
Whitehouse chief of staff

Dear Mr. Baker;

Again I want to make ^{some} suggestionsto you for the campaign.

In my state among my friends the two most potent arguments I hear are the Clinton record in Arkansas, and his draft records.

I urgently suggest that you keep it going constantly with efforts like those of the past few days in Arkansas with Mr. Skinner and that lady. These impromptu visits with people on the streets make a good impression on the voters that see and hear on TV and radio. The hecklers standing in the back-ground, in a way, help your cause by showing the methods of the opposition.

The fact that Clinton avoided the military altogether keeps many from wanting him to commit our forces anywhere in the world, if need be. Those of us who are veterans cannot stomach such a guy with such infantile explanations.

Avoid the debates if you can because usually the incumbent loses.

Create situations where the press cannot influence opinion by their very selective choices of stories. I don't know how to do this, but it is so obvious that the media is biased that you must engage the help of republican press people to guide you.

These are only a few of my ideas. More may come.

Sincerely,

Ivar Johnson

* Remember -
Clinton has
never held a
job - always
on the public
payroll -
How does he
know how we
feel about work.

* Mrs Wright - the lady on
Clinton's staff looks mad when she
talks and you should push her hard
to make her blow up. She will!
Talk about the debt, to overcome Ross Perot (a nut).

3
Campaign
Suggestions

Ralph W. Tucker

NRN

4849 North Seventh Street, #R
Fresno, CA 93726 • U.S.A.
(209) 224-7728

9/21/92

Dear Jim:

I have come to the conclusion that neither party can run our country for the people. Since 1953, the birth of Playboy, followed by Presley, the Beatles & on to these bums in this picture, about 100,000,000 people have just been pushed aside - This interview and what we went through with the others is sickening and it gets worse day by day - The former fans are now parents and teachers and for an outfit like this one to be role models in criminal -
I just don't think we can do it. - Ralph
- over - Tucker

As to Bill Clinton and others
who dodged Vietnam, that
is the way they would treat
any confrontation - I doubt
will ever go beyond what
we have now who are all
there because of the benefit.

In this case both
Quayle & Clinton are
guilty - my son went,
did his duty and does
not have to alibi -

Now with all the prob-
lemity - we are an utter
joke -

Ralph Tucker



"No fresh snail today?
The world is passing you by."

Ralph Tucker, President
4849 North Seventh Street, #R • Fresno, CA 93726 • U.S.A.

209-224-7728

Jim: This is just
part of it - we need to
re-organize baseball, it
is a disgrace, and all
other sports - And cut out
the rules & regulations to
a beginner in business -
see page 5 - Ralph

LYNN MINTON REPORTS:

Fresh Voices®

Is Heavy Metal Dangerous?

*The members
of Metallica, one of
the nation's most
popular rock bands,
talk about a
controversial issue*

Heavy-metal rock bands make many people uneasy. Their language is frequently raw, their images often of anger, hate and death. Why, we wondered, do audiences—particularly teenagers—respond to these groups? What are they like?

To find out, we asked the "Fresh Voices" columnist Lynn Minton to interview Metallica, probably the most popular heavy-metal band in America today—a group that began its career nine years ago with the album "Kill 'Em All." Over several weeks, she spoke with James Hetfield, 29, the group's songwriter/lead singer; Kirk Hammett, 29, the lead guitarist; Jason Newsted, 29, the bass guitarist; and Lars Ulrich, 28, the drummer.

Lynn: You've been accused of everything from promoting teen suicide to alienating kids from their parents—true?

Jason: In Chicago, two kids committed suicide together, and the words to our song "Fade to Black" were in one of the kids' hands. That's terrible. But I wish you could hear all the kids that come up to us and say, "If it weren't for 'Fade to Black'—or another song—I'd be dead now." Or, "You guys helped me through those times, to want to continue my life." And there's hundreds of those.

Lynn: What is it that you give those kids?

James: Kids will come up and go, "Wow! I thought I was the only person feeling like that."

Jason: Or it's, "Somebody else feels that way too, so I can't be that bad."

James: There's a cool part about being different from everyone else, but there's also a need to feel, "I'm not alone in the world."

Jason: Or the kids'll say, "Wow, man! I feel like that toward my father." Or, "That's the way my friendship with this person is."

James: When you say "heavy metal," it turns a lot of people off, unfortunately, 'cause they envision in their minds some kids with spikes on, holding an upside-down cross, going: "BLAH!!!"

Lars: Within the world of heavy metal, there are so many different factions—there's a difference between a Metallica and a Poison and a Slayer, for instance.

There are so few parents out there that really take the time to sit down with their kids and actually pay attention to the music they like and give it a chance: "What is it this does for you? What do you get out of it?" Parents should try to understand what makes Metallica so happening for the kids.

I think there are a lot of kids out there who don't feel all that great about their future. Who are realizing that, yes, maybe they will be stuck at gas stations for the rest of their lives or working at 7-Eleven or something like that. And a lot of kids kind of become a little scared and a little lost.

Ten years ago, rock 'n' roll was more like an escape, dreamlike: "I'm sitting here with all my problems, but if I put this music on, then I can dream about having a lot of girls and fast cars and stuff." With us, instead of running away from your problems, you're kind of facing them.

Lynn: As in "Enter Sandman"? There's a part that goes: "Hush little baby, don't say a word. And never mind that noise you heard. It's just the beasts under your bed, in your closet, in your head."

Lars: You're dealing with your fears and frustrations through music.

Lynn: When you do "Creeping Death," there's a part where you say, "Die, die, die!" And the crowd is chanting it with you.

James: I'm not telling the crowd to die! It's based on the movie *The Ten Commandments* and the plagues that



Metallica.
Left to
right: Kirk
Hammett,
Lars
Ulrich and
(seated)
Jason
Newsted,
James
Hetfield.

came. I basically look at it as another story. In the lyrics is "Die by my hand," then we do the "die" chant. It sounds great to hear thousands of people scream—especially the word "die!"

Lynn: Are you saying it's for shock value?

James: No, it's a lyric in the song. We could have picked any other—"The The," whatever.

Lynn: You could, but you didn't. The words have content. Angry. You don't think that a violent song necessarily inspires someone to violence?

James: Not as a rule. No way. After I do the show, people will come to me and go, "Wow, you're so mellow!" And it's like, "Yeah, 'cause I just got all of that out of my system for three hours." And I think the fans get it out at the same time, during the show. Or

listening to the song in their room really loud, just banging out some of their aggression, somehow. Parents may hate it. But, for a couple of hours, I think they should try to put up with it.

Lynn: What are you angry about?

Kirk: Some of us in the band grew up in family situations that weren't healthy. My dad was an alcoholic. And my parents split up. All the problems that come with that sort of thing made a mark on me. From the time I was 11 or 12 till I was, like, 16 or 17, it really made me angry—and one of the few escapes I had was music. And, for a lot of the same reasons, that's why I still play now.

James: Of course, as you grow older, you kind of figure out some of your confusing things. You can basically tell why you were angry, and you can

direct it toward something now, instead of, "I'm just an angry young kid. Get out of my way!"

Jason: A lot of our music is good, positive energy. I don't really have a whole lot of anger and stuff. I'm happy a lot of the time. So, when I go out there, I might look scary, a lot of people say, but it's a happy thing for me.

Lynn: What bothers you most about parents?

James: That they don't become friends with their kids. I get along much better with my father now, because he's talking to me like an equal.

Kirk: I understand my dad a lot better now, because I've been through some of the things he's been through. Even though we're not getting along as well as I would like us to, we're at least speaking, and I think that's a step in the right direction.

James: I'd ask parents, "Can you really sit down and talk with your kid?" The one show I really dug when I was a kid was *The Courtship of Eddie's Father*. Dad and his kid were buddies and would go out and do stuff all the time.

Kirk: I liked that too.

Lynn: Would you want your kids to listen to a song like "Dyers Eve," where a teenager, addressing his parents, talks about the "undying spite I feel for you"?

James: In that song, parents are trying to mold their child in a certain way, so it's, "Oh, don't look at that, don't watch TV," this and that. So, when he finally goes out, he's shocked by everything.

When a kid is open with his parents, and then the parents are, "Oh, he thinks that? Omigod!" Then the lines are chopped right there. The spite the child feels in the song is because he hates the fact that he was hidden from all this stuff, and now he's messed up.

Lynn: One of your fans told me that Metallica never comes on stage drunk or stoned, though some other bands do.

Kirk: No, we don't come on stage drunk. But we used to.

James: We didn't have much confidence, and the booze helped calm us down. I mean, you had a few drinks, and it was like, "Yeah, I can do this."

Kirk: But then you listened to tapes from those gigs, and you saw that your playing wasn't up to par. So we stopped that.

James: Not remembering the first tour, that was pretty much why I stopped—the hard booze at least. We'd pull in to a town, and Lars would go, "Oh, I remember this place. We did this and that." And I'd go, "Huh?"

Kirk: There's nothing like being in control of yourself.

James: Before, there was always a cloud, kind of. Now, actually feeling it 100%, being there, seeing faces... Wow, man! I'm here doing this kind of thing now! I'm not really afraid of it anymore.

Lynn: What about after the show?

Lars: I've heard that you aren't averse to going for a drink with Slash [from Guns N' Roses] and winding up on all fours in the gutter. What would you

continued



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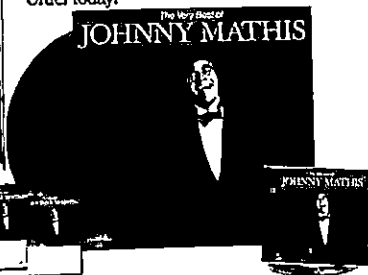
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METALLICA/continued

say to somebody who said you're a bad influence on teenagers, with all that drinking?

Lars: I don't go out of my way to bring it up. But when you ask me what I do after the show, I'm not going to say that I don't go out and drink if I do. I'm not telling a 14-year-old kid to drink like I do.

Anyway, when I started drinking, I didn't drink because the guys in my favorite band were drinking.

Lynn: Do you feel any responsibility for how kids respond to your lyrics?

Lars: Once you worry about all the ways people can react or what people think of you, you're lost.

James: I'd be stuck before I wrote the first word down. We did a song about shooting up, "Harvester of Sorrow." But it's a song about being manipulated

for me is, "Take charge of your own life. Make decisions for yourself. Be your own person. Don't just be a follower. Be a leader."

Lars: Don't misunderstand our not wanting to be responsible for what we're saying. We want the person who listens to be responsible for how he takes what we say.

Lynn: Many people's conception of rock groups is that a lot of women follow you around. Do you have a different girl in every city?

Kirk: No. We all have girlfriends. In this day and age, it's dangerous to sleep around. There was a time when I was a little promiscuous, but I'm a lot older now and more mature, and I don't feel the need to do that anymore.

And it gives you an empty feeling. You come into town, you go: "Hey, how're you doing? Want to come up to my room?" It's over in an hour, and

you leave again. There's no real intimacy involved—it's a false sense of intimacy, you know?

James: There's girl groupies and girl fans.

Jason: Our girl fans are just like the guy fans are—they know the music, and they know the words, and the songs mean something to them. The groupies are just, "These guys are cute because they've got cool leather pants on. We'll go see them."

Lynn: As you get more confident, will you still relate to the sense of powerlessness many kids feel, still write songs about it?

James: Even when you've got your life kind of together, there are always things that mess you up. You stumble and

have to pick yourself back up again.

Lynn: Is there any question you'd like to ask yourself?

Kirk: Sometimes I'll be driving down the street, and I'll think to myself, "God, I have it so good. It's just a shame that all my other friends in bands can't have it as good as I do." And I just wonder, why was it us four and not them?

Sometimes I think that, as musicians, we might be overrated. But we work really hard at what we do.

Lynn: If a 16-year-old asked you what the important things are, what would you say?

James: To experience all that you can and to make your own decisions about things. Life is there to grab, and if you let it go by, you're going to regret it.

And don't say, "I can't do that because I'm not good enough." Or, "I don't even want to try that, because there are so many people doing it."

We just went through some fan letters, and there's so much pressure on kids.

I don't want PARADE readers to think we're know-it-alls about everything.

I want them to know that we care.



A new fan: Lynn Minton with the guitarist Kirk Hammett.

by drugs, about how they tear you down. It's not, "Go out and do it—it's great." And I probably would not feel good writing a song that says shooting up is cool, and then some kid goes and does it and maybe dies.

Lars: But we don't feel responsible for the effect of our music. Instead, we want people to listen to us and then derive their own thoughts and conclusions.

Lynn: Suppose someone said to you that that's a cop-out?

Lars: Peace. That's their opinion.

Lynn: In "Sad But True," you conclude the song by saying, "I'm inside, open your eyes, I'm you." For me, this song means, "Only I am responsible for my problems."

Jason: That's cool. Don't let the "We don't feel responsible" thing get confused with not caring for people. Because we do care about those people.

Lars: We care about them a lot. But one of the big problems with this country is that people don't think enough for themselves. They just go with the flow: "What do you think? Well, if you think that, then I'll think it too."

Jason: The big message of Metallica



the Upper Crust

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"No fresh snail today? The world is passing you by."

VOLUME XVIII
September, 1992
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QUALITY REMAINS, LONG AFTER THE PRICE IS FORGOTTEN

Nestled in the midst of high oak tress and pines of Cranberry, Pennsylvania is Lloyd Stephens Home for Snails. See story inside.



"I was fascinated that someone had the fortitude and intelligence to turn something useless into a profitable business."

Sent to Tuck in 1982 by Jim Haskins. See article inside.

■ "Today's soldiers in the field just don't pack the sort of emergency rations carried by Napoleon's troops. According to the historical footnotes, they each at one time were issued several dozen preserved snails a week."

Straight Down the Middle with Tuck

Other than trying to manage with the use of just one eye and trying to make sense out of the two political campaigns, having little success with either, things are OK.

The front cover this month introduces Lloyd Stephens from Cranberry, PA. Lloyd has been on board the fresh snail bandwagon for a short period of time. Most of us who have been at this fabulous task, since the beginning, like Margaret Schlegel who came out to see my operation first of all. But look closely at that picture on the front. That is what I've always said, make your area attractive. When I had my big set-up people came from all over the world just to see my back yard. They called it Tucker's Park. But it was a place where snails could be presented in the best of esthetics, thus is Lloyd's place. If he does the inside as I am sure he will, he can have a gold mine right there. Maybe a place to display items with a snail motif, sell fresh snails ready cook, etc. All sorts of possibilities and I am eager to see it all develop. Lloyd, from a personal standpoint, you have been a wonderful addition to our snail family. Your calls have been helpful and to have you out to the Seminar was a boon to us all. Glad you could meet Tom Ayson, another spark in this horizon.

On a personal level, I thank all of you for your prayers and support that you continue to give me. But that's the way it all started. Chris and I had an idea that we felt many people could benefit from, and with thousands of requests, we opened it up. And by now we should have a nation wide business of millions of dollars per week. With a known number of 75,000,000 people who will become fresh snail lovers, we have a market we will probably never fill, right here in our own country. Let alone if people like Sterling Barlowe develop his plan, our exports could be into the billions. There is no state that snails should not be growing in right at this minute. But here again we are caught with [people, not elected people, but people who have been in the same job for years, doing it the same way year after year, saying NO. In states like where I got my di-

ploma, Iowa. Having a rule against the *Helix aspersa* Muller is utter nonsense. If the temperature goes below 60 degrees no snail will stay alive. We all know that. Yet, that rule and citing California as a state that has spent millions trying to eradicate them has been used as an excuse all these years. Some of the shine on my sheepskin from the U. is dimmer by this dogmatic unfounded law. It has taken us eleven years to learn the best habitat for snails. And those who are the most successful raise them inside in cool dark, damp places, NOT out in the open. Certainly not near any crop that might cause them to stray. We are going to eat them in some of the exotic recipes we have or we are going to sell them to people who like the very best. The Gourmet Food That Has Stood The Test Of Time, over all others.

Our country is in bad shape. But it need not be. Our problem is simply production and private enterprise. With the list of items required as listed on other pages, how are we ever going to make it? The answer is until we get rid of the people who are putting up all the road blocks, we will not. The experience I have had in 11 years are utterly ridiculous. My own state is still number one. NO ONE to this very day looks at our fresh snails as a product that can be used to feed the affluent, the Upper Crust, and the people who are hungry and homeless on the other hand. Just imagine if we pooled all the money being spent on the decelerate snail. On other ways of getting rid of the snail that is probably the most nutritious food, gather them process them and even can them, as escargot is now canned, and make some use of them. Instead of millions spent every year trying to fight them. My theme, if you can't beat 'em, eat 'em, never did catch on. They still spend fortunes and waste time trying to eradicate them. There is only one way to eradicate snails and that is to physically pick them up. Back in the early days we offered that service through the Snail Club. Many areas were rid of snails and they are still free of them, once eradicated they never go back.

As I was sitting here hoping to open minds with some ideas of how to handle snails, Harro Raus called me from Massachusetts. Harro informed me he had been to City Hall (I'm sure he heard me groan

at that) but by golly, it was good news. I think we are getting somewhere. All Harro must do is obey the law that says he cannot cook them in his home and then sell them. Great! Harro we welcome you and assure you of our help. You were wise to order more snails now. Ron Crocker will have them on their way to you on Tuesday. Keep in touch.

It thrills me to have calls like that. Harro is in a fine spot in a state that knows it's food. De'gustation serving will soon hit Boston, you can bet on it. Maybe Harro can furnish the snails.

Let me wind this edition up by saying again, I'll not give up. Our country is too great and all we need to do is prod the people elected to run it for us. It takes time and lots of trouble but we just can't let the great land go down as it has in the past 40 years. Almost everything that was good in my day is now gone. BUT I just feel we are edging back and will in time snuff out the horrible music, the vulgarity and the violence. I still think we should have a daily showing, nationally, piped into every school, an episode of *The Waltons*. Now that was America. That was MY America, let's bring it back.

God Bless, Tuck.



Here's my grandson, Alex. Growing like a weed and as you can see, very popular. That's my cane he has, which is a golf putter from England. The kids Alex is entertaining are some of my Sister Connie's group in Redlands. We'll have more of my other grandson Christopher at a later date.

How Do Bills Become Law Under The Constitution?

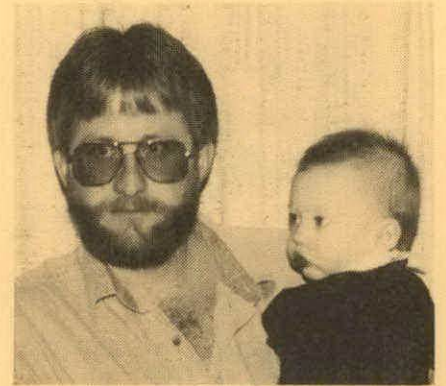
The average person with whom I have spoken, knows nothing about the game plan for spending money under the Constitution. Under the Powers and Duties of each House of Congress, Sec. 7 number 1 says, "All bills for raising revenue must originate in the House if Representatives; but the Senate may propose or concur with amendments on either bills." You see, the president does not spend money, Congress does. What the president does is propose bills to Congress, hoping they will not change them too much and send them back to him to sign into laws. Taking advantage of their great power, the top officials, Speaker of the House and Senate, stonewall all the bills they know will hamper the president's program, not matter what it does to the people.

As we go to press with this newsletter, President Bush has 31 bills that have been sent to Congress. Which they have altered so much that the president cannot sign them and must veto them yet in each and every case. None of the 31 have been over ridden by Congress by getting two thirds vote, the bills then just sit there and the country suffers. So with this very un-American technique and the foot dragging that is going on, Congress can make the economy sluggish, as it is now. Were they to pass all 31 of the bills now stagnating, our country would boom. There should be a law against that. Just remember, the president does not spend money, Congress does.



The Calculate Risk

Back in 1984 I started getting back letters from a request made to the fifty governors. I saw a huge group of people in jobs, the mechanics of which they were completely ignorant of. Yet they had iron clad control over them and anyone who wanted it bring in A new product for which they had laws against. And for five years I have begged these powerful people to at least give us a good look see. In almost every case, up to right now (remember, we've been at this over ten year) all say, "California spends millions every year to control this pest." Yes, California does and is now issuing IOU's instead of checks. Snails are just one of the many hundreds of programs that have been thwarted. I personally estimate California has spent billions foolishly, trying to eradicate a food that is voted tops in nutrition, and destroying them rather than make them available to the poor and hungry. Using some of the closed canneries, we just have not had the time to do this. But in all the states that opposed us, we took people who wanted to become members of the Snail Club. The risk was calculated, with numbers of people in the different states not allowed this valuable food and product to compete with a multi-million dollar import. We would be able to get the powers that be to help us, not hinder us. In NO circumstance have we ever been offered help. In every one we have been faced with restrictions, many of which were made up at the time. While our competition, people who import into our country, enjoyed every possible help our country could give them. It is just not feasible and should not be allowed to go on. The problem is how do you get the people who are elected to be responsible rather than those who have Civil Service and who go on year after year, in the same old rut. The one thing I know, after ten years, the *Helix aspersa* Muller can be grown in very state and held 100% in containment. None will escape, we will eat them, or sell them at a good profit. I appeal to all, give it a shot.



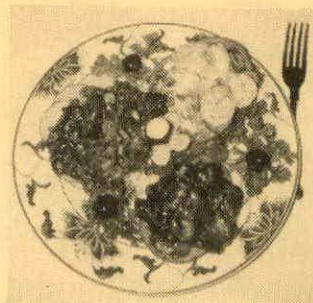
Here are Pat Greenman and his son from Boise, Idaho. Pat and I have ideas for that area of the country.



How lucky we are to have super people like Patsy and Jim Troutman in Georgia. They can use the Vidalia Onion with some of their appetizers. It is a pleasure to have folks like this with us to help our snail business to continue.



Tricia, Jeff and Melissa Tennant come on board from Howell, New Jersey. They have a super spot on the East Coast. We hope it goes just great for them and we'll help all we can too!



Happiness is Tuck eating the De'gustation style at Mencius, 1630 E. Shaw, Fresno, CA. (209) 226-1188.



"Look Ron, if you are going to be a champion of de'gustation serving, you must eat some of each item. Besides, once you try the frog legs, you'll love them like you do the snails and lobster." Conversation with Tuck and Ron Di'Chance, at Mencius' on Shaw in Fresno.



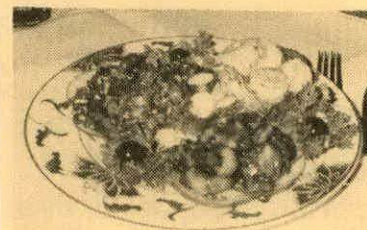
Award winning owner and Chef at Mencius', Charles Meng serves Tuck and Ron Di'Chance the first order of Fresh Snails, frog legs and shrimp in the newly introduced De'Gustation style. Proving "Less is More." It's the trend now and makes food much more palatable, says Tuck.

Fresh Snails, Frog Legs and Shrimp De'gustation Style at Mencius'

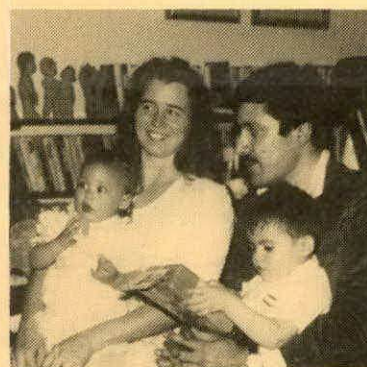
Back when we were at Ella's we served snails one at a time. you could have as many as you wished, some in eggplant, some in zucchini, etc. It proved to be a big hit and we wound up with 12 varieties. I thought then it might be a great way to serve when we hit the big time. Offering our fresh snails to the country we just about snuffed out any calls, so I am told by chefs for escargot. That was our goal, as you old timers will recall, turn around a big import, and we have.

As I thought back then and know now, habits of people who eat out are constantly changing. I have also found that Chefs just shift the same items around from recipe to recipe. De'gustation or tasting, usually includes from three to six different items. Seen in these two shots Fresh Snails, Frog Legs and Shrimp. Served with pine nuts, delicate rice with pineapple and black bean sauce, they are definitely Food for the Gods.

The modern day diner is interested in how meals are concocted and put together. Many people looking for ways they can fix their own. Smart chefs will let the meal be built around one special food, in our case, fresh snails of course. In these pictures you can see the gall and the liver of the snails, in escargot those are taken off. What we do is serve several choices, in small portions with a theme that "less is more." Not bigger is better. So let's learn all about foods and fit into the fast growing specialty food market, it is huge, no matter the economy. Quality is our motto; it will remain long after the price is forgotten.



Meet Connie and Fred Godfrey from Lexington, Kentucky. It looks like they will soon have their own sports team. It has been great talking with them and I would love to visit them one day. I think they will do just great with snails.



What a lovely family, Peggy, Ruben, Carl and Annika Garcia. Ruben is unique in that he is a Chef. Peggy has some claim to fame too, she is a former "Hawkeye" like Tuck, a graduate of the University of Iowa. But she was a bit more recent than Tuck. This family will have a great time with snails. Ruben will soon have some to experiment with. We welcome them and will help all we can.

Some time back a newly welcomed person to Washington, D.C. kept hearing people say, "The Past is Prologue." One day he asked a cab driver, "What does 'The Past is Prologue' really mean?" Said the cabbie, "Just Bureaucracies for you, ain't heard nothing yet."

The future of the country is at stake, because if you can't figure out a way to basically tame that bureaucracy, and if we can't do it on our watch . . . then who's going to do it? ♣

— Dan Quayle



Good bye to Jim Haskin. I never met Jim, much to my sorrow now, but we kept in touch. It was the note of inspiration on the front cover from Jim back in 1983 that really got me going. The sad part of it is that though it was evident way back then that we had done something unusual, powers that be went right on trying to eradicate this best of all foods. Certainly Gourmet. Jim Haskin was some sort of guy. I'll miss his letters and calls. All the best Margaret.

Dear Ralph,

It is with great sadness I write to you. Mr. Haskin passed away April 11, 1992. He was found dead in his hotel room in Tampa Florida, while attending the Sun/Turn Hobby Air Show. Heart Attack.

He so enjoyed hearing from you, and always shared your letters with me.

With Best regards,
Margaret Haskin

Before opening the doors, check this list

SMALL BUSINESS

If you're planning to start a business, here is a quick reference to many of the local, state, and federal agencies you need to contact



**MELLENDE
WARD**

before opening the doors and taking in the first sales dollar.

Some specialized license/permit arrangements should be investigated beyond those appearing here if you will be engaged in such activities as food service, hazardous materials, health care, day care and others that are especially sensitive to regulation.

■ Register with the California State Board of Equalization, which assesses the amount of sales tax your business will pay. Retailers may put up a surety bond for the sales tax; manufacturers pay a "use tax." Both are

Got a question?

Send it to Melende Ward, Fresno District office, Small Business Administration, 2719 N. Air Fresno Drive, Suite 107, Fresno, CA 93727.

estimated on projected quarterly income.

■ Contact the U.S. Internal Revenue Service for a Form SS-4 to apply for a tax/employer I.D. number. The IRS will provide withholding schedules and small business federal tax information. The IRS also holds small-business tax workshops, given at no charge. Ask for workshop dates.

■ When you actually take on employees, you need to obtain a California State I.D. number from the Employment Tax District office of the Employment Development Department.

■ If your business has employees, you are required to carry Workers' Compensation Insurance. Contact either your own insurance broker or the California State Compensation Insurance Fund.

■ If yours is to be a home-based business, make certain that you comply with local zoning codes and restrictions.

■ If there is to be construction (including major remodeling) of your business facility, carefully investigate local zoning ordinances and building-permit requirements.

■ Business Licenses are usually controlled at city, and sometimes county, government levels.

■ If you make up a name for your business, a "Fictitious Name" statement must be recorded with the County Clerk and published for a specified period.

■ A large number of business/occupational categories are regulated by the State of California's Consumer Affairs Department. Qualifying examinations and permits are required before many can legally operate in this state.

■ All California businesses having one or more employees must comply with SB 198 provisions by having on file a written Injury and Illness Prevention Program. Contact your nearest California Department Of Industrial Relations, Cal/OSHA, office

for information on this and other important workplace safety requirements.

■ Be sure your business plan, whether owned or leased, complies with the Americans with Disabilities Act administered by the U.S. Equal Employment Opportunity Commission. For information, call (800) 669-3362.

The assistance of a lawyer, an accountant and an insurance company or broker are of immense value as you set up your business. Use these sources early in the game. In the long run, they can save you time, money and grief.

SCORE, the Service Corps of Retired Executives, a non-profit SBA organization, runs "pre-business" (or beginners') workshops with varying frequency, depending on location and demand. Call your SCORE center at 487-5791 for workshop information.

Many chambers of commerce publish local going-into-business guides and the Starting Business Kits published by the California Chamber of Commerce. You may call (800) 331-8877 for kit information and costs.

You Gotta Be Kidding

I have been watching the two political conventions on television. Come on America, we know better than this. Let's just sit down and look at it. A person starting into business, facing a list of things he must do BEFORE he opens the door, like this one would be frightened to death. What he does then and I have met hundreds in my ten years with the snail, is say, "to hell with it." Goes and GETS a job instead of starting a business and hiring some people. I personally think it is criminal for us to ruin our own country, just for politics sake. This hang up between the president and congress is juvenile. What we need is a new referee type commission, headed by a non-political group. Study each request the president makes for money for programs, give the congress a certain number of days to either pass it or turn it down, then get it back to the president for his signature. But it all really means nothing the way we have bogged ourselves down. In the

case of snails, we came into a country that was loaded with ways to kill them or destroy them. Except, it did not work then and its not going to work now. The same people who opposed us then, oppose us now. The people who control our every move, know nothing about what we have learned in ten long years, and do not care to learn. We have long since proved that we have complete control of every single snail, as Dick Johnson says, "I know of no other new industry that has to comply with such regulations." True, and we should not. No state should bar the growing of the Helix aspersa Muller. If they would cooperate with us, they could use what we've learned these ten years and we would select people for them and work under their direction. But that's not this America, hundreds of people have jurisdiction over what we get to do. Even with no knowledge of what they are doing. The State of California is one. We have literally spent billions of dollars eradicating the very snail we now use in our De'gustation serving style, at very high prices, for a select group of

people, "The Upper Crust". Until we get that iron grip from the hands of bureaucrats, we are doomed.

As president and founder of The Snail Club of America, I have kept all of the Fifty Governors informed. They in turn send it on to the same people who have bogged it down all these years and without ever even trying to find out what has been done or let us show them, they arbitrarily spring an old law on those people in their own state who want to work and bring in money and provide jobs, the Entrepreneurs. Both parties talk that way and then build into their program, OPPOSITION.

I am sending this to every person who talks about the economy and jobs, challenging them to give us a chance and let us have a little freedom. What freedom? I plan two more full years on this project, that means millions of dollars to each and every state. I hope my appeal will be taken honestly. That's all we need, Democrat or Republican. Come on people, we are all in this boat together, let's insist on a voice and a chance.



Frescargot Farms, Inc.

P.O. Box 790
Sanger, California 93657

R.V. "Dick" Johnson
President

Phone:
(209) 875-2053

June 3, 1991

Ralph Tucker, President
Snail Club of America
4909 North Seventh St. #N
Fresno, CA 93726

Dear Tuck,

We at Frescargot Farms, Inc. would like to take this method to applaud your efforts in the development of snail farming (Heliciculture) throughout the fifty states. Your effective educational methods of direct and indirect communication by use of your newsletter "Artichoke Leaf" in the past and your more recent "The Upper Crust" from the Snail Club of America has accomplished an awareness of fresh snails for the market place in the United States.

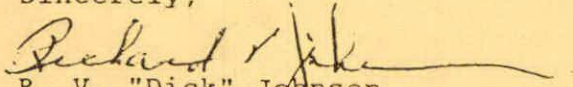
Working within the many different mandated laws within the 50 United States, we are now seeing a definite change toward total support by many states in the development of snail farming in the states. This has come about because of the realization that snail farmers are prepared to develop their programs around strictly controlled environments with 100% safe facilities. We know of no other new industry which has to comply with such strict regulations.

This quote was taken from a letter dated 12/11/87 State of California Department of Food and Agriculture. "I'm glad to see that Californias agriculture base continues to diversify and for one more commodity, escargot, this state is a national leader."

We continue to share information with others, knowing that soon all states will come to the realization that local snail farming will not only assist our national economy, but will generate a perfect food supply for that percentage of our population now having to do without or fighting to maintain a minimum way of life. Your efforts to educate governmental agencies and private individuals seems to be the key to changes which have occurred.

We support your continuing efforts completely.

Sincerely,


R. V. "Dick" Johnson

A Bird With A Broken Wing Never Soars Quite So High Again.



Ralph and Christine Tucker New Years Eve 1984. On May 10th 1985. Christine passed away; Tuck vowed to go on, and he has, alone.

To: The Fifty Governors and the Press.

From: Ralph Tucker, Founder of The Snail Club of America

Subject: The beginning of our offer of jobs, jobs, jobs.

The above picture was taken by daughter, Elaine, on New Years Eve, 1984 as a part of a set we had with Simon and Adrienne Ginsburg of Australia, when they came here to study snails. We had started the Snail Club in 1981, but this was our last picture together.

I had come out of retirement in 1981 at the suggestion of Ronald Reagan that we take the tax bonanza we all got in 1981 and start a business that would employ some people. I did just that at age 65. I also reopened my insurance agency, got it going and turned it over to a much younger man who has developed a huge complex now and he too employs many tax paying people. So with about 1,000 people in the snail business and a hundred in my old agency, that makes 1,100 people employed by the president's arranging

some funds for me. And I in turn, putting those funds to good use in what a cynical press and our enemies called "Reganomics or the Trickle Down Theory." They ridiculed it, but no one ever studied it. It was successful. And if you Governors will respond now it will prove fabulously successful. It is all up to you and your people who head up the departments that snails come under.

There is a letter in this newsletter from Dick Johnson telling me we have 100% containment of our snails and that we in turn can coach our Snail Club members about how to do such a program themselves. Hundreds are doing it now. But we are losing a fortune to other countries and as we improve our program here, the interest is higher and more business, jobs and money will flow away from us to other lands who just sit and wait, for the Americans. Just thousands of programs have suffered that same fate. We bog ourselves down, they wait and benefit from our restrictions. The importers are off scot free. Talk about jobs, jobs, jobs.

Near these words you can see a picture of Dick Johnson of Frescargot Farms in Sanger, CA. You can easily see the five thousand snails he is preparing in the purging state, soon to be used as the number one Gourmet Food. This has been a bone of contention for 11 years simply because people who have charge of this unusual animal have not kept up with the times and still cite California as an example of the destruction that will come if you allow people to raise snails. Truth is California has wasted millions of dollars trying to eradicate this snail instead of using them for positive purposes. Like feeding the hungry and poor as well as the Upper Crust.

The Snail Club was founded for this very purpose.; To make money, give people jobs, save the environment and feed people. Each of our members has direct access to me and in turn to every member

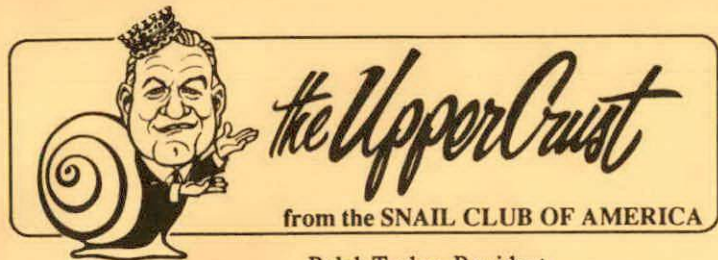
of the Club who can help. NO ONE will let a single snail escape, we get a minimum of 60¢ per snail, it would be like throwing away money to let even one escape.

After all these years I know we have 75,000,000 people within our own country who will eat fresh snails. Each person of that vast number will eat at least twelve snails per week as a part of the most unusual recipes ever developed. We have over 100 now. Our latest method of serving is presented in this newsletter. But we are talking about millions of dollars and states like Florida and 13,000,000 people and a serious economical problem is passing up this sensational business to the tune of 9,000,000 people who fit into the above category.

I'm 75 now and in the last three months I have lost the use of my right eye. I've done all I can but want to stay on with this program until I can go no longer. All I need is a serious attitude on the part of the Fifty states and this can be one of many NEW businesses which it will take. We have exhausted all the others. So give us a break and let's quit talking about JOBS, JOBS, JOBS. We have them.



Here is Dick Johnson of Frescargot Farms in Sanger CA with 5,000 perfect snails. This shows 100% containment. The writer with him was baffled at the sight.



Ralph Tucker, President
4909 North Seventh Street, #N • Fresno, CA 93726 • U.S.A.



Personal

Mr. Jim Baker
Chief of Staff
The White House
Washington, D.C.

3
Health insurance

NRN

1992 SUMMER ADDRESS
Maurice McCaffrey
815 Rice Street, Apt. 204
Wayzata, MN 55391
612/475-0724

Secretary James Baker
The White House
Washington, D. C.

Dear Mr. Secretary:

Although I have no evidence that you or an authorized associate has received either of my earlier communiques, I now have a third which also refers to my book I sent earlier.

Yesterday I had a call from Jack Gargan, founder of T.H.R.O. Inc. of Tampa, Florida. He has just read my book, The Polconists, political con artists, and was generous in his praise as excelling among the forty-some books he has read about our mutual crusade.

Our common interest in non-partisanship and other aspects alienates congressional politicians, but we both expect that. After all, our indictments want them out of Congress.

As I speak around at breakfast and luncheon clubs, my updated Litmus Test, enclosed and book page 121, ignites spontaneous applause and cheers, as I noted previously. So I have had several sheets, enclosed, printed up to hand out at meetings.

Now I am sending on, yet another Democrat deception in the hope that it can be used in association with my previous suggestion.

Cordially,

Maurice McCaffrey
Maurice McCaffrey

September 20, 1992



Democrats retreat on congressional agenda

From News Services

Washington, D.C.
Eager to return to their districts to soothe angry voters, Democratic leaders of Congress have decided to scale back their legislative agenda.

They are plotting a strategic retreat on seven appropriations bills to forestall a flurry of vetoes by President Bush that probably would have forced Congress to remain in session through most of October.

They also have jettisoned plans to press health-care legislation and a bill guaranteeing abortion rights because they have been unable to agree on which version to support.

Leaders back off on health care, abortion rights

They had hoped to exploit widespread unhappiness with the current health-insurance system to embarrass Bush, working for nearly a year to establish a national insurance plan they could propose and, perhaps, pass before the presidential election.

But leaders have given up hope of reaching a consensus in either the House or Senate because liberals and conservatives within the Democratic ranks cannot agree on whether to overhaul the existing health-care system or to scrap it.

Similarly, they said they wanted to underscore their differences with the administration over abortion rights by passing the Freedom of Choice Act, which would codify the Supreme Court ruling of *Roe vs. Wade*, which legalized abortion in 1973. Then they found they could not pass the bill without the including amendments that would place new restrictions on abortion rights.

Pressures to end the session by Oct. 4 grew Tuesday when Peter Hart, a Democratic poll taker, struck fear in a meeting of the House Democratic

Caucus by predicting that incumbents faced mounting resentment on Election Day.

He urged them to act quickly to reestablish rapport with their constituents as individuals possessing deep roots in their districts, not as members of an institution discredited by scandal and at loggerheads with the president over policy.

For weeks, campaign aides to Arkansas Gov. Bill Clinton have been quietly urging congressional leaders to finish their work quickly, contending

that the Democratic presidential candidate is in a better position to challenge Bush than a Democratic Congress held in low regard.

Hart's warning, and the response of disquiet among the membership, further persuaded congressional leaders to back away from their independent strategy of underscoring their differences with Bush.

Accordingly, Democratic chairmen of the House and Senate appropriation subcommittees are consulting to decide what programs to cut from the

House postal official pleads guilty

Associated Press

Washington, D.C.
The highest-ranking official to be indicted in the House Post Office scandal pleaded guilty Thursday in a

CAMPAIGN DECEPTION

THESE
ABUSES
HAVE
DISGUSTED
ALL
AMERICANS
REGARDLESS
OF
POLITICAL
PARTY
PREFERENCE.

As three years ago, with the recent political ploy of Senior Citizen Catastrophic Illness Insurance, which had to be repealed because it was not affordable, the campaign promises of Health Insurance for Everybody are outright deception. But our dishonored politicians tell us what they think we want to hear, even when they know it is not the truth.

NON-PARTISAN!
As nationally-acclaimed
innovator, Jack Gorgan,
organizer of T.H.R.O.
(Throw the Hypocritical
Rascals Out) proclaimed,
"Everyone, Democrat or
Republican, man or woman,
saint or sinner." pg. 115

1992 SUMMER ADDRESS
Maurice McCaffrey
815 Rice Street, Apt. 204
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612/475-0724

LITMUS TEST FOR EVERY CANDIDATE
FOR THE U.S. HOUSE AND SENATE

Vote to move the salary grab back to \$89,500 with NO honoraria.

Vote to eliminate the posh pensions. Put ALL government people on Social Security like everybody else in the USA.

Vote to reduce hundreds of millions of dollars for staff lackies by eliminating 75% of your office budget.

Vote to reduce free trips back home from 26 to six. Stay on the job five days a week instead of around-the-calendar campaigning.

Vote to eliminate ALL PAC contributions to campaigns.

Vote to eliminate the \$5.4 billion pork barreling from The Transportation Act of 1991.

Avoid abuse of franking privileges. Vote to reduce the mailing budget from \$50 million to \$5 million; with NO mailings within six months of an election.

Vote to eliminate absolvencies and make ALL laws applicable to House and Senate members.

Prosecute colleagues who abuse privileges so there will be no more shameful whitewashings or slaps on the wrist.

Vote to repeal The Financial Reform Act of 1986 that devalued real estate and every portfolio in every S&L and Bank thereby causing failures costing \$500 billion; plus forcing the continueing recession, emptying out stores and office buildings all across America and throwing millions of workers out of jobs.

Vote to repeal the unproductive Luxury Tax that threw 250,000 workers out of jobs and reduced tax revenues.

Vote NO against any member for committee chairperson who will not vote for Term Limits of 8 years in the House, 12 years in the Senate.

Vote for a Balanced Budget.

Support and Vote for the Line Item Veto.

3
DRAFT ISSUE

NRN

September 17, 1992
2448 Harmony Hill Dr.
Diamond Bar, Ca. 91765

James A. Baker
Chief of Staff
White House
Washington, D.C.

Dear Mr. Baker:

I never expected that any troubling issue, would cause me to express my concern again as I had done in the past, during and after you left the White House. Due to the heavy work load taking care of my wife, I missed reading yesterdays "times". When I read, "Some Bush advisers had pressed for the President to raise Clinton's draft record in far blunter fashion. But Chief of Staff James A. Baker and others were said to have argued that it would be more effective for the President, at least for now, to leave such attacks to surrogates".

The troubling issue on my mind today is the same as the one that caused me to write my first letter, and as a person with a very limited education, on June 23, 1951 was inspired to vent my feeling about the direction our beloved country was going ethically and morally. The letter was written for the "special subcommittee studying ethics in government". I struggled with my thoughts as the letter was written. It was most difficult to write since it was my first effort to put my feelings in print.

It would please me to share a copy of the letter with you, and also a copy of a letter from Senator Paul H. Douglas, he was either the chairman of the subcommittee, There was a remarkable similarity my letter and the report of the hearings made public (October 17, 1951).

I am certain you will agree that any person who would take a keen interest in writing his observations on the subject of morals, would after forty years, of continued concern, with far more knowledge, express his views again, despite the fact that no other letters have ever been written since 1951 on the same subject. It is my sincere belief that it does not really matter whether the president or the surrogates speaks to the electorates on the subject of "Mr. Clinton's draft record". The electorate which I believe is presently 43% of the total citizens eligible to vote, are called upon to decide to reject the democratic candidate for the presidency, because he either lied to his "ROTC commander" in 1969, or "he was a draft dodger" or other accusations, against all other circumstances available to the electorate to judge otherwise. Available to the electorate, regardless of age, is the fact that responsible persons in the positions of authority cannot "be trusted on fundamental character qualities, honesty, candor, and integrity."

Please note: Those persons with authority actually would be limited to widespread revelations of scandals, in and out of government, hearings in government that for years disclosed testimony that conflicted, commercial fraud against the consumer, industrial fraud against the government, etc.

9/19/92

I am certain that the electorate is aware that to a greater or lesser degree, with a knowledge from the daily newspaper, radio, T.V., all this knowledge accumulated from the media plus their experiences in seeking repairs on automobiles, electronic equipment, etc. (A case in point, a recent scandal of grand proportions in which "SEARS" a reputable company known for almost a century for its honesty and integrity, was fined to my recollection, somewhere around 50 million dollars, whose repair service dept. (auto) personnel deceived for a good number of years, perhaps hundreds of thousands of trusting customers). There are literally hundreds of scandals that are reported by the press yearly. Almost all are related to "Executive, Congress, and Public."

Sunday, 9/20

For the past several days, I have been trying to locate an article in the L.A. Times which would support the contention that I have drawn that lying and cheating on a grand scale is known by most Americans. The article was misplaced over a week ago, and considered it lost, this morning it was found. Of course I am pleased that a copy can be added to this letter. The article titled; "The big Lie, Big and Small: 20th-Century Americana", "ETHICS: How did we become so tolerant of lying? Was "national Security" an excuse that ran amok? (L.A. TIMES Sept. 10/92).

It is difficult to believe that a continued strategy using an issue which happen to have changed several times and now has narrowed to only "whether Clinton can be trusted on fundamental character qualities-honesty, integrity, candor." "a senior campaign official". (this quote would be related to the alleged "lie" to the ROTC commander) To expect the electorate to make a switch by the time election day arrives is hardly reasonable, by that time enough views will be heard on this controversy, which unlike the last presidential campaign, where Dukakis wasn't combative, a continuation of same controversial issue can spark bruising campaign. The democratic campaign, I am certain is ready and able to match their negative issues against their opponents.

If this unfortunate event takes place, the presidential elective process To erode will continue, with greater speed, the last one caused a strong outcry, what sad consequences will occur in the coming weeks if the campaigns center their eyes only on the ballot box?

With my best regards,

Louis D'Alessandro

P.S. I want to add that in the 80 years I have been around, all here, I have believed that like a pebble thrown into calm water will cause a ripple which eventually will cause waves around the world, and this is what is happening. Each generation of humans in our society, starting with the leadership who unwittingly, and in some cases wittingly created future problems for this society. In each generation, the actual neglect to correct a problem of a social nature in one generation, would continue to the next generation and with continuity unless corrected in time.

Commentary

The Lie, Big and Small: 20th-Century Americana

■ **Ethics:** How did we become so tolerant of lying? Was 'national security' an excuse that ran amok?

By RICHARD REEVES

If the worst is true and the United States is indeed destroying itself, economically or ecologically, politically or spiritually, this will be our epitaph: "They lied!"

When I was younger, I thought lying was un-American, even if I was one American who sometimes did it. My illusions, like those of others of my generation, were shattered in May, 1960, when it was revealed that we, specifically President Eisenhower, lied in the matter of the shooting down of an American U-2 spy plane over the Soviet Union. The Soviets, in the person of Premier Nikita Khrushchev, were telling the truth.

That was literally unbelievable to an American student in those days. They lied, Americans didn't—or so we thought. Now, who cares? The most depressing thing about the era we grew into, or created, is a bored toleration of lying. We all do it, of course—well, most of us. I was struck a couple of years ago by a Wall Street Journal survey of personnel officers, who estimated that 40% of the resumes they saw were phony to some degree. If he who is without sin must cast the first stone on that one, I am eliminated several times over.

Is that where it begins—that ultimate American liberty, the freedom to define and redefine yourself? I sometimes think it began with Hollywood. As I read it in my first encounters with the business of show business years ago, the ethic was this: "OK, I lied. You caught me, good for you. Now let's go back and start from where I..."

Maybe it began in the defense industry. Am I the only American who is shocked by the little items that regularly pop up in the business sections of newspapers saying that General Electric or Northrop or some other contractor admitted or pleaded no contest to charges that it defrauded the government by faking test results or using materials it knew to be below contract standards? It's the same with drug manu-

Who cares? What does it matter? It is simply rude to use the word *lie* or, worse, *liar*—as in "Oliver North is a liar!" Now people pay to hear him.

Earlier this year, Charles Peters of the Washington Monthly assigned one of his writers to do a piece called "Lie Society," arguing that lying was a natural consequence of becoming a national security state—lie about the communists, lie about the number of dead in Vietnam, lie about arms deals with Iranians and the Iraqis.

"Part of it was the national security atmosphere," said Peters. "Decent and respectable men stopped questioning themselves about unjustified lying in the late 1940s. They got used to lying their heads off and got away with it. . . . Then you had the explosion of that great industry, public relations, which created celebrities, made-up people."

Peter Gray, a science writer by trade, offered this analysis in the the New York Times on March 27:

"One in four scientists suspect their peers lie about their work; nuclear test-site employees in Nevada, claiming they were lied to about the dangerous levels of radiation to which they were exposed, are suing the government; two California inmates are freed after 17 years in prison for murder after three 'witnesses' admit they lied in their original trial testimony; the federal government and Rockwell Corp. admit to lying about their handling of radioactive waste at the Rocky Flats nuclear weapons plant; a letter to the editor defends a law firm that lied on behalf of a client, Charles Keating; and an Op-Ed piece notes that as a Silverado Bank officer, Neil Bush approved a \$100-million loan to his business partners and then, straight-faced, claimed he never suspected it was a conflict of interest."

It's killing us. How can government of the people survive if the people believe or accept things that are not true, and that they may know are not true?

Even leaving President Bush and Bill Clinton out of this, lies are personal and public betrayals more certain to overthrow a country than violence; and if there are more of them now at all levels of American life, it means that we are in greater trouble than we think.

June 23 1951
686 Rosewood St.
Bronx 67 N.Y.C.

Chairman,
Special Subcommittee of
the Senate Labor and Public
Welfare.

Dear Sir:

SEC. OF INTERIOR

In reading the testimony of Mr. H. L. Jones which was given to this subcommittee on June 22, 1951, I failed to accept it as fact that he claims that "Congress is largely responsible for the hate and suspicion that permeates America today."

I believe that Congress as a group or as individuals are not more responsible for not upholding a code of ethics or a creed than any other political or non-political group.

If it is said that the leaders of men should set the example for their fellow men, then the burden of responsibility for any hate or suspicion should be carried with unanimity by the leaders of all the segments of our American life.

These leaders have proclaimed time and time again, of their own so-called code of ethics, and they are constantly advising each other to adhere to one.

Fortunately there are some groups who are keeping a constant vigilance toward upholding a code of ethics, and these codes are founded on a creed that is serving God. But unfortunately these groups are not prominent on the American scene. They are ignored by the majority of the people.

I think it would be fair to say that it would be unjust to ask Congress to adhere to a code of ethics, when there is a far greater necessity. To ameliorate this necessity, a great change of the American way of life would have to be made. This change can be accomplished by the supreme effort of every citizen to one code of ethics.

There is in my mind at this writing, a code of ethics which seems to have long been forgotten. This code has been stated by Thomas Paine who wrote, "I believe in the equality of man, and I believe that religious duties consist in doing justice, loving mercy and endeavoring to make our fellow creature happy."

How many centuries must pass before these words can be given their rightful place in the minds of men, Therefore man can renounce his prejudice, fears, suspicions and hatreds.

It seems that history is repeating itself as it did when Thomas Paine wrote in his pamphlet "the crisis", "These are the times that try mens souls."

although the conditions for each crisis are different we are today faced with a crisis. Which shall it be? A codeless and creedless society, or a society replete with goodwill toward man.

Sincerely yours,
Louis D'Alessandro

LUTHER B. ACADEY, N. Y.
 MATTHEW M. KELLY, N. Y.
 WALLACE H. DOUGLAS, N. Y.
 ROBERT M. HUNTER, N. Y.
 RICHARD M. L. HUNTER, N. Y.
 JAMES D. PATTERSON, N. Y.
 JAMES H. HUNTER, N. Y.
 ROBERT A. TAPP, OHIO
 GEORGE D. JAKEN, W. V.
 H. ALLENBY, N. Y.
 WAYNE MOORE, N. Y.
 IRVING M. IVES, N. Y.
 RICHARD M. SOKOL, CALIF.
 WILLIAM L. DOUGLAS, CHIEF CLERK

United States Senate

COMMITTEE ON
 LABOR AND PUBLIC WELFARE

July 13, 1951

Mr. Louis Dalessandro
 626 Rosewood Street
 Bronx 67, New York

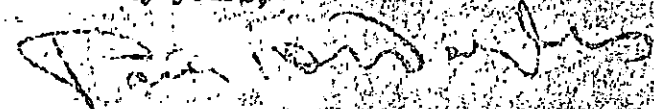
Dear Mr. Dalessandro:

I wish to thank you for your most interesting letter of June 23 expressing your observations and suggestions in connection with the recent hearings held by the special subcommittee studying ethics in government.

The hearings have now been concluded, and the subcommittee staff is at present compiling the testimony presented during the course of these hearings. I am forwarding your letter to them for such use as they may be able to make of it.

Assuring you that your interest is very much appreciated and that your comments will be given every consideration, I am

Sincerely yours,



Paul H. Douglas

PAGE 1 OCT 17, 1971

N.Y. TIMES

Public Inquiry Bluntly Scores Executive, Congress, Public

By C. P. TRUSSELL

Special to THE NEW YORK TIMES

WASHINGTON, Oct. 17—A Senate subcommittee assigned last spring to look into the ethics and moral standards prevailing in the running of the National Government called on the executive branch today to take a lion's share of the blame for dark public conclusions drawn from scandals turned up by Congressional investigations.

CONGRESS TO WEIGH ATOMIC EXPANSION

Joint Group Asks Estimates on a Maximum Program from Agencies Involved by Jan. 3

WASHINGTON, Oct. 17—Deriving from a report by Sen. Paul H. Douglas, Democrat of Illinois, a detailed program for a maximum expansion of the role of atomic energy in the defense of the United States was requested of the Atomic Energy Commission and the Department of Defense today.

The request was made in a resolution adopted unanimously by the Joint Committee on Atomic Energy.

The data for which the Congression group called include:

- 1. Estimates of the amounts of money required for "maximizing" the atomic role.
- 2. Specific extent and type of new facilities required.
- 3. Priorities in materials and manpower involved.
- 4. Probable impact upon other defense projects and the national economy as a whole.

Joint views of the Atomic Energy Commission and the Defense Department as to the precise program that would be carried out in the atomic energy field.

The action today grew out of a crisis and Republicans usually speedily made on Sept. 18 in the round in the listings of "liberals" Banister by Senator Brian McMahon. Besides Senator Douglas, they were Democratic of Connecticut and were Senators Matthew M. Neely, Chairman of the Congressional of West Virginia and Hubert H. Humphrey of Minnesota.

Continued on Page 13, Column 2

In a report viewed on Capitol Hill as being shocking at points and bluntly frank and realistic throughout, the subcommittee headed by Senator Paul H. Douglas, Democrat of Illinois, warned at the same time that Congress should not hold itself aloof from disaster. And, going beyond Washington, the report admonished the public at large to restrain itself from putting a halo above its own head.

The report carried many recommendations for legislative action to bring about corrections and all the recommendations, it declared, were found to be needed in the face of disclosures brought to light by Congressional investigations.

"No Group in Society," the report stated, is in a position to point the finger of scorn at others. In defense matters can exist only as long as business men or others are willing to patronize them. It is not a problem only when individual men and women seek favors of the Government.

"Gifts, improper pressure and bribes come from outside the Government, from individuals, from organizations, and from groups which are part of what we call the public."

In some quarters the report was called "brutal." There was speculation whether it would cause explosions—dismissals of officials or lesser personnel—or instead draw official ridicule.

The report was signed by Democratic and Republican members of the subcommittee. It was also signed by Senator McMahon, Chairman of the subcommittee, and by Senator Douglas, its ranking member.

Continued on Page 25, Column 1

The first meeting for House members and their staffs and the no proposal was made for a decision that might make a bill acceptable to the House. However, the four House Democratic conferees subsequently held a meeting of their own and were expected to have proposals ready for the full committee tomorrow. A widespread optimism over the probability of a quick settlement reached a high point late in the day when Representative John W. McCormack, of Massachusetts, Democratic floor leader, notified members to be on hand Friday for a probable vote on the big reform measure.

While details of the prospective agreement were not known, it was clear they had been put in a form for all signs pointed to the likelihood of comparatively rapid passage. Changes aimed at appealing to Republicans who voted against the bill.

On the deciding vote, the bill was passed yesterday by a vote of 134 Republicans and 81 Democrats. The Republicans of the House took the position.

"No Group in Society" is in a position to point the finger of scorn at others etc

The report was signed by Democratic and Republican members of the subcommittee.

Continued on Page 25, Column 1

World News Summary

PLEASE PARDON THE POOR COPY MADE 40 YEARS AGO.

A State Department spokesman today said that the State Department was not in a position to comment on the report of the House of Representatives on the atomic energy bill.

The House of Representatives today passed a bill to increase the number of members of the Atomic Energy Commission from five to seven.

General MacArthur today said that he was not in a position to comment on the report of the House of Representatives on the atomic energy bill.

U.S. 1 to Be Shifted in Greenwich, With Tie-In to New York Thruway

THE
CENTER
FOR
SECURITY
POLICY

Frank J. Gaffney, Jr.
Director

NPN

24 September 1992

Hon. James A. Baker
Chief of Staff
The White House
Washington, DC 20500

Dear Mr. Baker:

In light of your responsibilities which bear upon strategic arms control matters, I thought you might find the enclosed Center for Security Policy *White Paper* on the START Treaty to be of interest. It has been provided to every member of the Senate with our strong recommendation that its criticisms and recommendations be reviewed before ratification of the Treaty is considered. We have also distributed copies of this paper to members of the press and the larger security policy community.

Sincerely,



Frank J. Gaffney, Jr.
Director

Attachment: a/s

THE
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FOR
SECURITY
POLICY



WORKING PAPERS

**THE
CENTER
FOR
SECURITY
POLICY**

STOP 'START':

**THE CASE AGAINST RATIFICATION OF
THE STRATEGIC ARMS REDUCTION TREATY**

24 September 1992

STOP 'START': THE CASE AGAINST RATIFICATION OF THE STRATEGIC ARMS REDUCTION TREATY

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STOP 'START': THE CASE AGAINST RATIFICATION OF THE STRATEGIC ARMS REDUCTION TREATY

I. AN INSTITUTIONAL CRISIS: THE SENATE AS RUBBER-STAMP?

Fifteen months after the Strategic Arms Reduction Treaty (START) was signed in Moscow by President George Bush and then-Soviet President Mikhail Gorbachev, the United States Senate is preparing to give its advice and consent to the Treaty. On the face of it, this seems bizarre.

After all, the government with whom the Treaty was negotiated no longer exists; its successors are, moreover, behaving in ways that do not encourage confidence about their future compliance with its terms. Serious defects incorporated into the START agreement at the insistence of the *ancien* Soviet *regime* persist. And an agreement that would go some ways toward correcting START's flaws -- initialled with much fanfare at the June summit between President Bush and Russian President Boris Yeltsin -- appears, at present, unlikely to be translated into a binding accord.

The fact that the Senate could contemplate agreeing to the ratification of the START Treaty under these circumstances is a sorry indictment of the degree to which the institution no longer performs its constitutional responsibilities in the treaty-making process. Instead, it merely goes through the motions; the outcome -- Senate advice and consent -- is preordained well in advance.

To be sure, quite some time has passed since the START Treaty was submitted to the Senate for ratification. The lapse of so much time should not be confused, however, with a careful and rigorous examination of and debate on the accord and its terms. Instead, the delay has largely been due to the uncertainty and disarray caused by the collapse of the Soviet Union. During most of this period, the Senate has simply been *unable to act on START* as the Bush Administration engaged in a series of desperate negotiations aimed at salvaging a treaty in which the latter had invested immense political capital. This has largely been accomplished through the device of papering over those problems inherent in the accord that were exacerbated by the Soviet empire's dissolution.

To be sure, a number of hearings have been held by the Senate Foreign Relations, Armed Services and Intelligence Committees. With the active connivance of the Bush Administration, however, *no expert witnesses who believe the Treaty's defects to be sufficiently serious as to justify withholding ratification have been permitted to testify.*

To be sure, amendments have been drafted and approved by the Foreign Relations Committee. Still others may be offered and accepted when the resolution of ratification reaches the Senate floor in the near future. If so, such amendments will -- all other

things being equal -- be like those already adopted: *By definition*, they are not "killer amendments," i.e., those that would require renegotiation of the Treaty's terms with the Russian or other Soviet successor governments. They are instead cosmetic modifications, intended not to correct important defects in the Treaty but rather to provide political cover to Senators .

In short, the United States Senate is in serious jeopardy of being reduced to a rubber-stamp for the Bush Administration's seriously flawed arms control agreements. The absence of a rigorous Senate review of START is symptomatic of a much larger problem: the atrophying of that all-important check-and-balance on the executive intended by the framers of the Constitution when they divided treaty-making power between it and the Senate. Such a corruption of the constitutionally mandated ratification process creates conditions likely to produce not only unwarranted approval of the present Strategic Arms Reduction Agreement but future accords that are *even more* defective. The upcoming, wholly unverifiable and ill-conceived Chemical Weapons Convention is a case in point.

The Center for Security Policy believes that -- for both these immediate *and* longer-term reasons -- the Senate must be given an opportunity to consider the unvarnished facts about the START accord. Since none of its cognizant committees have permitted such facts to be made a part of the record of their review of the Treaty, the Center believes it imperative to provide the Senate, the media and the American public at large with the following, brief arguments against ratification of the START agreement in its present form.

II. UNDERSTANDING THE POLITICAL CONTEXT

The general absence in the Senate of serious challenge -- or even rigorous questioning -- of the Bush Administration's assertions about the START Treaty appears to reflect the almost euphoric reaction of official Washington to the end of the Cold War and certain assumptions about the future of U.S.-Russian relations. Three of these interrelated assumptions warrant especially close scrutiny:

- o First, the contention that -- with the dissolution of the Soviet Union -- Russia is becoming an open society that can simply not afford to continue to invest heavily in its strategic forces, at least to the degree it has in the past. In short, according to this reasoning, START's exact provisions, and any defects it may have, do not matter.
- o Second, Russia is now a reliable negotiating partner, determined to comply with its arms control obligations. And
- o Third, the follow-on agreement to START, negotiated as a "Joint Understanding" at the June Washington summit, will solve any problems which may exist with the present Treaty.

Unfortunately, when subjected to rigorous analysis, these assumptions simply do not stand up to scrutiny:

Just How "Former" is the *Former* Soviet Union?

In important respects, the battle for the heart and soul of the new Russia and the other Soviet successor states is *not* over. The forces committed to systemic political and economic reform in each of the former republics are a long way from consolidating their claim to power, to say nothing of achieving their goals. They are increasingly confronted with the determined resistance of reactionary elements anxious to preserve -- and, if possible, restore to their former glory -- many of the institutions, policies and capabilities of the old order.

In particular, the jury is still very much out as to whether the Civic Union coalition -- comprised of communist apparatchiks, figures from the military-industrial complex and KGB and disaffected reformers in Russia -- will succeed in their campaign to sustain vast defense expenditures and programs wholly inconsistent with Russia's legitimate security needs. There are, however, worrying signs. For example, on 11 September 1992, Interfax reported that purchase orders from the Russian government for military hardware will be *greater* in 1993 than this year.

Moreover, a number of hard-line figures are actually receiving appointments to influential positions in the Yeltsin government. Notably, one of these is a General Ladygin whose calculated obstreperousness and inflexibility as a member of the Gorbachev START negotiating team induced the Bush Administration to make many of the last minute concessions that seriously weakened the Treaty. As a reward for his useful recalcitrance, Ladygin has been promoted and put in charge of the GRU, Russia's military intelligence service. The ominous symbolism of

such personnel decisions is not being lost on others in the former Soviet Union, nor should it be on members of the U.S. Senate.

In short, it is certainly premature, and quite probably irresponsible, to predicate long-term U.S. security policies on the assumption that the transformation of the Soviet Union into democratic and peaceable successor states is an accomplished fact. Even if the *intentions* of those who claim to want such a transformation are genuine, they have not been realized to date and may never be.

Russia is Not Going Out of the Nuclear Business

Meanwhile, the United States must remain concerned about the military *capabilities* inherited from the Soviet Union which are still largely in place. While some strategic programs have been eliminated as a result of the breakup of the Soviet Union, **major resources continue to be devoted to facilities and programs intended to fight and win a nuclear conflict with the West.** Worse yet, as a result of a lack of discipline and transparency in U.S. approaches to aiding the former USSR, *the United States is now actually subsidizing, indirectly if not directly, Russia's operational nuclear forces* -- forces that are still directed against the United States.

For example, some of the \$400 million in U.S. Defense Department funds set aside by the Congress last year to support nuclear weapons safety, security and dismantling activities in the former Soviet Union are being spent on enhanced survivability transporters for Russian nuclear weapons. In practice, these rail cars and tractor trailers will likely be used to support deployed missile and bomber units as well. Similarly, the recently announced decision to purchase Russian uranium at market prices *without stipulating that on-going, state-subsidized production of this special nuclear material be halted* is a formula for underwriting such production.

'Business as Usual' in Arms Control

To those who maintain that these uncertainties are all the more reason for ratifying START (i.e., in the interest of "locking in" the former Soviet Union and prevent unpleasant surprises), a "sanity check" is in order: The conduct of the present, putatively open and honorable regime in Moscow does not inspire great confidence in *its* willingness -- to say nothing of its successors' -- to comply fully with arms control obligations. Consider the following illustrative examples of the problem:

- o Russia has *already* violated agreements associated with START (e.g., the encryption of telemetry on strategic test vehicles).
- o Russia is walking, if not running, away from the Joint Understanding agreed upon by President Yeltsin at the Washington summit in June (e.g., by linking their ultimate adoption to continued observance of the ABM Treaty -- a proposition recently stated explicitly as a precondition by hard-line Defense Minister Pavel Grachev -- and by arguing against elimination of the heavy SS-18 force).
- o Russia is continuing to violate the Biological Weapons Convention's ban on production and stockpiling of such weapons despite repeated promises by the Yeltsin government to

cease and desist. Recently announced undertakings about inspection of civilian facilities are not likely to eliminate concerns about the use being made of them for illegal biological weapons-related purposes -- to say nothing of proscribed activities at still-closed *military* facilities.

- o **Russia is violating CFE verification/inspection provisions** precluding Western inspectors from conducting on-site inspections of all equipment and facilities that are supposed to be open to such monitoring.
- o **Russia is also walking away from the destruction provisions of the Chemical Weapons Convention** -- on which the ink is scarcely dry.
- o **Russia is even stalling on the implementation of START itself**, insisting that Ukraine and the other former Soviet states now parties to START under the Lisbon Protocol accede to the Non-Proliferation Treaty as non-nuclear weapon states before START enters into force.

The best that can be said about current Russian policy with regard to arms control is that it is both inconsistent and uncertain. At worst, it appears to be consistent with the cynical practice of the predecessor communist regimes: agree only to accords that significantly advantage Moscow's interests and ensure that such advantages are compounded by *selective* compliance.

This syndrome and the aforementioned manifestations of it argue strongly that, at a minimum, the United States must proceed with caution, undertaking a full and realistic assessment of any new commitments which would affect the present and future security of the United States. This is especially true of an agreement like START whose impact would be both sweeping, profound and lasting.

III. AN OVERVIEW OF THE START TREATY

At the outset of the START negotiations in 1982, the United States publicly articulated a number of key objectives against which the final treaty can now be assessed:

- o "Real reductions" in offensive arms -- particularly in the then-Soviet land-based missile force;
- o "Equal and stabilizing" force postures; and
- o "Effective verification of the development, production and deployment of Soviet strategic systems.

Claims by the Bush Administration to the contrary notwithstanding, the START agreement signed in July 1991 fails to achieve any of its original goals:

- o Not the advertized "deep reductions": The true effect of START in reducing the former Soviet Union's strategic arms is sure to be substantially less than claimed by the Treaty's proponents. The combined effect of START's counting rules, inaccurate data supplied by Moscow, allowed "downloading," unverifiable limits (e.g., on mobile missiles) and the absence of limits (notably on non-deployed non-mobile ICBMs) will be to permit the old USSR to reduce substantially the practical impact of such reductions as the Treaty requires.
- o Not "equal": The Treaty provisions grossly favor Russia. Three blatant inequities codified in the Treaty are: the attribution rules for warhead counting; granting Russia a *de facto* monopoly on mobile ICBMs; and granting Russia a *de jure* monopoly on heavy MIRVed ICBMs. These inequalities were accepted on the basis of certain assumptions concerning U.S. strategic modernization -- notably, that there would be a deployment of 132 B-2 bombers and, if mobile ICBMs were to be allowed, deployment of U.S. mobile missiles -- assumptions that have not been borne out.
- o Not so "stabilizing": START limits are in fact *destabilizing* as a result of leaving in place the preponderance of the massive Soviet -- now Russian -- ICBM force, *particularly the heavy missiles designed for a first strike against the United States*. Stability is further undermined by the cheating and breakout potential inherent in the Treaty due to the absence of effective verification.
- o Not "verifiable": Finally, the verification provisions of START -- although many in number -- are either cosmetic, ineffective or easily spoofed.

In sum, there are certain direct parallels between the "fatal flaws" found in the SALT II Treaty -- flaws considered sufficiently grievous to justify the Senate's refusal in 1979 to agree to ratification of that accord -- with the flaws in START. If anything, the fatal flaws of START are even greater in number *and considerably exceed in terms of their strategic significance* those of SALT II.

IV. START'S FATAL FLAWS

The following bill of particulars is intended to illuminate with greater specificity the serious defects in the START Treaty. It is meant to be neither all-inclusive nor an exhaustive treatment of each of the issues raised here. Instead, it offers a sample of the problems inherent in this agreement which -- if, with the Senate's agreement, are left uncorrected -- will cause potentially grievous harm for U.S. security in the future and create precedents and strategic conditions which may give rise to still more deficient arms accords down the road.

Three generic aspects of the START Treaty bear special mention: those governing ballistic missiles, air-breathing systems and verification.

Ballistic Missiles

Mobile Missiles

A central element of the original U.S. START negotiating position was a total ban on mobile missiles. The Intermediate-range Nuclear Forces (INF) experience with SS-20s and shorter-range ballistic missiles demonstrated the *impossibility* of monitoring mobile missiles. This reality was the major factor in U.S. insistence on the "zero option" in INF.

The lessons of the Gulf war also make clear the difficulties inherent in monitoring mobile missiles by National Technical Means (NTM) of verification. In that conflict, the United States had complete air superiority and a panoply of reconnaissance assets at its disposal. The job of monitoring the Iraqi force, moreover, was manageable compared to that of tracking and verifying its counterpart in the former Soviet Union.

For example, U.S. intelligence was looking for a relatively small number of Scuds, systems whose concealment in the deserts of Iraq was substantially more difficult than would be the job of successfully hiding much more mobile systems -- like the SS-25 -- in the immense forests of Siberia. Even so, the United States was unable to determine the numbers, to say nothing of the location and readiness, of Saddam Hussein's mobile missile arsenal. Effective use by Iraq of decoys also demonstrated the gravity of the problem associated with spoofing caused by look-alikes and count-alikes.

The Soviet Union consistently argued to permit mobile ICBMs under START, with limits on warheads and launchers. In 1989, the Bush Administration lifted the ban on mobiles contingent upon agreement on effective verification and congressional support for U.S. mobile programs. In 1990, the Administration unceremoniously dropped that precondition -- even as Congress balked at spending money on mobile ICBM systems and as little progress was made in defining, to say nothing of actually agreeing upon, effective verification measures.

In the negotiating "end game," the United States accepted the Soviets' proposals concerning numerical limits for deployed mobiles and for monitoring mobile missiles. In short, the U.S. position on mobile missiles evolved from a complete ban to allowing ceilings of 1,100 warheads *without effective verification*.

Thus, given the termination of the U.S. mobile programs, **START will not only grant the Russians a monopoly on mobiles, but also simple avenues for militarily significant cheating.** For example, *only assembled* missiles are accountable under the Treaty and only final assembly plants have portal monitoring. As will be discussed at greater length below, this arrangement allows Russia to produce an unlimited number of stages for mobile missiles, which can then be assembled covertly.

Heavy ICBMS

A key objective for the United States practically from the beginning of the SALT negotiations was that of achieving substantial reductions in Soviet heavy ICBMs. The SS-18 force, whose only mission can be a first-strike against the United States, has, since it was first deployed, been considered the most destabilizing element of the Soviet force posture. Accordingly, from the outset of the START talks, **the U.S. insisted upon a ban on production, flight-testing and modernization of existing or "new types" of heavies -- including the now deployed SS-18 Mod 5.**

At the 1987 Washington summit meeting between President Reagan and Mikhail Gorbachev, the sides agreed to limit Soviet heavy missiles to 1,540 warheads on 154 deployed SS-18s. The decision to permit Moscow to retain half its most deadly first-strike force was bad enough; after 1988, however, the remainder of the U.S. position on heavies was seriously eroded.

For one thing, the Bush Administration accepted the deployment of the SS-18 Mod 5, a major qualitative improvement over the Mod 4. In fact, so great was the improvement in performance associated with this new missile that a force of 154 Mod 5s was judged roughly comparable in capability to the then-existing deployment of 308 earlier generation SS-18s. In short, **the START Treaty's vaunted halving of the Soviets' most dangerous missile capabilities was largely vitiated.**

For another, the Bush Administration agreed to drop flight test limits on heavies and permit modernization. The ban on flight testing and modernization of heavies was intended to remove this class of weapons by forcing the Soviets' heavy missiles to atrophy over time. Without the ban on modernization, the agreed-upon numerical restrictions on heavies will basically prevent only the quantitative expansion of the Russian SS-18 force.

Permitted modernization also allows the Russians to upgrade significantly qualitative capabilities in an area where the U.S. has no equivalent force. In the absence of the sort of *outright ban* on SS-18s envisioned in the June 1992 Washington summit agreement, **the effect of START is to allow Russia to produce still more advanced follow-ons, each with greater capability than the previous modification.** While an effective prohibition on new types would preclude such modernizations, the START Treaty -- like the SALT agreements before it -- has no such prohibition. Instead it leaves the former Soviet Union ample leeway to introduce *essentially new* missiles under the pretense that existing ones are simply being upgraded. In short, START prevents only the U.S. from deploying heavies now and in the future, an arrangement clearly inconsistent with the spirit and the letter of the 1972 Jackson amendment to the SALT I Treaty.

Non-Deployed Missiles and Launchers

A major flaw of SALT II was that the reductions it required could be easily reversed because of the absence of limits on *non-deployed* missiles and launchers. For this reason, the **United States long sought to restrict the numbers and locations of *all* non-deployed land-based missiles (NDMs) and non-deployed launchers (NDLs).**

In yet another reversal of the Reagan position, the Bush Administration agreed to the Soviet position of *no numerical limits on non-mobile NDMs*. Thus, Russia has the right to produce and stockpile as many land-based ICBMs as they desire, including MIRVed heavy ICBMs. This allows unlimited refire and breakout capability.

The Bush Administration did slightly better when it came to achieving limits on the number of NDMs and NDLs associated with mobile missiles. And yet, **these limits (e.g., 250 for mobile NDMs) were set so high under START as to make them meaningless.**

Unfortunately, the restrictions on NDMs/NDLs in the START Treaty designed to preclude rapid reload are unlikely to have any real effect on Russian capabilities. Mobiles provide for easy refire. Meaningful NDL/NDM limits, therefore, are crucial to preventing major breakout avenues. Such limits and geographic restrictions as are imposed by START for mobile NDMs/NDLs clearly do not serve this purpose.

Warhead Attribution

Russian warheads deployed under START are substantially undercounted. A 10-reentry vehicle (RV) payload is attributed to the SS-18 -- even though it is capable of carrying 14 Rvs. The SS-N-23 is counted as carrying four warheads, but may be capable of carrying twice as many. This means that the former Soviet Union can legally have thousands of warheads beyond the levels nominally permitted under the START Treaty.

What is more, the ex-USSR added insult to potential strategic injury by changing their own data. In the December 1987 Washington Summit Joint Statement, the Soviets stated that the **SS-N-18 carried seven warheads**. In the Memorandum of Understanding accompanying the START Treaty, however, the SS-N-18 is listed as carrying only *three* reentry vehicles.

Overall, the START counting rules allow Russia to maintain a much larger force of launchers and platforms than had been expected. Thus, the SS-N-18 attribution numbers could decrease the number of accountable warheads by about 1,000 -- allowing the Russians to retain up to 40 ballistic missile submarines, over twice the number the United States will retain.

This enormous undercounting, which is fully legitimized by the START Treaty, also allows the Russians a ready-made breakout avenue through RV-uploading. **The potential RV breakout resulting from the attribution rules on the SS-18, SS-N-18, and SS-N-23 could be measured in the thousands of warheads.**

Downloading

The RV breakout problem is compounded by START's provisions allowing for downloading of up to 500 Rvs. By nominally reducing the number of warheads these two missile types can carry, a larger quantity of each missile can be retained than would otherwise have been the case.

The downloading provisions also allow the Russians another path to breakout. Stockpiled Rvs, legal in START, could be uploaded in a crisis or during a conflict. Combined with the agreement to undercount the SS-N-18, the Soviet successor states are allowed a total of about 2,500 downloaded warheads on three types of ballistic missiles. It seems likely that all of these additional warheads could be uploaded in a matter of weeks or, at most, months.

Throw-weight

A long-held U.S. position was that the aggregate throw-weight of the Soviet ballistic missile force must be reduced by roughly 50 percent. Here again, the Bush Administration agreed to several Soviet-proposed changes which significantly and systematically mis- and undercount throw-weight.

For example, the START Treaty does not require that the parties' data concerning the throw-weight capabilities of their respective missile forces be measured by the other side. Instead, such data -- and that concerning the throw-weight performance of new missiles -- is simply "declared." Moscow's representations to date suggest that the Russians have chosen significantly to overstate their actual throw-weight capabilities (i.e., 6.6 million kilograms vs. roughly 5.8 million kg).

Such inflated estimates serve to make the actual effect of throw-weight reductions substantially less than 50 percent. In addition, the formula contemplated for calculating throw-weight under START amounts to just 70-80% of potential capability. As a result, the Russians could (assuming they were willing to make the necessary investment) field forces with a total capability of nearly 4 million kg throw-weight -- roughly *twice* the current U.S. aggregate throw-weight and on the order of *three times* the capacity inherent in the missile forces the United States will deploy under START.

Air-Breathing Systems

Backfire Bomber

Another fatal flaw of SALT II repeated in START is the circumvention permitted by the absence of any real limits on Backfire bomber. The Backfire is capable of delivering a payload at strategic range, perhaps including long-range air-launched cruise missiles (ALCMs). The Soviets consistently contended that the Backfire is not an intercontinental heavy bomber. Under President Reagan, the United States insisted on this system's inclusion in START. The Soviets refused.

Under President Bush, the U.S. position eroded to the point where Backfires were ultimately exempted from START's limitations. Instead, they are dealt with under a separate, "politically binding" agreement. Under its terms, the number of Backfires were limited to a total deployment of 500 -- a number substantially larger than are currently in the Russian inventory. A ban was also imposed on giving the Backfire an aerial refueling capability, something it has long been suspected of having. As a result of this jury-rigged extra-treaty compromise, there is no inspection or verification regime for the Backfire.

Heavy Bomber Definition

The initial U.S. position in START was to include, and hold accountable, all types of existing and future Soviet heavy bombers -- including Backfire follow-ons. The U.S. ultimately agreed, however, that a new Backfire-type bomber would not be limited by either START or the separate Backfire agreement unless the Russians agreed to do so. This would permit Russia to build a modern Backfire-type bomber in unlimited numbers. Should they choose to do so, they will be able legally to train air force personnel in aerial refueling on the follow-on.

ALCM Counting

Although the United States nominally achieved its objective of discounting air-breathing systems and of excluding conventional ALCMs, the benefits of the discount approach have been greatly undercut by the decision to reduce the number of B-2 bombers from 132 to the proposed 20. In fact, the gutting of the B-2 program will leave the U.S. without a sufficient force of modern and effective bombers to permit it to exploit such advantages as it nominally obtained under the agreed discounting arrangements for air-breathing systems. Finally, the U.S.-Russian force asymmetry exacerbated by the cut in the number of B-2s is compounded by the fact that U.S. bombers would face massive air defenses if they have to carry out attacks against the former Soviet Union. Russian bombers face no such obstacle.

ALCM Range

A further concession -- which also served dramatically to undermine the U.S. approach in START with respect to air-breathing systems and stability -- involved the range for START-accountable ALCMs. Throughout the Reagan Administration it was set at 1,500 km. This was a level meant to preserve maximum U.S. flexibility in fielding shorter-range systems and to recognize the need for American bombers to stand-off at considerable distances in launching ALCMs against unconstrained, forward-deployed Soviet air defenses. The 1,500 km level was also seen as advantageous to the United States, a provision that would go some way toward offsetting provisions favoring Soviet strengths in the ballistic missile area.

The Soviet position throughout the START negotiations, however, was 600 km and never changed. The Bush Administration sought a series of compromises starting with lowering the range accountability limit to 1,000 km. In the end, it accepted the ultimate "compromise" -- the Soviet position of 600 km.

Verification

The verification aspects of the START Treaty are among its most troubling. Unprecedented in their complexity, intrusiveness and likely cost to the United States -- qualities that have prompted Bush Administration spokesmen and other Treaty supporters to assert that this accord is verifiable -- **START's verification regime is in key respects, nonetheless, woefully inadequate to the task of monitoring Soviet successor states' compliance with its terms.**

Portal Monitoring

At the beginning of the negotiations, **the U.S. considered on-site portal monitoring of missile production facilities** to be key to effective verification. The United States believed it was essential to monitor solid rocket motor *production facilities* -- facilities with unique identifying signatures -- as opposed to final assembly plants which typically have no such unique signatures. This arrangement differed from INF, where all missiles were to be eliminated and the discovery of any INF missile thereafter would constitute a violation. Under START, strategic ballistic missiles would continue to be produced and deployed. Here again, the Bush Administration reversed the long-standing U.S. position and agreed to establish portal monitoring only at final assembly locations for mobile missiles.

This central concession makes impossible monitoring Russian compliance with the limitations on *mobile* ICBMs. Without monitoring at solid rocket motor production facilities, the United States simply has no hope of verifying the number of missile stages produced. Such stages can then be stockpiled, to be assembled (a relatively straightforward and rapidly accomplished task) when desired. Given that mobile missiles inherently lend themselves to operational deployment away from fixed -- and monitored -- installations, such production could translate into substantially larger numbers of mobile ICBMs than permitted under START.

Russia could also use covert assembly and storage to maintain a ready augmentation force of *fixed* ICBMs with minimal risk of detection. When the United States dropped limits on non-deployed missiles for such systems, it rationalized away the need for monitoring of production facilities associated with such missile stages. The Russians are, therefore, legally able to produce as many of such missiles as they desire.

On-Site Inspection (OSI)

The United States has long believed that on-site inspections were necessary to deter the Soviets from establishing covert production and storage sites for START Treaty-limited items. However, the START Treaty contains a right to short notice inspections *only for facilities on a list provided by the inspected side*. Naturally, Russia is unlikely to place covert production and storage facilities on the list to be provided.

The START Treaty contains no suspect-site inspection of non-declared facilities, a provision that might have deterred covert production and storage facilities. Instead, if the United States believes it necessary to visit a site not on Moscow's list, it must obtain Russian permission. Should that permission not be forthcoming, there is no recourse.

ALCM Inspections

Because ALCMs are produced in non-unique facilities and are easily moved and stored, the United States believed that no effective verification regime could be found for ALCMs. For this reason the U.S. sought to prevent the Soviets from using the ALCM verification regime as an intelligence gathering tool to gain information on advanced U.S. programs.

However, in the START Treaty the United States has agreed to an intrusive ALCM inspection regime -- despite the fact that there are no numerical limitations on ALCMs. This contrasts starkly with the far less stringent inspection arrangements that apply to much more rigorous constraints.

The ALCM inspection provisions are, moreover, drafted in such a way as to affect essentially only U.S. systems. The inspection regime will *not* have the effect of increasing the sides' confidence in compliance with the ALCM provisions of the Treaty. Instead, it will likely risk compromising U.S. "black" missile programs and sensitive long-range, conventionally armed ALCM programs.

Tagging

For years, the United States insisted that effective verification of production and deployment of missiles required "tagging" (a means of identifying objects in a tamper-resistant fashion). For mobiles, tagging was intended to monitor deployed launchers -- in part to deter rotation of non-deployed launchers or covert introduction of illegal launchers into the deployment areas for operational checkout and crew training.

In the START negotiating end game, however, the Bush Administration agreed to replace the tagging provisions the U.S. had insisted upon with ineffective "unique identifiers," consisting of little more than the factory number of the launch canister and first stage -- information easily manipulated or spoofed.

The sum of these numerous defects of the START Treaty are substantially more worrisome than they are individually. **Collectively, they constitute an arms control regime that is neither equitable nor verifiable.** The dramatic, and adverse, effect it will have on the size and quality of American strategic offensive forces is not likely to be matched by comparable changes in those of the former Soviet Union.

In fact, provisions included in the Treaty at the insistence of hard-line elements in the Russian military-industrial establishment will -- unless altered by Senate action -- create loopholes and inequities certain to be exploited if the influence of this faction continues to grow in Moscow. Since such an unsavory development is very much in prospect, the recommendations to the Senate contained in the following section take on special urgency and importance.

V. CONCLUSIONS AND RECOMMENDATIONS

This litany of issues on which the Bush Administration abandoned negotiating positions adopted by its predecessor is of concern not only because it demonstrates the myriad times Soviet tenacity and obstreperousness were rewarded with substantive U.S. concessions. Far more important is the fact that the ground given up by the Bush team in order to "close" the deal on START was the difference between an accord that served U.S. interests and one that manifestly does not.

The Center for Security Policy believes that, had the Reagan Administration been willing to accept so seriously defective and inequitable an agreement -- had it been prepared to make the many unwarranted and dubious "compromises" with Moscow negotiated by its successor -- an agreement as flawed as the START Treaty could have been accomplished years ago. It is especially stupefying that the United States would consider entering into such a deficient accord *now*, at a moment when the opportunity for far more satisfactory arrangements presents itself thanks to the collapse of the Soviet Union and the attendant increase in Moscow's need for U.S. assistance.

Why START Must Be Improved

Ironically, the Administration's own handiwork implicitly recognizes this reality. The Joint Understanding signed in June 1992, in effect, *amends the START Treaty* by cutting the number of strategic nuclear warheads each side is (nominally) permitted to have by roughly one-half. More importantly, it also eliminates the right the former Soviet Union was accorded under START to field and modernize 154 of the dreaded SS-18 heavy intercontinental ballistic missiles and hundreds of other threatening multiple-warheaded ICBMs.

The missile force Moscow could retain under the unamended START Treaty -- but not under the accord as modified in June -- would leave Russia with the ability to execute a fearsome preemptive first-strike against the United States. While the threat that such an attack might actually be launched has receded for the moment (thanks to the collapse of Soviet totalitarianism and the policies adopted by democratic successors led by Boris Yeltsin), until the former Soviet Union's first-strike weaponry is actually dismantled, that threat could quickly reemerge.

Unfortunately, recent developments in the old Soviet empire have underscored the dangers of confusing permanent changes with ones that can be rapidly reversed. The renewed assertiveness of imperialist elements -- evident in the increasingly belligerent rhetoric of the Russian Defense Minister, Gen. Pavel Grachev (among others) -- has already translated into threats of substantial Russian military involvement in Moldova, Georgia, Azerbaijan, Armenia and even the Baltic states.

Other bloody crises may be in the making as Moscow "assists" ethnic Russians or Slavs elsewhere in the former USSR. The ascendancy in the Yeltsin cabinet of leading figures from the Soviet military-industrial complex, moreover, augurs ill for the domestic transformation so urgently needed -- to say nothing of the prospects for a permanent, peaceable realignment of Moscow's foreign relations.

The Need for A Revised Approach to START -- and Beyond

Under these circumstances, it behooves the Senate to use its unique status under the Constitution -- that of a partner with the executive branch in treaty-making -- to effect two changes in the Bush Administration's approach to strategic arms control:

First, the Senate should insist that the Administration abandon its current two-track strategy involving prompt ratification of the present Treaty and then separate action on the amendments entailed in the Joint Understanding in the form of a "START II Treaty." Instead, President Bush should be directed to present as quickly as possible the fleshed-out agreements outlined in that Understanding as a *protocol to START* -- an integral part of the original Treaty which would be considered simultaneously by the Senate.

In this manner, the danger would be reduced that the United States will be stuck with a strategic arms reduction treaty bereft of changes *even the Administration agrees (at least implicitly) are needed*. Whereas an effort to fix a crucial defect in START by linking its ratification to the elimination of all SS-18s might once have been resisted on the grounds that it would be a deal-breaking "killer amendment," that argument no longer applies. Today, this defect can be fixed merely by formally affixing the Russians' expressed commitment to dispense with their SS-18s *before the Treaty is ratified*.

In the process of such a renegotiation, *other* problems with the START Treaty should also be revisited. Most of these problems, like START's "grandfathering" of 154 SS-18s, were incorporated when the Bush Administration acquiesced to Mikhail Gorbachev's intransigence. If the starkly contrasting spirit of cooperation and flexibility Mr. Yeltsin seemed to exhibit in Washington is real, it should be possible to correct such other serious -- but as yet unaddressed -- deficiencies as:

- o Moscow's right to deploy hundreds of mobile ICBMs -- systems designed to defeat U.S. monitoring and verification techniques;
- o the latitude Russia will enjoy to retain *every single missile* taken off-line pursuant to reductions requirements. If such systems are not destroyed, they could be used to field a significant covert offensive force; and
- o limitations on verification activities that preclude continuous U.S. monitoring of former Soviet missile production facilities, tagging of missiles to assist in distinguishing between legal and illegal ones, and inspection visits to sites other than those approved by Moscow suspected of concealing proscribed activities or systems.

Delay on U.S. ratification of the START Treaty would also permit an opportunity to clear up seemingly conflicting commitments made by Russia and the other three Soviet successor states now party to START (Ukraine, Belarus and Kazakhstan). As it currently stands, it appears that Moscow is determined to delay the Treaty's entry into force until the latter accede to the Nuclear Non-Proliferation Treaty as non-nuclear states -- something that may not happen anytime soon.

A Time for "New Thinking" on Arms Control

Second, the Senate should encourage the executive branch to engage in some "new thinking" about arms control. Specifically, the executive branch should be urged to concentrate less on the symptomatic treatment of the residual Soviet threat (i.e., traditional arms control) and more on *systemic* therapies (i.e., approaches that address its underlying cause). After all, it will only be when genuine democratic political and free market economic systems have fully displaced the persisting institutions of empire and militarism that the rest of the world can hope for *real* safeguards against a renascent danger from the former USSR.

In this regard, the Senate may wish, both as an incentive to swift completion of a START protocol based on the Joint Understanding and as a catalyst to sweeping structural reform, to urge the Bush Administration to propose a deal: **U.S. help in securing generous, multi-year relief of the \$80-plus billion in international debt that was the crushing legacy of Soviet misrule** *once START's shortcomings have been formally fixed and the amended Treaty ratified.*

By these two initiatives, the Senate could help transform the START Treaty from a major liability into a useful instrument for constructive change in the former Soviet Union and for stable, peaceful relations between this country and the successor states. Advice and consent to anything less would be an abdication of the Senate's constitutional role and a strategically reckless disservice to the national interest.

The Center for Security Policy is a not-for-profit, non-partisan educational corporation established in 1988. It exists to assist those in the executive and legislative branches of the United States government, in the press and among the general public concerned with foreign and defense issues in promptly understanding and addressing strategically significant security developments.

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Political memo

special NRN

Sept 15th 1992
San Francisco, Ca

White House Chief of Staff
Attorney James Baker
White House
Washington, D.C.

Dear Mr. Baker:

Enclosed is a item in today's papers in Calif. where President Bush is twenty one per cent behind Gov. Clinton. I am also enclosing Contano Hornor letter where my application for Ambassador to Japan has been completed.

It is very very important that the President show his political power in my state by naming this Black Man Envoy to Japan this month. I am willing to use as much as I can to help you and the President win Nov 3rd 1992. I have been active in California's Republican Party since 1992 and is active in Business.

Sincerely,
T. W. Pannell

THE WHITE HOUSE
WASHINGTON

July 27, 1992

Dear Mr. Pannell:

Thank you for your patience and continuing interest in serving in the Bush Administration. As promised, we have completed a review of your portfolio and have referred it to Les T Csorba, Associate Director of Presidential Personnel, who will make every effort to ensure your serious consideration for an appropriate position.

While the number of deserving and qualified individuals exceeds the positions currently available, your portfolio will be handled as rapidly as possible. Your credentials have already been entered in our computerized personnel system.

If you have particular concerns or would like to forward additional information, please write to the Office of Presidential Personnel here at the White House.

We are grateful for your cooperation and willingness to serve the Bush Administration.

Sincerely,



Constance Horner
Assistant to the President
and Director of Presidential Personnel

*P.S. Sent U.S. Senator Seymour a Xerox Copy Monday
8-3-92. Jem*

Mr. Theoreus Pannell
1559 McAllister Street
San Francisco, CA 94115

Clinton Leads Bush by 21% In California

Los Angeles Times

Los Angeles

Democrat Bill Clinton holds a whopping 21-point lead over President Bush in California amid growing voter concerns that the state is "off on the wrong track" and that the nation is plagued by serious economic troubles, the Los Angeles Times poll has found.

In the latest Times poll, Clinton led Bush 57 percent to 36 percent, with 5 percent undecided and 2 percent voting for somebody else.

In the battle for traditional swing voters, roughly six in 10 independents and even slightly more philosophical moderates currently support Clinton, the survey found.

In assessing the candidate matchups, the Times poll examined how likely the registered voters were to actually cast ballots in November. But the results came out essentially the same, regardless of whether a high or low turnout was projected.

The survey turned up bad news for Bush, whose campaign strategists had assumed that the president was trailing by only 10 points in the nation's most populous state, which offers one-fifth of the electoral votes needed to elect a president.

Bush appears to be running worse in California than he is the country as a whole, according to various polling organizations. For example, a Gallup poll taken for Newsweek last week showed Clinton holding a 15-point lead, as did a new Washington Post-ABC News poll, which will be published today.

In California, Clinton's 21-point lead is being driven by the state's stubborn recession.

Asked whether things in California are "generally going in the right direction or are they seriously off on the wrong track," 85 percent of the registered voters answered "wrong track."

Only 10 percent said "right direction." In contrast, a nationwide survey by the Times in late August — at the close of the Republican convention — found 68 percent of the electorate believing things were off on the wrong track.

Less than a year ago in California, 59 percent of those interviewed by the Times poll said things in the state were on the wrong track.

The Times poll interviewed 1,330 registered California voters by telephone for four days ending Sunday night. The margin of error is three percentage points.



THEORIUS W PANNELL
1559 MC ALLISTER
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White House Chicago Staff
Attorney James Baker
White House
Washington



NRN

9/28

TO
CENTRAL
FILES

September 19, 1992

NOTE TO JIM BAKER

Subject: Proposed Presidential Appearances

I wanted to follow-up on our recent conversation concerning the President speaking to a black organization. After speaking with a number of individuals, I would recommend the following for consideration.

1. DETROIT, MICHIGAN

Michigan is obviously a key state where the President could devote a day visiting various enterprises, each demonstrating a different theme. For example:

. **Bill Picard** is a prominent black businessman in the Detroit area. He is President of Regal Plastics, a firm which employs approximately 250 individuals, about 25% of whom are black. Most of the firm's products are sold to the Ford Motor Company. The theme during this visit would be successful black entrepreneurship.

. **Keith Butler** is a republican member of the Detroit City Council. Keith is also a minister who through his church provides a range of social services to the community including child care and training. Keith also addressed the Convention in August. I propose the President visit the church and training/educational enrichment center with a theme of active, successful community involvement.

. **Comprehensive Health Services** is a minority owned, well managed Health Maintenance Organization run by Ellis Bonner. I visited this HMO some months ago and was very impressed with both the quality and efficiency of the organization.

. **Henry Ford Hospital** is a large, well run urban facility providing services to a sizeable indigent population. Comprehensive Health Services is across the street from Ford Hospital. The President could visit both organizations and use either as a setting to discuss his comprehensive health reform proposal.

Jim Baker
Page 2
September 19, 1992

2. HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

There are several good candidates for an event:

. **Central State University**, Wilberforce, Ohio
Ohio is obviously another very important state.
Barbara Bush visited this institution earlier this
year and served as their commencement speaker. This
could be a good opportunity.

. **Hampton Institute**, Hampton, Virginia
President Bill Harvey is a strong supporter of the
President and would be pleased to arrange a warm
welcome for the President.

I believe that these are attractive possibilities for the
President, and I, of course, would be pleased to accompany him to
any of these or other events he decides to attend. I look
forward to speaking with you next week to follow up on this
proposal.



Louis W. Sullivan, M.D.

WRN

TO: Mr. James Baker

The White House

202-456-2461

FROM: A Concerned Citizen and Bush Supporter

I regret submitting the following sensitive information to you on an anonymous basis, however it represents everything I know on the subject and would need to be investigated more fully by a professional member of your staff. I believe this information, if developed properly, could be of possible use to the Bush Campaign with respect to the "character issue."

Bill Clinton and the late Barrett Hamilton of Little Rock were personal friends — how close I don't know but it would be worth finding out. Mr. Hamilton was a major liquor distributor and philanthropist in Little Rock. Little Rock is a small place and everybody knows everybody. Mr. Clinton used Mr. Hamilton's airplane on occasion and Mr. Hamilton used to boast about how close he was to the Governor.

Mr. Hamilton was known for his flamboyant dress, fancy cars, earring, furs, etc. He was also a known cocaine user. Mr. Hamilton died of mysterious causes (in his mid-forties) at the Plaza Athenee in New York this past January. No cause of death has been published; speculation points to either overdose or foul play. At the time of his death Mr. Hamilton was the defendant in a paternity suit in Aspen, CO.

CONFIDENTIAL

NRN

THE PERSONNEL DEPARTMENT

Phone (317) 575-4074

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INDIANAPOLIS

Fax To:

Number

202-456-2461

Company

Name

Jim Baker

Fax From:

Name

Barry Farah

Number of Pages

2

Comments:

1. Ordinary people scared to
DATA OF CLINTON. INTERVIEW
THE EVERY DAY Guy -- LET
Him BASH CLINTON.

Interviewer: Ok, so that is your feeling about the economy. What was it you meant by governmental role?

Interviewee: Simple. I don't want the government empowered to get in my face. I don't want Hilary and her ambitious plans to control our family belief systems from school choice for our children, to the way we raise them.

I don't want Albert's crazy ideas controlling the American agenda. He is really a sincere idiot. Physicists and earth scientists have proven that the earth is amazingly resilient -- and most don't think there is any risk to the environment at all, especially in this country. For example, outside of Creede, Colorado I know of an area that was cleared for logging twelve years ago. I just visited it this August and guess what? The place is a young forest -- amazingly fast tree growth! Anyway, Gore thinks the automobile is more dangerous than a nuclear bomb. The guy is a nut.

But the guy who scares me the most is Clinton. He is so easy to manipulate. His closest advisors like Shearer, his economic advisor, are devout socialists. If you want a thriller, read Shearer's book. They guy, one of Clinton's closest buddies, overtly describes how the best way to make America a socialistic country is to use the word economic democracy. I am really scared for my family.

Interviewer: You don't mean to say you are actually afraid of Clinton?

Interviewee: Yes I do. I love the idea of freedom for the individual -- The American Trademark. I genuinely think our very freedom is at risk. Every time he talks about a government program he is talking about restricting the freedom of the individual.

Clinton has nothing but selfish ambition on him. At least Jimmy Carter was raised in a relatively strong family, I think he genuinely wanted to serve the country. He had the wrong implementation plan and nearly wrecked the country economically, but Jimmy was basically a good man.

With Clinton you have the worst of everything. He is a master manipulator and incredibly seductive, but he has no resolve of principle. He says exactly what everyone wants to hear, but he has no character.

I wouldn't hire him. Not because he isn't smart, but because I can't trust a man who wordsmiths his answers for one purpose -- to get what is best for him. All he wants is power -- not to serve the country, but to satisfy the huge vacuum his abusive and fatherless upbringing has left him with.

If he gets the power he and Hilary so desperately want the socialist agenda and all the documented socialist advisors who are trying to hide right now will run the country. In his first 100 days he will get so many things implemented that the country won't really know what hit it until it is too late. I really am frightened.

Let Ordinary People do Your Negative Advertising

To Win places like Malcomb County Michigan:

Do regional ads which interview ordinary people. Let us do your negative advertising.

There are many like me out there -- here is what I would say.

Interview Example

Interviewer: Who are you voting for?

Interviewee: George Bush.

Interviewer: Why?

Interviewee: Economy, governmental role, trust.

Interviewer: Elaborate on the economy issue.

Interviewee: I bought a small business last year. I had a good first year -- I doubled it in size. Next year could be outstanding if the government would get out of my way. If slick Willy gets in he has promised to tax me if I am more productive next year than I was this year. I have never made the kind of money that I could make next year if I follow through with my plans.

Interviewer: What plans?

Interviewee: We doubled in size last year, we could conceivably double in size in 1993. This would require a doubling in my staff (high paying jobs). But if I do this I would enter the slick Willy naughty naughty zone of income -- he would tax me more. This is very demotivating. If slick Willy gets elected, I am better off to just let my business coast in terms of growth, not be more productive in this country... Maybe I would start a separate business in some other country to satisfy my income goals.

Interviewer: You don't mean you would leave the country if Clinton gets elected?

Interviewee: No, not permanently. I just wouldn't produce more here. In my business, every \$1 of income for me translates into \$40 of wages for employees. Why would I want to hire more people, work longer hours, have more headaches just to hire a few more people? Since slick Willy has promised to tax me if I make more money than the net result is I make less after tax income per hour of my labor. Who wants to work harder, employ more people (heaven knows the regulatory headaches that brings) for less money? All my clients feel the same way.

Interviewer: What do you mean?

Interviewee: I am a small business, primarily serving small businesses. My clients are booming. Their hiring plans and growth plans are on hold though until the election. Right now they are consulting with offshore business experts as well.

Interviewer: Are you suggesting that there would be a lot more hiring even right now, if business owners were certain that George Bush were elected?

Interviewee: That is certainly the case with us -- hiring people is a big decision, I could use more people right now, but I think I'll wait. I am not happy with everything George did in his first term -- primarily a communication problem. But I really think he has a strengthened resolve on the taxes issue and on pushing a pro-growth agenda through.

Interviewer: What do you mean a communication problem?

Interviewee: Well some things he understands too well. As a consequence when he mentions it to the nation he assumes everyone understands it also.

Interviewer: Like what?

Interviewee: Capital gains. Most people do not understand this at all. Now he is articulating in words that the average non-MBA can understand. It is simply money that will be invested somewhere -- if it is taxed too much it won't be invested in the little guy in this country. Let's say I have \$100,000 to invest. You come to me with a desire to start a bakery. You will do the work, all I have to do is invest my money in your idea. I get some of the profits for my investment, you get the rest for your hard work. If I am going to be taxed too much on the profits than I am better off to put that money offshore.

Guess what? Your bakery and the people it was to employ is not going to make it. I would venture to say that this one issue if George gets it passed will bring more jobs to this country in the next four years than anything else. He just needs to put it in everyday language better and push it through. I think he will this next term.

FACSIMILE TRANSMISSION ALERT

1050 17th St., Suite 1210
Denver, Colo. 80265
(303) 892 1600
(303) 892-6615 Facsimile

TO: James A. Baker & Robert M. Teeter
FACSIMILE: (202) 456-2461 ; (202) 336-7117
FROM: David B. Frost 
RE: Presidential Campaign Debates
DATE: September 25, 1992

Page One of two pages

1. C'mon fellas, you gotta debate. Please do it.



DAVID B. FROST

NRN

Mr. James A. Baker
The White House
1600 Pennsylvania Ave
Washington, D.C. 20500

Mr. Robert M. Teeter
Bush/Quayle '92
1030 15th Street NW 12th Floor
Washington, D.C. 20005

VIA FACSIMILE

Re: More on the Debate on the Debates

Gentlemen:

I am a baby boomer and the only Democrat in a long line of Iowa Republicans, including both sides of my family. (My paternal grandfather hated Franklin Roosevelt so much, he kept a photograph of FDR on his bedstand to remind him of it.) My wife is a Republican. And, it seems as if almost everybody else I know well is a Republican. I voted for President Reagan twice and for President Bush in 1988. (The Democratic candidates in those election years were the worst kind of Democratic liberals—those who believe they that know what is best for everybody else.) In short, I was a Reagan Democrat.

I live in that political territory where the political commentators say this election will be decided: In the suburbs, in an 'Ozzie and Harriet' house with two kids, a dog and two foreign cars in the garage. Get the picture? Apparently, mine is the American family paradigm about which you people have been caterwauling.

Any doubt I may have had about whom to vote for in this election (both candidacies are flawed) has been eliminated by the President's refusal, animated almost assuredly by the two of you, to debate Governor Clinton in the format suggested by the presidential debate commission. The debate dodge crafted by you two casts the President in an awful light. I understand your loyalty is to Mr. Bush, but clearly, the President's allegiance should be to the American people. He owes the American electorate a debate with Governor Clinton in any forum available to them.

I believe that Governor Clinton will best the President in a debate no matter what the format. I suspect that you believe this, too, and are afraid to let your man mix it up, face-to-face, with Clinton. But give the American voter and your President some credit. If his debate performance is credible and genuine, if the message is authentic, the President will be persuasive, irrespective of Clinton's verbal dexterity. Of course, if Mr. Bush's message is counterfeit and Governor Clinton's is the real McCoy, you lose.

The President and various other Republican luminaries have impugned Governor Clinton's patriotism and courage by attempting to draw a connection between those virtues and Clinton's approach to the draft. Waving the President's World War II experience around on the airways like the American flag, his campaign surrogates have implied that Governor Clinton is a coward. Surely, the man who, in 1942, was piloting a warplane against the Japanese before Bill Clinton was born can stand several minutes of nationally televised assaults from his opponent in 1992.

Respectfully

David B. Frost

7148 South Magnolia Circle, Englewood, Colorado 80112 303 740-6111

September 25, 1992



NRN

The President
1600 Pennsylvania Avenue N.W.
Washington, D.C. 20500

Dear Mr. President:

You likely will not get this letter. I will likely get another form letter like I have before but, by the chance that you might get this letter, I am writing again.

I fear for the country if you are not re-elected. You are going to lose if you do not do something drastic such as semi-flooding the system with some cash as President Ford did. I do not know why so many people are after you now but, you are a target, and mostly it is from the media. All of the good that you have done is not coming out. The country is not in that bad of shape. Cash might create a little inflation but the country had an overkill in deflation during the Reagan years.

You also have to get on television. Convince the people that while you may have neglected the economy while working for peace you are committed and are going to do great job steaming up the economy. Focus on this every week.

But, you must show something good, like cash, or you or going to be out. Then this country will suffer for maybe as much as 16 years.

You know how to address the deficit. The people of this country do not really understand all that the deficit is, as myself do not. But, I know that is simple to cut the deficit by putting some sort of tariff on some imports and applying that directly to the deficit. Then, print the deficit reduction in all of the newspapers each day so that the people can see the progress. Then, ask for help from us and you will be surprised at what we will do.

It is going to take more than luck. You are going to have to put a quarter in the machine and pull the handle to win.

Your friend and brother in Christ,

A handwritten signature in cursive script that reads "Gene Brown".

Gene Brown

GB/bmb

cc: The Vice President
Mr. James Baker



11531 Old Perrin Beitel Rd. San Antonio, Texas 78217
(512) 637-5555





Free People Foundation



"Fundacion Gente Libre ... U.S.A."
Working for ... global human freedom ... thru
political - economic democracy ... worldwide.

Humberto Rodriguez
President

Dallas, Sept. 25, 1992 - Friday.-

Mr. James Baker.
Chief of Staff. The White House.
Washington, D.C.

Dear Mr. Baker:-

NRN

Maybe you are aware, or not, yet, that we did send a letter to President Bush, to your Deputy, Mr. Zoellick, others, etc., about ..why not develop an entirely NEW approach to our national..unlimited development..by organizing a new national policy of broad..ownership, everywhere ? We happen to know that this new policy might be the ...key..to his reelection, also, to have a rational policy to eliminate our national debt, and create national, massive prosperity, by becoming, really so, the main motor of human full development in our world, political, social, ECONOMIC expansion. No reply,yet to our proposal to..work together, to win the election, this way, for us, the very best for OUR country, our fundamental aim, Sir.- Can YOU see it ?

Today, by extrapolating the article of Ron to the political reality YOU must help solve, as the main strategist for Mr. Bush, may I point out ?

1.- Just because we, Americans, U.S.A. live in this country, enjoy its advantages, accept it, take it for granted, etc., many of us do not realize that the whole American Reality is a dream for ...billions MORE, worldwide.

2.- As we are, all of us, immigrants, here, there are ..biological' bonds, among us all, to other human beings, worldwide, bonds that CAN be enhanced, upgraded, actualized, in a very dynamic, wonderful way, BY our suggested people-nation-world building teams. Where millions of American families, voters, all of us, can participate, NOT in the little way of the Peace Corps, or the other forms of trade, tourism, social relationships, but in a new,... totally PRO-SURVIVAL set up. For mutual ECONOMIC enrichment of..ourselves. While transforming, for the BETTER, our own and the mutual economic destiny of ALL..others...in our planet. By the new suggested policy of mutual co-ownership of extant and newly created productive capital, in all its forms..AS the main spring of ..this political contest, right now, the last few weeks left for the ultimate voting decision in Nov. (My own consideration that Mr. Bush, even considering all the negative points about him,) he is, for me, the very best, with YOU,with your worldwide experiences, the best candidate to lead, expand, enrich, apply, this worldwide mutual expansion process, this patriotic crusade, in which OUR Foundation is engaged. In other words, I bet on you winning and DOING this, for your own self-survival and glory, and power, now, and in years to come. Including YOURSELF, Mr. Baker, as the next President, within four years hence. Is this crystal clear, honest, direct ?

3.- Please invite Mr. Brady, Mr. Greenspan, to a vital conference, with my associates, myself, to ...develop the new policy. I know how. Our function would be to apply it, at once, nationwide. Involving ALL kinds of VOTERS, that, for tangible and intangible reasons WE KNOW HOW TO re-direct toward Mr. Bush election. As the best way to fulfill OUR OWN IDEAS AND INTERESTS IN LIFE. Beginning to DO IT, right now, during the campaign. And the next four years, and the other four years, with YOU, as the new President. A totally viable plan of action to help clear this planet of poverty, disease, fear. And promote, actualize, a happier, healthier, freer, human race...ourselves. Is this good enough for you, Sir. If so, invite me to see you at once, will you ?

(Concept: Mr. Bush, champion a new moral crusade,with All of us.
A Nation-Building, Educational, Patriotic Texan Corporation, Non-Profit, Tax Exempt - Founded in 1967

5502 Ridgedale Avenue • Dallas, Texas 75206 • (214) 827-6218

H.R.

DIANETICS AND SCIENTOLOGY ARE NEW

BY L. R. O. N. H U B B A R D

People who have been in Dianetics and Scientology for years see it as a way of life. They accept it.

But to listen to them you'd think Dianetics and Scientology had been around for the last 50 billion years at least!

They have lost their viewpoint of the newness of Dianetics and Scientology.

They do not realize that Dianetics and Scientology are new news to the bulk of the world's population.

They do not realize that the oldest Dianetics or Scientology books are *brand-new* books to the bulk of humanity!

Before 1949 man's knowledge of himself, the spirit and the mind was a black barbarism. Look over the psychology, psychiatric and religious texts of the 30s and 40s. Man could not change. He was a degraded animal. The way you applied therapy was dreams or drugs, ice picks and ice baths.

Only Dianetics and Scientology began the road out of that witch pit.

But the witch pit is still there for almost all the world!

Because Scientologists number millions, Scientologists do not look at the *billions* to whom Dianetics and Scientology are BRAND-NEW!

Those billions are still in the witch pit. They are still boiling.

Dianetics and Scientology are NEW NEWS. We are the only road out.

Just because YOU are making it is no reason the world will. (If you *aren't* making it in auditing, if you are a "failed case," get yourself a repair—Scientology is the only approach ever



FLAC  FSN
NEWSLETTER

developed that repairs itself too! And that is also new news!)

Let them in on the new news!

Cultures change slowly. It took centuries for man to realize that slavery was wrong and could be changed. Cultures don't shift overnight.

So write and act like you have *new* news.

Recover your viewpoint by comparing what you now know to what they still don't know in even "modern" institutions.

You have new news. And Dianetics and Scientology are good news. In fact, the best news man has ever had. Don't sit on it!

L. RON HUBBARD, Founder
HCO* Policy Letter of 20 August 1979

Humberto [redacted] ez.
5502 Ridgedale Ave.
Dallas, Tex. 75206



Mr. Robert B. Zoellick.
Deputy Chief of Staff.
The White House.
Washington, D.C.

Urgent. Please.





HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

C. W. BILL YOUNG
8TH DISTRICT, FLORIDA

September 25, 1992

Dear Jim:

This is to follow up our conversation to suggest that during his visit to Pinellas County, Florida next week, President Bush announce that the Department of Energy has designated its Pinellas Plant as the site for a regional technology transfer center.

As you will see from my enclosed letter to Secretary Watkins, this is fully consistent with President Bush's National Technology Initiative to improve U.S. competitiveness in international markets. It also is good politics for both President Bush and me because although Congress has prohibited DOE from closing the Pinellas Plant at least until a thorough study of the entire nuclear weapons complex can be completed, this would give further assurances to Florida's West Coast that the 1,600 highly skilled workers there, and their families, will not be put out of work and that with time, many more jobs will be created by attracting new, high tech businesses to the area.

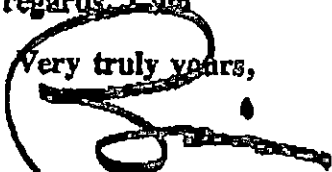
A stop at this facility also provides President Bush with an opportunity to tour the plant's on-site day care and K-2 elementary school which is a highly successful and innovative effort between the Department of Energy and the Pinellas County public school system. It reinforces the Administration's emphasis on the need to break the mold to create new types of schools and better learning environments.

Finally, I am enclosed a copy of my recent speech in the House on the increasing burden of the annual interest payment on the national debt and the potential staggering impact a return to Carter-era interest rates would have on that cost. As you know, the interest rate paid on U.S. Treasury bonds are at a 30 year low. If those rates return to the level of the late 1970s and 1980, that were three to four times higher, the annual interest payment could exceed \$1 trillion.

This, along with a discussion of how the past two Republican administrations have brought inflation under control and virtually taken it out of the news, emphasizes the clear choice the American people have between the economic policies of the two candidates.

Thank you for your consideration of these suggestions and please let me know if I can be of further help. With best wishes and personal regards, I am

Very truly yours,


C. W. Bill Young
Member of Congress

The Honorable James A. Baker, III
Chief of Staff
The White House
1600 Pennsylvania Avenue N.W.
Washington, D.C. 20500

~~JAB:~~ CENTRAL FILES

We've given to
Kathy Super for
Scheduling system
w/FYI copy to Nick.

csj
9/25 -- 9:30pm