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Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Chief of Staff, White House Office of
Series: Baker, James A., III, Files
Subseries: Public Correspondence Files

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[Public Correspondence] [16]

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Withdrawal/Redaction Sheet (George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01a. Letter	From: Bruce E. Petty to James Baker Re: Republican Presidential Reelection [Redaction of personal information] (1 pp.)	09/07/92	(b)(6)	
01b. Paper	From: Bruce E. Petty Re: Perspective of the U.S. Presidency relative to the States, Counties, Municipalities and the People [Redaction of personal information] (1 pp.)	09/07/92	(b)(6)	
02. Note with Attachment	From Gilbert Robinson to James Baker Re: Media Idea [Open Upon Deed of Gift - March 16, 2015] (10 pp.)	08/27/92	PRM	
03. Fax Cover Sheet with Attachment	From Barbara Franklin to James Baker Re: Technology [Open Upon Deed of Gift - March 16, 2015] (9 pp.)	09/19/92	PRM	
04. Letter with Attachment	From G. Alex Sinclair to James Baker Re: Marketing for the Campaign [Open Upon Deed of Gift - March 16, 2015] (5 pp.)	09/14/92	PRM	

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Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff to the President, Office of the
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File Location: [Public Correspondence] [16]

Pinksheet Number: dw22
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P-2/P-5 Review Case #:

NRW

William M. Miller
708 Southeast Ninth St.
Delray Beach, FL 33483

PERSONAL

September 4, 1992

James A. Baker III, Chief of Staff
The White House
Washington, District of Columbia

Dear Mr. Baker:

Know you are busy. Will make it short.

I am a Texan from your area, F.W.. Flew with George in 1945. He is a good guy but very inquisitive and obstinate. The only way he can win, in my personal opinion, is by demeaning his opponents character. IE: You might call them the "Whiz Kids" or "The Bobsey Twins" or "Bat Man and Robin" or "Puddin n' Tane". You might call Gore the "Environmental Rain Maker" and Clinton "The Hog Caller". Refer to them as "Taking all the voters down the yellow brick road", "The adventures in wonderland with star dust on their tails".

I think the President should dramatize the draft evasion and the 12 years that Bill spent in bed with Miss. Flowers.

If George should lose, tell him I said it is a thankless job anyway.

 In reference to Homestead, FL problems. I have been in the building business in South Florida for 40 years. Most of the problem is caused from lousy construction and kick backs to building inspectors 30 years ago.

Very truly yours,



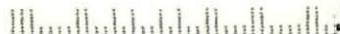
P. S. The Republican Party, in order to win, must do something to get the votes of the working women under 50 years old. Maybe Marilyn can think of something.

Mr. & Mrs. William M. Miller
Trillium Place, B-3
P. O. Box 1603
Highlands, NC 28741



PERSONAL

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



CHARLES H. HOOKER
823 N. MONROE
SAN ANGELO, TX. 76901
(915) 653-9152

SEPT 3, 1992
NRN

Jim —

RE: THE ENCLOSURE.

DON'T THINK I SENT YOU THIS.
DID SEND A COPY TO PEGGY NOONAN.
THEN LEARNED SHE WAS STAYING IN
N.Y. WITH HER KID.

HOPE THIS MIGHT BE HELPFUL.

BEST,

CH

Why?

"Because of his labor relations with his people," said Bill Becker. "We're told that once a week, or periodically, he sends down on the computer some anti-union bullshit." Becker said frankly he did not personally know about Sam Walton's labor relations policies. But he volunteered the standard pro-organized labor hostile line: "He pays minimum wages, or slightly above minimum wages, and I guess you can testify he's the richest guy in the world. That's how he makes his bucks—by exploiting his workers."

The labor chief wanted to talk about Sam's role in the current "bitter battle" in Arkansas over workman's compensation benefits. "Sam has the ear of [Governor] Bill Clinton, and Bill believes everything Sam says about how high workers' comp costs were in Arkansas compared to his other states. Sold him a bill of goods. Arkansas compensation costs were too much."

Hillary Clinton, he observed, is on several boards of directors of "large corporations with bad labor policies." But Bill Becker said the Governor and his wife are neither anti-labor nor antiunion. "They are not pro-union, either. They are not union haters. They don't do a hell of a lot to help working people. Story in the *Gazette* about some injured workers picketing a meeting of the Workman's Compensation Board. One of the lines in the story said, 'You communicate to Governor Clinton your grievance?' And the answer: 'Yes, we have and we hear nothing.'"

Bill Becker said Arkansas has had worse governors on labor issues—and better. "I think Dale Bumpers [(D) 1971–1975] was better." Worse? "Frank White [(R) 1981–1983] was worse. Winthrop Rockefeller [(R) 1967–1971] was better on labor issues than Bill Clinton. Is that ironic? Well, Win Rockefeller was sort of a liberal; he probably did more for race relations in this state than any governor before or since."

The only direct dealings between the AFL-CIO and Sam were on the workman's compensation battle. "We had a really bitter fight. We had a hell of a time. Clinton got bad information [from Sam]. It was not only bad, it was inaccurate."

Contrasted with the militant stance of organized labor, there is a quite different aspect of being an on-the-floor associate in a Wal-Mart store.

Consider Shirley Cox, forty-two years old, married with two step-children and a twenty-four-year veteran of that donkey-and-watermelon

working conditions, and failure to
compensation for work-related inju-
employees in a special meeting that
he would take away their
Pickering, Walton also re-
job applications on file.

sulted in the union losing the
said. He also said that when
center workers in Texas were
workers at the Searcy plant,
employees the reason was that he
lower wage, while he could

Wal-Mart home offices, where
Walton "family" approach to
Berquist explained it, "Some
their employees, afraid to tell
coming in and where it's
which is this: If we say we are
got to talk with each other.
so that they know where the
them openly."

wrote in the February 1982
and the Teamsters Union . . .
when, last Friday, our good
center rejected the union by
to one. Bless them all . . .
part if we work with and for
other."

lawyer who represents the
failure philosophically even
izing or trying to organize
Wal-Mart has too many benefits
ative, and there is not a lot
it has a lot to do with it,
good job for that town. It's
s up there. It was a good
ple were thankful for it to
boat."

and the Retail Clerks unions

have not tackled Wal-Mart, according to Lawyer Harmon. "They primarily have organized Kroger and Safeway, and also have a few shoe manufacturers," she said. "The poultry plants are about half unionized. Only one or two of Don Tyson's plants [the industry giant], but it is mostly not organized. None of the department stores are organized."

The Carpenters Union sent an agent from Washington, D. C., Tom Holman, to the 1986 Wal-Mart shareholders meeting in Bentonville to complain directly to Sam. Robert McCord, opinion page editor of the *Arkansas Gazette*, watched Holman get up and ask why union carpenters didn't get to bid on Wal-Mart's stores.

"Walton thanked him for his question (although urging him to make it short) and answered that there were no restrictions in bidding and that a lot of Wal-Mart's 913 stores had been built by union carpenters," McCord wrote.

Generally credited with being one of the most knowledgeable observers of the labor scene in Arkansas is Ernie Dumas, who has been a state capitol correspondent and editorial writer for thirty years on the *Arkansas Gazette*. He said in our interview: "Arkansas is the weakest labor state in the country. We are a right-to-work-law state, and labor is just weak here. Everybody's scared of Sam Walton." For whatever reasons, Dumas characterized the Wal-Mart "operation" as "kind of scandalous."* Totally ignoring profit-sharing, incentives, and bonuses, the Little Rock newspaperman said: "They have hardly any fringe benefits, and wages are low. They ought to be ripe for unions."

On one of his observations, Dumas was right on target: "You almost never see any union activity with Walton operations."

J. Bill Becker of Little Rock, president of the Arkansas AFL-CIO, and the main mouthpiece for labor in that state since 1964, seemed a trifle blasé. Asked what organized labor was doing about Wal-Mart workers, he said genially, "Not a hell of a lot."

Becker has never seen or talked to Sam.

"At one time I did get a call from the AFL-CIO union labor department in Washington wanting to say some nice things about him in regard to his 'Buy American' program, and I told them it was a bad idea."

*When Sam Walton read that statement he bristled and said: "I can't see why he would say such a thing."

CHARLES H. HOOKER, JR.
823 N. MONROE
SAN ANGELO, TX.
76901



MR. JAMES A. BAKER, III
THE WHITE HOUSE
WASHINGTON D.C. 20508

Sir,

JAB-0 NRN

Please find enclosed a copy of a letter sent to the President and Vice President. I am pleased that the idea of using the military for relief work was implemented. Please read it through and endorse any of the ideas you find reasonable to others there. Thank you very much. I wish you well.

David Nelson

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Mr President,

Wed P.M.

I'm sitting in a church classroom right now, eating my wife's homemade pizza. My son is at choir practice and I have about an hour's wait. This may not be the most impressive letter you have ever received, but I do hope it will be helpful. You are free to accept or reject any of the ideas written here. My mind has been on the coming election and the rhetoric I am starting to hear. Some tough issues are at hand and no clear and easy answers. But, some ideas and phrases have been going through my head. I'm sending them to you as possible seed ideas and possible campaign solutions or themes.

I do not expect the economy to drastically improve before the election. That puts you in a tight spot. Most people aren't in the stock market and don't care what it does. As I see it, the best way to deal with the economy is to admit to people these are tight and slow times, and that it will be awhile till another real boom comes along. - also give some of the reasons why this is so. These explanations must be in terms the average person can grab hold of, and also help people to start solving a part of the problem themselves. Most people out here don't see any connection between a tax cut program and their everyday lives.

One of the points I would make to people is that the economics of the business world, rides on top of the demographics. i.e. that people patterns run business and that business patterns run their jobs. Christ used parables, teaching stories, to make his points clear and easy to remember. You need to use more memorable stories to tell the average person your views, and help them think about them, and remember them.

As an example I would point out problems at the two ends of the age spectrum, both of which hinder productive work being done. As the number of children per family has dropped, combined with a large number of abortions, one of the biggest drives to purchasing (and business growth) has been cut back i.e. children. Most people buy a house because of the kids. There gets to be too many for the old place. The landlord may say 'no kids allowed'. New cars are often purchased because we outgrow the old one. More kids means we need to change, and buy things, to cope with them.

Older people drive less generally, so they don't wear out or outgrow their cars for a long time. Cutting back on the "young end" cuts back on cars and the jobs to make the cars. People don't usually see this connection. Tell them clearly! When we cut back the number of kids being produced, you are building in a reduction of demand.

in the economy for a lot of years. Less diapers, less cars, less houses, less clothes, etc. less jobs for teachers, more closed schools.

As these people come to maturity, there are fewer of them so there is a slack demand for older homes. This leads to more neglect in the housing stock. - ie deterioration., and falling real estate prices. With a larger amount of used cars and houses on the market, it acts against new product purchases, so fewer jobs. The shrinkage continues. The main reason is the cutting back in the number of children entering the Society.

In addition to children as consumers, these same children grow up to be the doctors, engineers, politicians and bus drivers of tomorrow. But there are proportionally less of them. I am very concerned about there being too few of them working to make the Society and its social programs work. These are the ones who will be paying into social security, using pension fund money and the banks. That money goes out to their elderly parents in a transfer payment system. What happens when there are proportionally fewer paying in? The social security payments get frozen or ~~are~~ reduced. More parents end up on welfare, with proportionally fewer to pay these taxes too. The current generation of parents are cutting back child production, yet will need them

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for a comfortable old age.

Cheap money, a lower prime, will not act against a steady reduction in demand. This reduction is ultimately caused by the most "demanding" part of the population - the kids - being cut back. Schools are closing now because of it. Colleges fight to fill up their classrooms. Business looks forward to major labor shortages. These are real, ongoing problems, not being dealt with. People may think in terms of quick solutions from big government for right now, but more unemployment benefits won't do the job. It's time to start dealing with the hard issues. Economics rides on the demographics. In the old days people said 'one farmer can support 10 children and 10 children can support one farmer (in his old age). That principle still holds but is being ignored.

There is political hay to be made out of this, beyond just fingerpointing. It would be an appeal to older people and entrepreneurs, some teachers groups and some women's groups, etc. I am asking you to take the hard stand and be honest and public on this issue. A statesman deals with hard realities and calls people to his solutions, even if they are hard. It ultimately means kicking on the hard issues, breaking them down into little pieces

most people can understand.

There are other problems that contribute to this demand reduction. You have more economists in D.C. than there are out here. Ask them about the impact of legalized gambling, increasing liability settlements, older ages for mothers to bear children, higher interest rates on government bonds. Tally the demand reducers and then set them in clear, story form for people. You have an overview most people do not have. Show them the options we have, the short and long term implications. Give them a clue as to why we have these problems and what they can do about them. What happens with earlier retirement ages? What happens when fewer businesses start in a year?

There are other issues that follow along from this. I believe the leadership of the country has a right and a responsibility to take what action it can to deal with this economic and demographic problem. This falls into increasing the number of working age adults in the society and decreasing the rate of loss of children. I doubt anyone can cut back on the birth control pills women use. But I do believe it is desirable to cut back on the loss of future working citizens of the U.S. by cutting back on abortions, for our long term economic gain. What many women don't realize is that the children they abort now are their support in their old age. It

is the business activity of the next 2 generations that make the pension funds, bank deposits and social security work. It is important to use the terms 'future citizens, future taxpayers, future workers' when talking about the unborn ones. Hitting on the old age security issue would get at least some women thinking beyond their immediate wants and 'rights'. Perhaps there should be a cash reward paid by the adoptive parents to the birth mother, for the child. Fewer would be destroyed. Women do not see these as future citizens, future doctors, presidents, bus drivers and economic support in their old age.

Keeping social security working in an older population, headed towards shrinking over the next decades is a real problem. A possible way to quickly increase the number of buyers and workers in this society is to strongly push immigration into the U.S. One of the greatest periods of economic expansion followed mass immigration in the late 1800s. Other examples are areas of Florida and the Cubans, Orange County and the boat people. Besides, each ethnic group wants more of their friends and relatives here. I believe by pushing hard for major immigration, these ethnic groups would vote for you. The Jews want Soviet Jews out. Give them a choice! Many of these well educated immigrants would prefer the USA to Israel. The Spanish want more Spanish. The Mexicans

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Came here to work, pay taxes, and contribute to the economy.

The Vietnamese want their own here, and not sent back to North Vietnam. The Chinese would love to come here from Hong Kong. We would get some of the world's best business people for free! The Chinese build businesses and international ones as well! Why should only mainland China get them? Hong Kong has done tremendously under freedom. Let the Hong Kong Chinese come HERE and help us rebuild our economy. The Asians do very well at science and engineering in our colleges. They in turn go into medicine or develop new products and start businesses. Let them in! They like kids and produce them. They raise them and educate them. That's good for the economy and social security. I believe each ethnic group would vote for the one actively trying to get their friends and relatives here. How many ethnic groups are there? Enough to swing an election!

Some will object to the "cost." They ignore the long term growth of the economy and population to support the society's social programs. They ignore the importance of taking action to support the values we maintain appropriate days of the year. Simply give them a green card to find work, identify them with a fingerprint, and provide no transportation. In

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addition pass a law that they will get no welfare funds for 5 years. This forces them to pay their own way here, find work fast and learn english. It worked well for our ancestors. It is a cheap, hard way, but local groups and family/ethnic associations have done this job in the past here in the U.S.

Please talk to Alan Greenspan and your other economic advisors to identify 10 major demand reducers at work today. Clearly list them in concrete examples in your messages and speeches. People are very ignorant of bookkeeping, sales and business, even simple economics. That is another failing of the schools. People think big Government always has a quick fix to "jump start" the economy. Tell the truth in concrete example form that local people can understand to get your fighting chance.

I believe you are really weak on accurate communication of your views to the real voters of the U.S. You have got so much media and speech BS. to cut through, it's almost impossible to hear you clearly out here. As a result "image" reigns. In addition, many reporters no longer even try to be impartial and give us clear and complete info. (I call it advocacy journalism). Did anyone tell you that you could easily get your full message out to the papers and Broadcasters without this

DO IT!

'noise' and editing in the middle? YES You CAN
 How? with a FAX machine or computer based
 file transfer system called a Computer Bulletin
 Board System! (a BBS) It's so simple! The
 local people are hungry for cheap and clear
 news from the big wigs. All you have to do is
copyright your speeches in D.C. and then ship
 them out to any that request them - electronically.
 This could be via collect calls to the papers &
 Broadcasters, even at night. All you have to do
 is to set up an electronic bulletin board system
 with your speeches, ideas, memos, and answers
 to questions on file. An editor for a local paper or
 radio station dials up and asks for the latest
 on the economy, health care or civil rights, etc. Your
 system automatically sends out copyrighted
 material, at their cost to the requester.

The local news editor is happy! They get the
whole speech fast, and unedited. If it is copyrighted
 they are very unlikely to distort it in print or on
 the radio. Since they have it all, more of it will
 accurately appear in the local media. When you
 remove layers of editing and 'noise' in a system,
 the communication gets far better, clearer & faster.
 Say you had 20 documents on file in the computer to
 send out. By tracking the kind of topics called for,
 vs the area, you quickly find out what the local

Concerns really are. Other staff could help you in developing these documents to send out. It becomes something like an electronic congressional Record. Unlike the C.R. it is also a ready access to newspapers and broadcasters with your ideas.

In an election year it is especially crucial for you to quickly get clear and complete answers to the people or they really may believe you don't have any decent plans to solve the U.S.' problems or care only about the rich and moneyed. Then you will be out and even more Democrats in. The average person doesn't understand economics, or Capital gains, or protectionism, or the stock market. I know it's going to be rough and so do you. But at least use the tools every hacker and office worker know how to use! Get your good ideas out to the ultimate readers and voters with speed and accuracy NOW!

Please remember to thank the editors for their inquiry and also ask them a couple questions. They know a lot and have some good ideas. Few editors could resist the idea of giving solid advice to the President of the USA. With a good chance it will be heard beyond their local market. Collect their best ideas, tabulate them for patterns and put them out into the BBS. If you can support them as part of your administration's official position.

The editors will LOVE IT! They would see it as real impact of their work and as communication from the bottom to the top that really worked. It could be extended to the NASAP, or AARP or Police chiefs or —, as a way to get their opinions & suggestions as well.

To quickly set up this fax and BBS link I suggest you use the Republican Party and tell them you want it done this month PRONTO. The National people know who to call in the states with this message. The state people know who to talk to locally, and the locals know the news editors and secretaries. Doing it this way will help to keep the hackers off the phone links and keep viruses and worms out of your software. It has to be isolated from any other system in the government or White House. It must be hand filled, outgoing only. Others will try to crash it. Be ready to purge all of it and refill it from scratch every week if need be.

Hard Carrying the contact phone numbers to the media editors and telling them not to give it out, and why, will greatly help to secure the system and keep it running. Make sure it is an unlisted unpublished phone number. Your receptionist on the phone is to never give it out over the phone. Refer them to the local Republican Party chairperson. Thus

the local party people can screen the people getting the number. I would expect political enemies to try to change the documents going out to their benefit and your detriment. Low distribution of the contact information tells the editors this is special and just for them. I believe they would guard it as a professional resource.

A second, parallel, system should be set up to distribute speeches and info to the local Republican party offices, acting as a check on the editors in case they got something wrong, or didn't abide by the copyright and distorted it. Don't have only a system for the party or only for the editors. Perhaps the local chapters could tie into a BBS in the State Capitol, and then the State Capitals into a national one, and that one to the White House. Both the party people and the editors need to feel wanted and fully informed, not being left out or manipulated.

once set up you have overnight access to all local chapters of the party and no noise, no edited access to local editors with your whole story. Give them more than they might use. Don't keep it brief. If they think it's really worthwhile, they will drop some filler pieces and run more of yours. Also, proclaim it as a creative, modern, forward looking step your administration is taking to bring it

closer to the American People. It's purpose is to help people really hear what you're saying and why. Carefully prepare the documents. Use teaching stories and true life examples. Beware the big word generality syndrome. Ask for helpful feedback. Have your staff sift and collate it. You'll find out faster where people's heads are at plus getting the occasional brilliant and "right on" idea you folks could use in D.C.

I suggest you tell the Senators and Representatives to do the same thing with their people back home. It will improve their responsiveness and include more people in their decisions. It will solve many communication problems and serve to document their efforts on behalf of their voters. If the volume of calls is too great, split the system into parallel pieces going to different phone numbers at your end. These could be split by geographical area or state. It may be a good idea to split the incoming and outgoing messages to different phone numbers and different computer systems. The hackers will all be incoming I believe. Isolate that system and keep the problems caged. NO file to file transfers from that system. Print it out or use a CRT to prevent viral invasion.

This is an application of Computer conferencing and Computernets. DARPA has one, so does NSA, and others

I really think you folks need it and now. I really do think it could be a great help in an election.

You will be a steel about the homeless. It is an emotional, high impact issue. The Key to handling a big problem is to break it down into smaller pieces and then mobilize local resources to solve it. Those resources are local medical groups, nurses, Civil and church groups, unions and businesses working together to solve the piece where they live. Habitat for Humanity has done some of this. I suggest you encourage this approach and take it a step further. I am enclosing an old article from Popular Science, April 1964, page 100. My suggestion is to advocate what Habitat has done. and combine it with the article's simple Do-it-yourself panels. Mention the work of Jimmy Carter to gain wider support for the idea. Panels are now done in factories to make prefab housing. Why can't this be done in local self-help workshops?

Why can't the homeless and low income people be helped by local groups to make panels for most of their own new places? They would gain self-esteem and 'ownership' of it emotionally. They also could learn how to maintain their own places and be less likely to start tearing them apart as bad tenants do.

Homeless people are people with problems but not

immediately life threatening ones. They need a ladder and encouragement to help them work their way out of their problems. They need a place to stop and settle, get mail, and counseling.

We have older schools and industrial buildings in most cities that are empty. They are not pretty but are cheap and durable. Suppose that private cubicles, that are lockable, were built. They could be 4' wide by 4' tall, 8' long and be made out of sheets of plywood and 2x4s. They could be made like the panels described in the article. Each individual or couple would have one to themselves to sleep in and store their belongings in. It is a place to stop and start again from.

There could be a grouping of 8 cubicles with a pay phone and seating area. Food could be provided cafeteria style with resident made chairs and tables. There could be a children's play area and a counseling area in this converted school or industrial building. Factory blower heaters - on the ceiling - could be used to heat it. Group common toilets and showers - men's & women's - could be quickly put in with used fixtures.

Families could be kept together in adjacent 6'x4'x8' cubicles. I think the kids would especially like having a place to climb and go inside of. The indoor area would be kid proof and warm in the cold weather. Some single, short term job counseling and training could be done.

on site, with a part time job placement person on site. Basic office skills and nurse's aide training could be offered. Part time paid labor picking trash for the highway department or other community service work could be arranged. With payment after the work or training sessions, the people would be helped to learn to work for cash again. Bernard Haldane's ideas (written later on here) could be used to help a person get a new look at their past jobs and other experiences, no matter how fragmented.

I believe it would be helpful to have garden plots for kids and adults to grow things in. There are lessons to be learned on patience, persistence and care when gardening.

If the individuals are single, it would be a good way to stabilize them in one location. If they had to be alcohol and drug free to be admitted to "their" cubicle area at night, I think they would learn to leave them behind in their life. This would help them to sobriety. I also believe that the cubicles, tables and chairs, etc, should be resident and volunteer built. It establishes some resident "ownership" and some pride in keeping it together or improving it. It would help those in high school shop classes or technical schools, churches, Scouts, Lions, etc. to have a chance to actively participate in doing something countable and measurable about the problem. They can

plan it, break it down into a small piece, and work with others to get a part done they can see and physically build on later.

The residents and volunteers could then do panels for low income housing. As long as the materials are the same, and they are square, they will all fit together on site. Squareness is assured by using a panel jig, like in the article, and in keeping the diagonals equal. Those in need could be paid in cash or credit towards their own place. This basic project could be scaled up or down for a wide variety of needs here in the U.S. or overseas. Working with others helps promote fellowship and friendship. Some of the volunteers would become friends to some of the needy, and help them to find jobs or otherwise stabilize them.

Most people have a vague idea that education is for preparing ourselves for the future. (Most people stop doing that by their mid-20s.) But, what does this preparation really mean? Education must help us prepare to be successful marriage partners, parents, workers, citizens, and care takers of our world. Reading, writing, arithmetic and the rest are useful skills, but, if we can't do our real-life work when we graduate, then the school system has failed.

I believe the schools do have a civic responsibility to help teach life-values, and a moral core to the students.

These are the values and behavior patterns needed to knit together our society and make it work. These values are to be found in many cultures and traditions that have endured through time. In the past these were taught by the examples of great men and women whose lives were taught to the children. Honesty, fidelity to your spouse, hard and steady work, care for children, respect and courtesy for others, environmental repair, all are part of this core.

The principles embodied in the Golden Rule and Ten Commandments are included here. Education by itself cannot put these into the future adults of the society, but it definitely can help and support this moral core. If a teacher is not willing to publicly back the application and teaching of the Golden Rule, they should be declared unfit to do this job and removed to find other work. I hear about the problems of "peer pressure". In large part, this is school group peer pressure.

Why is it that we have such a high rate of divorce? Because the young have not been taught to clearly decide what they really want in a mate. This is not hard to learn to do! Why could there not be writing and discussion exercises on the qualities they want in their future spouse? e.g. - type of occupation, approximate age range, whether married before or not, had sex before or not, whether they already have children, level of education, what sports they

they enjoy, types of handicaps acceptable, common hobbies, bad habits not wanted, good habits wanted, whether they want to live in a city, suburb, small town, rural area, or overseas, what religion or denomination desired if any, future goals this person should have, ethnic, language or nationality, background, etc.

Doing this exercise in school helps that person to get a clear picture of what they really want in a spouse. It becomes a clear goal to seek, a goal for that person to work towards, rather than just being swept away by a feeling at a particular time. Romance is great as long as the head and the heart agree, and you get what you really want. Why shouldn't the school and teachers, as concerned adults, help the child or adult to decide what they really want in a mate? This becomes a motivator to the student also, to become the kind of person their ideal person would want them to be. It also helps direct them into studies, hobbies and work where they are likely to meet that type of possible mate.

In the past it was the role of the older person to advise and help train the young. This is cross cultural as well. Most older people do not agree with drug use and casual sex. Why could not the retired people be led to volunteer in schools both as tutors and as people to give interesting stories and advice. eg. What does it take to succeed in the world

of work? How does one keep a marriage alive and vital over the years? How can we raise children so they have the greatest chance to turn out well? What is really important in living, and where does it come in? etc

Why does arithmetic stop at division when credit cards and mortgages deal so much in compound interest? Many bankruptcies could probably be avoided if the schools taught the young people what to expect in payments at different interest rates, and what happens when your income drops but the payments don't. The 'Rule of 72' is not hard to grasp in compound interest. Two weeks of problems and talk would set it well in their minds. Most people do not grasp the idea of doubling and halving, with an interest rate, over time. People don't start saving early, with regularity, because they do not see that doing it now will mean double the amount later. They only see it as linear. Push this please!

Why aren't people all of them - taught the basics of bookkeeping? Your arguments over budgets are based on bookkeeping assumptions. The problems of the repayment of the U.S. debt or its eventual repudiation by the U.S. Govt. are based on bookkeeping ideas. The population trends are to fewer wage earners - from a smaller working population over the next several decades. Those few will have to carry this load, plus its interest. I think it will be

repudiated or at best be interest only payment, just like the South American countries.

Some of the most needed skills in business are sales and marketing. Why can't the young gain some experience at it, regularly, during 12 years of schooling? Knowing how to do something can be a real blessing when you need to do it, even if you don't want to do it. I believe the number of business startups would increase and the economy be healthier if many more knew the basics of bookkeeping, sales, and a trade by the end of high school. If the children were taught to type and later use a word processor, their papers would be easier to correct by the teachers. There are enough old typewriters around to stock most class rooms that need them. This is a basic entry level office skill for word processing and using a mini computer. These skills should be taught in connection with English, starting in elementary or junior high school.

The U.S. military hired a man after Korea named Bernard Waldene, to give simple but effective career planning to the service people coming out. He told them to make a list of 15 or 20 experiences when they had really enjoyed themselves, and felt they had really accomplished something, even if others didn't know about it.

These experiences were to be from any area of their lives. It could be from the military, work, school, church, Boy Scouts, vacation hobbies, or anything else. It included all their activities as far back as they could remember, even as little children. These were reviewed to find common threads that linked 2 or 3 of the 15 or 20 experiences. Examples might be working with people, plants, music, numbers, problem solving, talking, nighttime, out in the country, mechanical, etc - any identifiable common link. Baldane taught that the hardest part of career counseling was to find out the persons enduring interests and abilities, their "gifts and talents".

This second list of common threads pointed to a certain type of work, generally in a certain kind of physical environment. As the sheet at the end of the book indicates, this is a major failing of our schools. Why do so many drop out of school? Why is it that so many go to college and do not know what career they are preparing for? Because their interests are not sifted out in the course of school work. Schools fail to advise the pursuit of appropriate hobbies when they may well lead to good jobs, good friends or life interests, and a clean good time for the young person. Common interests, with adult volunteers, would go far to block the growth

of violent gangs.

Why not have a series of writing and research exercises early on to show up these interests and tendencies in children or adults? Give one a book to read on art, another on cars, another on Africa or plants. —based on their own interests. Real life ^{person} history and animal books also help to solidly reinforce the reading, helps the person to connect their insides with school work and other people outside. Just by doing this, you give the counselors clear touch points to work with that child and keep them motivated and not dropping out. You find out what volunteers would have interests similar to the child's, to link them. It also helps to indicate what high school, trade or college program that person would enjoy and should take to a fulfilling job or a business of their own. When you were here in St Paul, you visited the Saturn School. My Sangoes there and am pushing this idea there. A token based system can be used to help motivate kids as well. One example is included in brief form in the excerpt enclosed.

Parents and children are cynical about schools because they fail to connect the child's future to their insides. It is not enough to just process kids through. They need to be sure a moral core is being built in along with the parent's attempts. They also want to see how the pain and work of education will really take

their child - Some place better than what the parents have in marriage, work and self knowledge. What if the funding from the U.S. Government was tied to the implementation of these simple exercises. at the local level? They would get done! The teachers could get more useful information to motivate and guide these kids, the administrators have less trouble some kids, the kids get more positive friends by linking to others with similar interests, and the country gets contributing workers instead of people on the dole or in prison. The latest issue of Scientific American has an excellent article on why Southeast Asians do so much better than Americans in math and science than the U.S. home grown kids. READ IT!

You can go to mud slinging in the campaign Mr Bush, but I usually figure it's because the person has run out of ideas to tell people that will interest them. If people are worried about jobs, and need jobs that require more education, and are worried about their kids in school, tell them about the above ideas. (if you can agree with them). They are simple, clear, and easily done. They are very powerful in their long term effects. They also give people hope for a better tomorrow along a road they can walk. It can draw some older people into helping younger ones. You look a lot better and smarter because you put them on the table, in simple terms anyone can understand.

I believe that one of the best things that could happen to military people today is to require everyone of them to do Baldwin's lists and to be ordered to spend 1 hour per working day on these studies, while on duty. With fewer career slots, they will need it in civilian life. The crews would see their time as going somewhere, more than just a tour to get through and get their money. It could be used to help in setting up buddies with similar interests and to plan more appropriate cross training. Their off duty homework time each day would help cut down on drinking, drug use, etc. and lead to much less police problems.

Another issue is how to train military people, and keep them occupied and ready in this current situation. I believe some aspects of Special Forces training is appropriate. The Special Forces in Viet Nam were supposed to be used both in a preventative, positive format and also a battle format. In theory, they were to organize and lead local people in ways to defend themselves and do community development projects of lasting benefit. My brother-in-law was on the navy task force that visited a number of Phillipine islands to do medical relief some years back. They found major needs, their biggest problems were lack of supplies from the Navy warehouses and problems with ship to shore transport of sick and injured islanders. They did

a lot of long term good to those islanders' lives.

In the case of an earthquake have the U.S. military fly in their medical, etc people and set up their instant bases for 6 months. It becomes real-life drill, under a real problem situation, using most of their training, with very good P.R. for both the U.S. Military and many lives saved. The medical task forces could also be done elsewhere. Flying in famine food relief from U.S. Gov't surplus stores. Would also be another idea. They must exercise, they must stay challenged, or they will become soft & obsolete in their thinking. These emergency and relief activities would keep them sharp, and be agreed to by the American People.

Crime grows out of wrong choices by human beings, who are willing to destroy to get what they want quickly. The teaching of a common moral core of values must return to the schools as a main priority. An alternative is to give parents a voucher to any school they choose. Canada & the Netherlands, among others, support the child in any school, not just "public" schools. I haven't heard of any major outcry from the public in either of those countries. Where do children get involved with groups that lead them astray? Mainly - at school. Many contacts leading to criminal activity, drug use, underage smoking, pre-marital sex are made at school, specifically, public schools that refuse

to tackle moral-action issues. There are many fewer problems in these age groups when they are expected to conform to some moral and ethical principles and behaviors. From Kindergarten to PhD. a common moral core of values must be taught by reading materials, writing about them, working on research projects that touch on them. They must become the focus of some history lessons in a person's life. The Old McGuffey Readers did this and it helped a lot. Most of the Old Wild West wasn't near as deadly as parts of our cities are today.

Second, the children must be taught how to protect themselves against human predators. If a small group of girls knows enough martial arts (from Physical Education at school) to disable an attacker, rapes in that area will go way down. If the children learn how to fix the insides of their homes to discourage burglars (from Science), they can help their parents to do that. The children would enjoy doing it and feel important. Their parents would respect their knowledge and ability and the child's self esteem would increase. It's a win for the whole family and less crime too.

The third thing that needs to be done is to separate the violent offender from the non violent, the adult criminal from the novice. Divide and conquer the problem. I will state up front that I believe a person who has committed 3 felonies should

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be shot and prevented from harming others more. A society does not have unlimited cash. Let the time and money resources be used to help those going in life supporting directions rather than civil-life destroying ones. Based on their own past actions, I believe they should be weeded out.

For the non-violent offender I suggest you look at appropriate sentencing that forces restitution and thought provoking experiences in which that person helps those worse off than themselves. - Community based offender programs. If most prisons are schools for crime - put the school out of session whenever possible. Chuck Colson has been talking about this and I think he is worth listening to. He works with Prison Fellowship, it's scriptural apparently so the Lord has a high opinion of it too.

Again I recommend Baldane's ideas to help an offender look at his past in a new light, to find constructive experiences they could build on. The memory patterns are also flags to help match outside volunteers with the same interests and possible employment and training to them. This could help serve as a bridge to aid the crisis of release from prison and re-entry to the outside world. I believe all inmates should be required to work at least part time in the prison and study part-time as a way of changing old patterns and learning new skills -

required to, not given a choice in it. It should be part of the sentence.

Changing a person's behavior goes along way to changing their way of thinking. When paid in cash for work along with the new ways of behaving, it is reinforced. I believe the above ideas would help cut recidivism a lot.

One of the Key issues in recycling is how to change the composition and flow of waste materials so that they are recycled and reused. Take a tree as an example. It drops thousands of pieces of litter - leaves - and solid waste - dead twigs and branches. But they are broken down and recycled on site or close by and reused. They become forest soil and resources for more trees, insects and fungi. Something similar could be done with chemicals, appliances, etc. Who knows the most about the composition and making of paint or a TV set or appliance? Those who made it in the first place. This is very valuable knowledge when it comes to dismantling and recycling it. What would happen if those who know the most about a product are held responsible for recycling it?

There is a business structure, a flow of the products to the consumer. This same structure could flow in reverse to collect the items to be recycled. Why? First, the chemists, engineers, etc in charge of making it, with the most knowledge become responsible for breaking it down to recycle it. It gives them a large enough volume of alike old products to make it both reasonable and necessary to recycle the older items flowing back in to them. Second - Very fast these same individuals would restructure the product to make it easier to repair and recycle it. They would redesign the sub components or chemical compounds that don't work well in a reuse/recycle system.

A third benefit is that it automatically separates the flow of garbage into sub flows of very similar items, much easier to plan for and recycle, protecting the ground water that eventually people will drink. I have heard that about 1/3 of all the land fill is paper and that a lot of it is newsprint. Who knows the most about newsprint? The paper companies that make it. It becomes the responsibility of these newsprint companies to recycle that which they know the most about. - newsprint. - and only newsprint. (Not TVs, paint, concrete, steel, etc.

The industry suppliers might choose to form an association to recycle the used product. Somewhat

like used motor oil is done. The design of the products would change and less be imported, helping the B.O.P. An additional benefit would be the creation of more U.S.A. jobs. The Japanese and Koreans are welcome to sell here, but must now set up a recycling operation to dismantle and recycle their products. Return deposits plus scrap part values help greatly to keep the objects out of the landfills.

Making it easier to dismantle and recycle also. make it easier to repair, so many new service sector jobs could be created. Small companies to make add on feature or part upgrades would probably appear as well. This has happened in mini computers and autos with add on or part substitutions. It generally directs the product designs to become more Component based, with ease of recycling and repair. The component level is a much easier one for small companies to start at. Most of the new jobs in the economy came out of small businesses. All of the large employers originally started as smaller businesses as well.

The ultimate fusion energy system is a star. Our sun runs on nuclear fusion, it is a "reactor" with no shielding. Our Solar Energy is just radiated nuclear energy. The coal and oil will not last forever. More nuclear energy is needed. Many people are afraid of the radiation from a nuclear reactor. That's what solar energy is. I haven't heard anybody

talk about the radioactivity from a coal or oil plant. It is there though. Each ton of coal burned contains a small percentage of Uranium, radium, and other elements. as part of it's natural, in the ground composition. A percentage of this Uranium is radioactive. Also, Carbon 14, a radioactive isotope of Carbon is released in vast quantities. as a byproduct of coal and petroleum combustion. More free radiation is released from coal and oil plants than from nuclear plants. More Uranium goes into the environment from coal and oil than from "nuclear" power plants. We should choose the lesser evil, the one that releases less free radioactive isotopes. and less Uranium. - the nuclear plant.

Somebody has got to make clear to America that Solar is great, but it is raw nuclear power radiating in from a local fusion power star - a "reactor" Star Trek has a vast following. 'Scotty' is a nuclear propulsion engineer. Please give people honest numbers on the radiation and quantities of isotopes going in to the environment.

How do you get rid of unwanted nuclear waste that can't be effectively recycled? in a word Slag. Mix it with rock in a molten state. It seals itself into a non-dissolvable, unspillable, unrustable state. It is easily moved and trucked in any weather, over any kind of roads to a disposal site at the bottom of the ocean. It

will erode slower than the Rocky Mountains!
It also keeps the freely radiating radioactive isotopes out of the bio-chemical environment much better than do coal and oil plants. This slag idea was clearly reviewed by Scientific American some years ago.

I am very much concerned about the way things are going this year. I felt it best to send these ideas to you. At the same time I realize that it probably will be delegated and summarized by someone. As it is my letter I intend to distribute it more widely, by mail, to people working for you. Hopefully, with many receiving it, all the ideas will get a fair hearing and unintended "censorship by summarization" will be avoided. I do wish you the best Mr Bush.

Sincerely

David J Nelson

1083 Woodbridge St.

St. Paul, Minn 55117

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01a. Letter	From: Bruce E. Petty to James Baker Re: Republican Presidential Reelection [Redaction of personal information] (1 pp.)	09/07/92	(b)(6)	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff to the President, Office of the
Series: Baker, James A. III
Subseries: Public Correspondence Files
WHORM Cat.:
File Location: [Public Correspondence] [16]

Date Closed: 3/9/2001	OA/ID Number: 93006-005
FOIA/SYS Case #: 2000-0715-F	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

JAB-08A

Bruce E. Petty
36 Delwood Lane
Tinton Falls, NJ 07724

(b)(6)

7 September, 1992

Honorable James Baker
White House Chief of Staff
1600 Pennsylvania Avenue
Washington D.C. 20000

Dear Sir:

The Republican Presidential Reelection Campaign has the "Right Stuff" but could be improved with adjustments in the packaging and presentation. The Point Paper at the Enclosure is forwarded for your review.

You have our prayers and best wishes.

Sincerely,


Bruce E. Petty

Enclosure

POINT PAPER

7 September 1992

SUBJECT: Perspective of the U.S. Presidency relative to the States, Counties, Municipalities and the People.

PURPOSE: To offer notions of where the Presidential Campaign can redirect the focus, putting "Jobs, Jobs, Jobs" into context and creating a popular basis for reelection.

FACTS:

- . There is very little that the Executive Branch can do to directly impact individuals beyond the Federal Programs that directly interface with and impact the well-being of individuals.
- . State Governments, Counties, and Municipalities are in furious competition among themselves to improve their tax base and the quality of life for business and private citizens.
- . History indicates that Americas strength is based on individual innovation and leadership to "Meet the Unfulfilled Needs of the Nation".
- . Federal Agencies under the Bush Administration have done much to Meet the Needs of the Nation and should be so publisized. Give us the statistics.
- . The President and his Administration can and should lay out THE VERSION and lay down THE NATIONAL CHALLENGE and ACHIEVABLE GOALS to which Individuals; Municipalities, Counties and States should strive to achieve (ie. Infrastructure, R & D, Education, Environment, New Markets etc).
- . The Administration has the leadership and resources to educate people to rekindle innovation, self determination and risk taking which is guided towards a National Vision and associated specific GOALS and OBJECTIVES.

RECOMMENDATION:

- . Turn on the Federal Agencies to talk about the successes that have contributed to Meeting the Needs of the Nation and their respective visions and plans for the near, mid and far future.

Withdrawal/Redaction Sheet

(George Bush Library)

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01b. Paper	From: Bruce E. Petty Re: Perspective of the U.S. Presidency relative to the States, Counties, Municipalities and the People [Redaction of personal information] (1 pp.)	09/07/92	(b)(6)	

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financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

- . The Administration must articulate a National Vision and associated goals and objectives that "Meet the Needs of the Nation".
- . Stress how the Administration will provide a step function of large scale near term innovative education, and a series of incentives to stimulate the States, Counties, Municipalities and individuals into action to do the things that Meet the Needs of the Nation. (see enclosure).
- . Emphasize how the Administration will be the leader and catalyst for the changes that Meet the Needs of the Nation.

You have our prayers and best wishes.

 (b)(6)

Bruce E. Petty
36 Delwood Lane
Tinton Falls, NJ 07724

P.S. Parents cannot live their childrens lives but can facilitate the opportunity for them to make choices and forge their own, hopefully wholesome and productive, lives.

EDUCATIONAL VIDEO:

<u>Subjects</u>	<u>Target Audience</u>	<u>Distribution</u>	<u>Source Material</u>
(Note 1 and 2)	(Note 4)	(Note 5)	(Note 6)
Arts	A. All	A. School	A. Network
Business	B. Elementary	Libraries	Video Archives
Careers	C. Jr. High School	B. Community	B. PBS Libraries
Conservation	D. High School	Libraries	C. College
Economics	E. College (Voca-	C. College	Libraries
Education	tional, Undergrad.	Libraries	D. New Productions
Engineering	Graduate, PhD)	D. Video Store	E. Motion Picture
Environmental	F. Adults (18-25)	Rentals	Documentary
Science/Engr.	G. Adults (25-30)	E. Over the	Libraries
Family	H. Adults (30-40)	Counter	F. Other Private
Finance	I. Adults (40-50)	Sales	and Public
Geography	J. Adults (50-60)		Sources
Health	K. Adults (60-75)		

History

(Note 3)

Home
Humanities
International Issues
Judicial System
Legal
Medical
Religious
Social Sciences
Sports
ETC.

NOTES:

1. Material packaged to expand the individual's knowledge base, present alternatives and guide them through a decision process relative to their personal interest and well being.
2. The best available presentation except in selected subject areas, like the encyclopedia, will have lasting educational value.
3. The Swiss 700 year celebration (1291 to 1991) and the need for todays Swiss population to understand their history and individual context and responsibility to contribute to the future national wellbeing and evolving history, is a correlary to a perspective and commitment that we should have of our evolving American (USA) History.
4. Material should be packaged separately of course, to accomodate, in a practical sense, the array of target audiences that have an interest in any given subject area. Within each group the bell curve applies and should be considered in the packaging partitioning process.

NOTES: continued

5. Blockbuster like centers/facilities devoted to educational video is an alternative to get the best possible presentation of information to the largest possible audience.
6. The source and quality of subject material is nothing short of awesome, some repackaging should be expected to incorporate focus to the individual's interest and perspective.

The Honorable JAMES Baker

August 27th 1992

NRN

Dear Jim,

Delighted you are in charge. We need it. Here's a BIG IDEA I've proven.

Been getting nowhere with my concept to capture the 3,582 Radio + TV Talk shows for Bush/Quayle. The President likes it, Tector likes it as does Ailes and Charlie Black but nothing happens. Off tomorrow night to Europe back Sept 7

GILBERT A. ROBINSON, INC. 1146 NINETEENTH STREET, N. W. WASHINGTON, D.C. 20036 (202) 728-9500

(over)

and ready to make it happen

They are doing pieces - putting people on Talk Shows but not a mass effort like this absorbing thousands of volunteers all linked by a FAX network to Monitor the talk shows and respond instantly. Then to take the offense.

ALL The Bert

Warm Regards
G/L

"TO IMPACT RADIO AND TELEVISION TALK SHOWS"

THROUGHOUT THE NATION

BUSH/QUAYLE VICTORY 92 CAMPAIGN

Prepared By:

Gilbert A. Robinson, Inc.
Washington, DC
August 1992

CONFIDENTIAL

GILBERT A. ROBINSON, INC. • 1146 NINETEENTH STREET, N.W. • WASHINGTON, D.C. 20036 • (202) 728-9500

TO THE VICE PRESIDENT

June 1, 1988

Dear George:

I've been working on an idea for you now for several months - have slept on it and had my company staff research it so I now feel sure it will work.

THE IDEA:

To "Impact Radio and TV Talk Shows Throughout the Nation for George Bush".

There are ³⁵⁸²~~1,300~~ such shows nationwide. Never has this been done before, politically. It would be a first.

I met with Craig Fuller about it. He liked it and suggested I talk with Roger Ailes, who is very enthusiastic about the plan. I am sure it is because of Roger's background as a television producer of major TV talk shows and because of his understanding of the impact that this operation can have in a very positive way. In effect, no one will ever get a clear shot at George Bush without an immediate answer.

Roger and David Bates related to me that the G-6 group had discussed it and are for it. They are going to try to get funding for it. I will operate it.

It gives media activity during a period prior to the convention when there is no money to buy time or when buying advertising time is not effective.

A FAX machine network would help to operate this nationwide organization through transmitting talking points throughout the country by FAX in 16 seconds.

Since I will need several weeks lead time to set up the network, I hope your campaign group moves fast on this.

The way I plan to have no visibility, or very low visibility, is to refer to it as a special speakers' bureau -- which all campaigns have -- only this one would be very special.

With warmest regards,

Sincerely,

Gilbert A. Robinson

CONFIDENTIAL

June 1, 1988

M E M O R A N D U M

FROM: GILBERT A. ROBINSON

THE PLAN

Object:

"To Impact the Radio and Television Talk Shows
Throughout the Nation for George Bush"

Offensive Goal:

- 3582
1. To organize a nationwide effort with the ~~1,300~~ TV and radio "talk shows" to effectively put forth the candidacy of George Bush for President. To tell about his background, accomplishments and policies in an organized, coordinated manner.
 2. To utilize this organized "talk show" effort for a "full court press" one to two weeks before election day.

Defensive Goal:

1. To prevent unanswered negative comments on "talk shows" about George Bush - ie. to have a team member answer directly and immediately these comments as they occur especially on "call-in" shows.
2. To "jump" on any talk show host who shows prejudice against Bush and demand equal time right away or as soon thereafter possible, for a pro-Bush monologue or pro-Bush guest to present the points on the radio or TV talk show.

Memorandum from Robinson
June 1, 1988
Page Two

3. To report back to campaign headquarters through the towns, villages and cities any major issues or problems for the candidate. In other words, to be a constant barometer -- to be a giant finger testing the wind -- for the mental climate in the U.S.

HOW TO CARRY OUT THE PLAN

1. The country will be divided into 12 - 15 media talk show regions with as many coordinators for those regions.
2. Use will be made of the booming communications tool, the FAX machine. We will set up a FAX-network all over the country to feed instant facts and talking points to our team around the United States.
3. Every town, village and city that has a "talk show" will have "monitors" and "speakers" who will follow those shows on a daily basis. They will have been fed talking points on a regular basis to help them in answering any negative comments. Then, towards the end of equal time right away or as soon thereafter possible, for a pro-Bush monologue or pro-Bush quest to present the points on the radio or TV talk show.

"TALK SHOWS" IN THE UNITED STATES

ALL AM, FM & TV SHOWS BY STATES

	<u>Source 1</u>		<u>Source 2</u>	<u>Total</u>
	AM/FM	TV		
Alabama	33	20	22	75
Alaska	12	5	8	25
Arizona	33	13	16	62
Arkansas	17	8	12	37
California	174	62	111	347
Colorado	19	9	19	47
Connecticut	32	8	19	59
Delaware	7	1	4	12
D.C.	11	7	11	29
Florida	71	45	65	181
Georgia	39	19	28	86
Hawaii	13	5	6	24
Idaho	6	12	8	26
Illinois	64	28	70	162
Indiana	18	23	28	69
Iowa	20	12	27	59
Kansas	12	9	7	28
Kentucky	13	7	28	48
Louisiana	11	18	19	48
Maine	8	12	8	28
Maryland	33	6	21	60
Massachusetts	60	16	41	117
Michigan	40	29	55	124
Minnesota	36	11	28	75
Mississippi	24	5	13	42
Missouri	41	22	26	89
Montana	10	4	8	22
Nebraska	26	9	9	44
Nevada	12	11	13	36
New Hampshire	15	2	3	20
New Jersey	28	3	16	47
New Mexico	25	8	12	45
New York (state)	83	21	63	218
New York City			51	
North Carolina	30	12	23	65
North Dakota	2	6	7	15
Ohio	75	29	64	168
Oklahoma	24	9	19	52
Oregon	21	11	18	50
Pennsylvania	69	28	80	177
Rhode Island	13	6	7	26
South Carolina	30	15	8	53
South Dakota	7	3	5	15
Tennessee	31	19	37	87
Texas	83	44	55	182
Utah	17	5	9	31
Vermont	4	6	9	19
Virginia	32	9	23	64
Washington (state)	26	14	17	57
West Virginia	15	8	5	28
Wisconsin	31	10	43	84
Wyoming	4	2	12	18
TOTALS	1560	706	1316	3582

MAJOR MARKETS

<u>Market</u>	<u>Market Size</u>
New York	14.1 million
Los Angeles	8.8 million
Chicago	6.7 million
San Francisco	4.9 million
Philadelphia	4.1 million
Detroit	3.6 million
Boston	3.2 million
Dallas/Ft. Worth	3.1 million
Washington, DC	3.0 million
Houston	3.0 million
Atlanta	2.1 million
Baltimore	2.0 million
Cleveland	1.8 million
Denver	1.6 million
Miami	2.6 million
Minneapolis/St. Paul	1.9 million
Phoenix	1.6 million
Pittsburg	2.0 million
San Diego	1.9 million
Seattle	2.1 million
St. Louis	2.0 million
Tampa	1.7 million
Buffalo	1.0 million
Cincinnati	1.2 million
Columbus	1.1 million
Hartford	0.9 million
Indianapolis	1.0 million
Kansas City	1.3 million
Milwaukee	1.3 million
Nashville	0.8 million
Norfolk	1.1 million
New Orleans	1.1 million
Portland	1.3 million
Providence	1.2 million
Sacramento	1.1 million
San Antonio	1.0 million
Salt Lake City	1.0 million



GEORGE BUSH

June 13, 1988

Mr. Gilbert A. Robinson
Gilbert A. Robinson, Inc.
1825 K Street, N.W.
Washington, D.C. 20006

Dear Gil:

Thank you for your recent letter and memorandum on having a surrogate program for talk shows throughout the nation. I like this idea and understand you have met with Rich Bond to discuss implementing the plan. I have asked Rich to keep me posted on your progress.

I expect a tough, close race this fall; however, with our message and friends like you behind me, we are going to win this one.

Sincerely,

A handwritten signature in dark ink, appearing to be "G. H. W. Bush", written in a cursive style.



OFFICE OF THE VICE PRESIDENT
WASHINGTON

June 3, 1988

Dear Gil:

We are all for the "talk show" program.

Roger Ailes and I are both enthusiastic and the campaign will be following up with you to implement.

With best regards.

Sincerely,

A handwritten signature in dark ink, appearing to read "Craig", written over the typed name.

Craig L. Fuller
Chief of Staff to the
Vice President

Mr. Gilbert A. Robinson, Inc.
1825 K Street, N.W.
Washington, D.C. 20006

COLDWATER CORPORATION

2001 COMMONWEALTH BLVD., SUITE 202, ANN ARBOR, MICHIGAN 48105 (313) 668-2621

January 3, 1992

Mr. Gilbert A. Robinson
Gilbert A. Robinson, Inc.
1146 Nineteenth Street, NW
Washington, DC 20036

Dear Mr. Robinson:

Thank you very much for your letter. I am familiar with your name from the President's campaign four years ago when I'm sure he mentioned you to me several times.

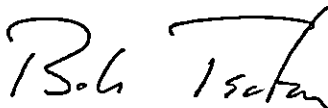
I am very intrigued by your idea and think it has the potential to generate a significant amount of coverage for our campaign at a modest cost.

I am going to pass your proposal on to Will Feltus, who will be joining the campaign this week as the communications director, and suggest the three of us get together in the near future to discuss it.

I am dictating this in my office in Ann Arbor, but with luck Will and I will be in the Bush-Quayle headquarters, which at this point is still without telephones, sometime late the week of the 6th or very early the following week. Call either of us sometime the week of the 13th to set up a time to get together.

Thanks very much for your thoughts. I look forward to seeing you.

Best regards,

A handwritten signature in dark ink, appearing to read "R.M. Teeter". The signature is fluid and cursive, with a large initial "R" and a stylized "T".

Robert M. Teeter

Dr. George Nastas III
5622 Wood Valley Drive
Haslett, Michigan 48840
(517) 339-9354

NRN
friend?

20 August 1992

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

Dear Jim:

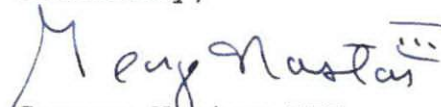
George Bush has a chance to be re-elected President of the U.S., but he has his work cut out to win the confidence of the American people. Hopefully, you can help him win. I think he offers more potential prosperity to the American people than Bill and Hillary Clinton can.

One of the reasons George Bush is in trouble is that Americans experience too much government, their taxes are too high, and too little of their earnings are available (after taxes) for them to spend on their families or to save. Also, the economy is terrible and there are not enough good job opportunities. George can make a difference if he wants to. Ronald Reagan did.

I am enclosing copies of articles that I wrote or co-authored and articles about my work. They look at taxes from the consumers' and investors' point of view. They also propose changes to our tax system. Hopefully, the ideas in these articles will be helpful to you in securing George's re-election, reforming the American tax system, and making American families, business people, and investors better off.

George's re-election, economic growth, and prosperity are just around the corner if the right actions are taken. I would be pleased to help on this if there is the opportunity.

Sincerely,


George Nastas III

GN: nb

attachments

TAXCNSLT.LET

Editorial and Op-Ed pages, 20-21

THE WEEK IN REVIEW

Sunday, September 30, 1990

THE NEW YORK TIMES, SUNDAY, SEPTEMBER 30, 1990

E

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Why Limit Indexing to Capital Gains?

By George Nastas 3d

AS a compromise in the tortuous budget negotiations, the Bush Administration has sensibly suggested the indexing of capital gains, so that we don't pay taxes on gains that are attributable solely to inflation. Indexing of capital gains probably will stimulate investment, at least moderately. But why stop there?

There is one major flaw with the Bush proposal, as a prominent tax expert, Henry Aaron of the Brookings Institution, was quick to point out. By indexing capital gains alone, the Government would create an enormous incentive to shift money from interest-yielding investments, like savings accounts and bonds, to capital assets, primarily stocks. Among other things, this shift would hurt hard-pressed banks and S.& L.'s.

But that's not the only reason to extend indexing to other investments.

Over the years, business and government leaders and economists have chastised Americans for "saving too little." They lecture that our

low savings rate and the consequent lower availability (and higher cost) of investment capital puts industry at a competitive disadvantage.

What they don't talk much about are the motivation and incentives for saving, how the system seems designed to persuade Americans to consume now rather than save. This, far more than a capital gains tax, inhibits savings and investment.

When people save or invest, they are postponing consumption until sometime in the future. For this, they demand compensation — interest, dividend or capital gain. Naturally, a rational person will save more as the return increases.

What is the reward in the U.S. for postponing consumption? Consider the following example, in which a person invests \$10,000 in a relatively risk-free instrument, such as a certificate of deposit or a Government bond.

If the investment earns 8.5 percent, the investor would receive \$850 at year's end. If inflation is running at about 5 percent, however, the return declines by 5 percent of \$10,000, or \$500, during the year.

If the investor is in the 33 percent Federal tax bracket and, as in Michigan, is subject to a 4.6 percent state income tax, he or she pays 37.6 percent of the \$850, or \$319.60, as a tax

A proposal to lift the savings rate.

penalty for investing. (Obviously, the loss would be higher if the state tax rate were higher or if there were additional taxes on investment income.)

So, for a one-year investment of \$10,000 at an 8.5 percent return, our saver receives a real, after-tax return of \$30.40. (\$850 minus \$500 for inflation minus \$319.60 for taxes.) This is hardly an incentive that is going to persuade anyone to postpone consumption.

Even if the investor was taxed only on the real gain — in other words, if the gain was indexed for inflation — he or she would pay tax on only \$350 (\$850 minus \$500). His tax would be 37.6 percent or \$131.60 of the \$350. His real return would be \$218.40 or 2.184 percent after tax and inflation on the \$10,000. Still not much of an incentive to save or postpone consumption.

Note that, under the current sys-

tem, Federal and state governments receive \$319.60 from the savings effort of this investor, who gets only \$30.40. There's little mystery about who gains the most from saving.

Clearly, the return to the saver is inadequate to justify savings or investing. Americans are acting rationally when they bias their spending toward current consumption, rather than saving for the future.

If America is serious about encouraging investment and savings, there must be more incentive for Americans to save. Certainly, indexing of capital gains doesn't go far enough.

Eliminating taxes on investment income (interest, dividends and capital gains) or adjusting all investment income for inflation before calculating income taxes would be a step in the right direction. More encouraging — though, admittedly, no more of a political possibility — is an investment tax credit for consumers. A credit of 10 percent of the investment amount against current personal taxes made available to all Americans, perhaps with a reasonable upper limit of \$1,000 per person per year, would stimulate savings.

But we have to ask ourselves whether a country that rewards a saver with a \$30.40 annual return on \$10,000 is really serious about increasing saving. □

George Nastas 3d is a marketing and financial consultant.

Michigan Forward[®]

MICHIGAN STATE CHAMBER OF COMMERCE

DECEMBER 1990

25 Why Limit Indexing to Capital Gains?
by Dr. George Nastas III

WHY LIMIT INDEXING TO CAPITAL GAINS?



by Dr. George
Nastas III

As a compromise in the tortuous budget negotiations, the Bush Administration has sensibly suggested the indexing of capital gains so that we don't pay taxes on gains that are attributed solely to inflation. Indexing of capital gains probably will stimulate investment, at least moderately. But why stop there?

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What they don't talk much about are the motivation and incentives for saving, how the system seems designed to persuade Americans to consume now rather than save. This, far more than a capital

gains tax, inhibits savings and investment.

When people save or invest, they are postponing consumption until sometime in the future. For this, they demand compensation — interest, dividend, or capital gain. Naturally, a rational person will save more as the return increases.

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But we have to ask ourselves whether a country that rewards a saver with a \$30.40 annual return on \$10,000 is really serious about increasing saving. ▲

Dr. Nastas received a Ph.D. in Marketing from Michigan State University and was a professor of Marketing at the University of Michigan/Flint School of Management. He is currently a marketing and financial consultant in Haslett, Michigan.

Reprinted with permission, The New York Times, September 30, 1990.

MAY 1991, VOL. 40, NO. 9

Stimulating Savings and Investment

Editor's Note: We felt the following article addressing the low savings rate in the United States would be of interest to our readers. A similar version of this article appeared in the New York Times last September. The author, Dr. George Nastas III, is a marketing and financial consultant from Haslett, Mich. who received his Ph.D in Marketing from Michigan State University. He is an NAIC member and we are pleased to share his thoughts with all members of the NAIC family.

Over the years, business and government leaders and economists among others have chastised Americans for "saving too little." They lecture that our low savings rate and the consequent lower availability (and higher cost) of investment capital puts industry at a competitive disadvantage.

What they do not talk much about are the motivation and incentives for saving, how the system seems designed to persuade Americans to consume now rather than save. This, far more than a capital gains tax, inhibits savings and investment.

When people save or invest, they are postponing consumption until sometime in the future. For this they demand compensation — interest, dividend or capital gain. Naturally, a rational person will save more as the return increases.

What is the reward in the United States for postponing consumption? Consider the following example, in which a person invests \$10,000 in a relatively risk-free instrument, such as a certificate of deposit or a Government bond.

If the investment earns 8.5 percent, the investor would receive \$850 at the year's end. If inflation is running at 5 percent, however, the return declines by 5 percent of \$10,000, or \$500, during the year.

If the investor is in the 33 percent Federal tax bracket and, as in Michigan, is subject to a 4.6 percent state income tax, he or she pays 37.6 percent of the \$850 or \$319.60, as a tax penalty for investing. (Obviously, the loss would be higher if the federal or state tax rate is higher or if there are additional taxes on investment income.)

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Even if the investor is taxed only on the real gain — in other words, if the gain is indexed for inflation — he or she would pay tax on only \$350 (\$850 minus \$500). The tax would be 37.6 percent or \$131.60 of the \$350. The real return would be \$218.40 (\$350 minus \$131.60) or 2.184 percent after tax and inflation on the \$10,000. Still not much of an incentive to save or postpone consumption. Although by indexing the nominal return for inflation, the real return to the investor is \$218.40, rather than \$30.40. The real return increases by 7.18 times (\$218.40/\$30.40).

Note that, under the current system, federal and state governments receive \$319.60 from the saving effort of this investor, who gets only \$30.40. There is little mystery about who gains the most from saving.

Clearly, the return to the saver is inadequate to justify saving or investing. Americans are acting rationally when they bias their spending toward current consumption, rather than saving for the future.

If America is serious about encouraging investment and saving, there must be more incentive for Americans to save. Certainly, indexing of capital gains doesn't go far enough.

"If America is serious about encouraging investment and saving, there must be more incentive for Americans to save."

Eliminating taxes on all investment income (interest, dividends and capital gains) or adjusting investment income for inflation before calculating income taxes would be a step in the right direction. More encouraging, though admittedly, no

more of a political possibility, is an investment tax credit for savers. A credit of 10 percent of the investment amount against current personal taxes made available to all Americans, perhaps with a reasonable upper limit of \$10,000 per person per year, would stimulate savings.

Other options worth consideration to stimulate savings include not taxing some portion of each individual's investment income each year (e.g., \$10,000) or allowing each individual some investment income (e.g., \$100,000) free of taxes in his or her lifetime.

But we have to ask ourselves whether a country that rewards a saver with a \$30.40 annual return on \$10,000 is really serious about increasing savings.

One final thought. Write your representatives in Congress and the President and ask them to pass legislation to stimulate savings and investment in the United States. Send along a copy of this article if you like.

A Consumer's Guide to Taxes:
How Much Do You
Really Pay in Taxes?
by
George Nastas and Stephen Moore

No. 15

April 15, 1992

Executive Summary

Most Americans complain that taxes are taking a larger bite out of their incomes than ever before. During the month of April, tax-filing time, they complain most bitterly.

This study calculates how much additional money middle-income workers must earn to purchase various goods and services--a new car, a computer, or a year's college tuition for their children--after all taxes are fully taken into account. For instance, a wage earner in an average-tax state must earn \$17,038 to purchase a \$10,000 car. That means that the worker pays \$7,038 in income, payroll, and sales taxes on a \$10,000 car. The study finds that in some high-tax states, such as California and New York, the "true" price to consumers of goods and services is twice the retail price because of taxes. Self-employed workers, who must pay a self-employment tax, routinely must also earn double the retail price of an item to have the after-tax income to buy it. That is the "rule of two on taxes."

**A CONSUMER'S GUIDE TO TAXES:
HOW MUCH DO YOU REALLY PAY IN TAXES?**

by George Nastas and Stephen Moore

Most Americans complain that taxes are taking a larger bite out of their incomes than ever before. During the month of April, tax-filing time, they complain most bitterly. But do workers really know how much they pay in combined federal, state, and local taxes each year?

In 1960 middle-income Americans paid less than 30 percent of their earnings in local, state, and federal taxes; today that figure is up to 40 percent.¹ Furthermore, many middle- and upper-income families living in the states that have the highest taxes, such as New York and California, pay nearly half their incomes in taxes. High taxes reflect the growth of government, at all levels, in the United States since World War II.²

This study presents a new and easily understood method of measuring the impact of taxes on the finances of American workers. We calculate how much additional income middle-income workers must earn to purchase various goods and services--a new car, a computer, a year's college tuition for their children, or a year's supply of gasoline--after all taxes are fully taken into account.

That is a good measure of the impact of taxes on American workers because the main reason people work is to earn money to buy the things they want. But much of American workers' income is consumed by taxes. The question is, how much? Our standard example is the purchase of a new car with a sticker price of \$10,000.³ Because of taxes, the average worker needs to earn significantly more than \$10,000 extra income to pay for that car.

George Nastas is a marketing and financial consultant in Haslett, Michigan. Stephen Moore is director of fiscal policy studies at the Cato Institute.

* In an average-tax state a middle-income worker with earnings of \$34,000 must earn an additional \$17,038 to purchase a \$10,000 car. That means the worker must earn \$10,000 to pay for the car and \$7,038 to pay the sales tax on the car and the income and payroll taxes on the earnings used to pay for the car.

* A worker with an income of \$34,000 must work three and a half months of the year to pay for the car, and then two and a half additional months to pay the taxes on the income used to purchase the car.

* For a self-employed middle-income worker, the true cost of the \$10,000 car is \$18,320, because self-employed workers pay a 14.1 percent self-employment tax, to cover the employee and the employer shares of Social Security and Medicare (FICA) payroll taxes, on their incomes.

* In a high-tax state, such as California, the pre-tax cost of the car is \$18,776 for a wage earner and \$20,186 for a self-employed worker. In a low-tax state, such as New Hampshire, the car costs a middle-income wage earner \$15,540 in pre-tax income and a self-employed worker \$16,708.

* In the five states with the highest taxes, wage-earners have to make roughly \$2,000 more to purchase a \$10,000 car than they do in the five states with the lowest taxes.

Taxes also affect the true price of a variety of other products and services.

* In an average-tax state the amount of earnings needed to pay for a \$1,500 computer is \$2,568. A self-employed worker needs \$2,748.

* In an average-tax state the amount of earnings needed to pay for a year's tuition at a private college (\$8,000) is \$13,107, and a self-employed worker needs \$14,092.

* In an average-tax state the typical driver spends \$479 a year on gasoline, excluding all taxes. But the income needed to purchase that gasoline, after accounting for all taxes including the federal and state gasoline taxes, is \$1,065. Self-employed workers must earn \$1,145 to purchase the gasoline.

As those examples demonstrate, taxes take a much larger chunk out of Americans' incomes than is generally realized-- which leads us to our rules of thumb on taxes:

- * In high-tax states the true price of goods and services is roughly twice the retail price at the store. To figure how much income you need to purchase an item, multiply its price by two.

- * The rule of two applies to self-employed workers in most states. Half of their earnings are consumed by taxes.

- * In low-tax states the true price of goods and services, including all taxes, is one and a half times the stated price. To figure how much of your income goes to purchase an item, multiply its price tag by 1.5.

Calculating Your Tax Burden

The purpose of this study is to provide practical and understandable examples of how much middle-income workers actually pay in taxes when purchasing goods and services. We address the question by showing how much extra income a person must earn to pay for major purchases. In all of our examples we examine the taxes paid by a married couple with an income between \$34,000 and \$53,400.

This study takes into account four types of taxes that raise the "true" price of a product. We ignore the impact of business taxes, which are ultimately borne by workers and the owners of capital. For wage earners we also ignore the employer portion of FICA payroll taxes. Four taxes are examined.

- * The income tax paid on the worker's earnings. We assume that the worker in our examples has an income between \$34,000 and \$53,400 per year. That means that workers are paying a 28 percent marginal federal tax rate on all additional earnings.

- * The payroll tax. For most workers (with earnings up to \$53,400) this constitutes a 7.65 percent tax on earnings on top of the income tax. Self-employed workers must pay a self-employment tax that raises their effective payroll tax rate to 14.1 percent.⁴

* The state income tax. Rates vary widely from state to state. They range from a low of zero in 10 states to a high of 12 percent in North Dakota.

* The state and local sales tax. Those taxes also vary from state to state and even among localities within states. The highest combined state and local sales tax rate is 10 percent in Louisiana, but many states have no sales tax.

Taxes on a Car in a Typical State

Taxes on Wage Earners

In our first example we examine the amount of extra money a middle-income worker needs to earn to purchase a car in a state where taxes are typical, Michigan. (A detailed summary of the tax calculations is given in the Appendix.) Michigan taxpayers pay a 4.6 percent income tax on taxable income. (For simplicity we ignore the personal exemption; the standard deduction; and itemized deductions, except the state income tax deduction, in all analyses.) Michigan also imposes a 4 percent nondeductible sales tax on the retail purchase of most products.

When all income, payroll, and sales taxes are taken into account, how much money does the typical middle-income Michigan wage earner have to make to purchase a \$10,000 automobile?

First, to determine the required earnings, the consumer adds the 4 percent sales tax to the price of the automobile. In Michigan that adds \$400 to the retail cost, so the automobile now costs \$10,400.

But to earn \$10,400 in take-home pay, the worker will have to make an additional \$17,038 because the government will take \$7,038 from the worker's paycheck in (1) state income tax, (2) payroll taxes, and (3) federal income taxes. The breakdown of those taxes is given in Table 1 and shown in Figure 1. (The formula for deriving the numbers is given in the Appendix.)

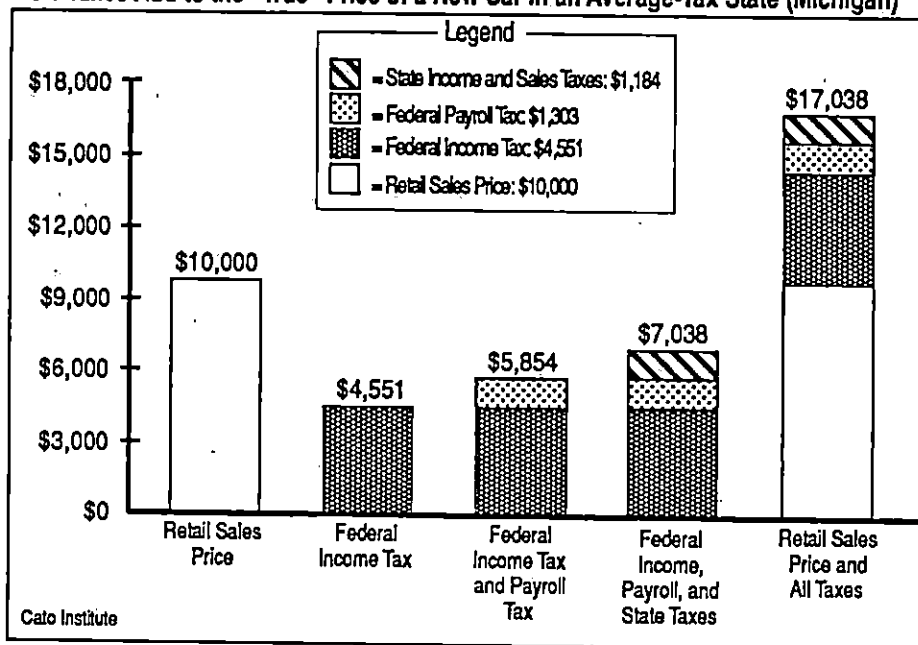
Table 1

True Cost of a Car to a Wage Earner

Retail sales price of car	\$ 10,000
Taxes	
Michigan sales tax	\$ 400
Michigan income tax	784
FICA payroll taxes	1,303
Federal income tax	4,551
Total taxes	\$ 7,038
 Earnings required to purchase car	 \$17,038

Figure 1

How Taxes Add to the "True" Price of a New Car in an Average-Tax State (Michigan)

Taxes on the Self-Employed

All self-employed workers are keenly aware that they have additional taxes taken directly out of their incomes because they pay a self-employment tax, which is equal to the employer and the employee shares of FICA payroll taxes. The self-employment tax rate was 14.1 percent on 1991 earnings of up to \$53,400,⁵ which means, of course, that self-employed workers must earn an even greater amount of extra income to

Table 2

True Cost of a Car to a Self-Employed Worker

Retail sales price of car	\$10,000
Taxes	
Michigan sales tax	\$ 400
Michigan income tax	783
Self-employment tax	2,589
Federal income tax	<u>4,548</u>
Total taxes	<u>\$ 8,320</u>
Earnings required to purchase car	\$18,320

purchase a new \$10,000 car. In fact, total earnings required to purchase the car rise to \$18,320 (see Table 2).

In our example a self-employed worker must earn \$1,282 more in pre-tax income than a non-self-employed worker must to pay for the car. That is because of the hefty self-employment tax.

Taxes in High- and Low-Tax States

The above example shows the tax liability in a typical state. But the states vary widely in the level and mixture of taxes they impose on their residents. The state with the highest sales and income taxes, California, charges an 8.25 percent sales tax on most items and imposes a 9.3 percent marginal income tax rate on middle-income workers, whereas Alaska and New Hampshire have neither a state income nor a sales tax. Table 3 compares the amount of income a worker must earn to purchase a \$10,000 car in eight jurisdictions with the highest taxes and the eight with the lowest taxes.⁶ It also shows the amount of taxes self-employed workers pay in those jurisdictions.

In California, a middle-income worker must earn an additional \$18,776 to be able to purchase a \$10,000 car. A self-employed worker in California must earn \$20,186 to purchase the car. That worker must earn more than double the sticker price of the car if all taxes are taken into account. In other words, in the high-tax states, self-employed workers spend more of their income to pay the taxes on the car than on the car itself.

Table 3

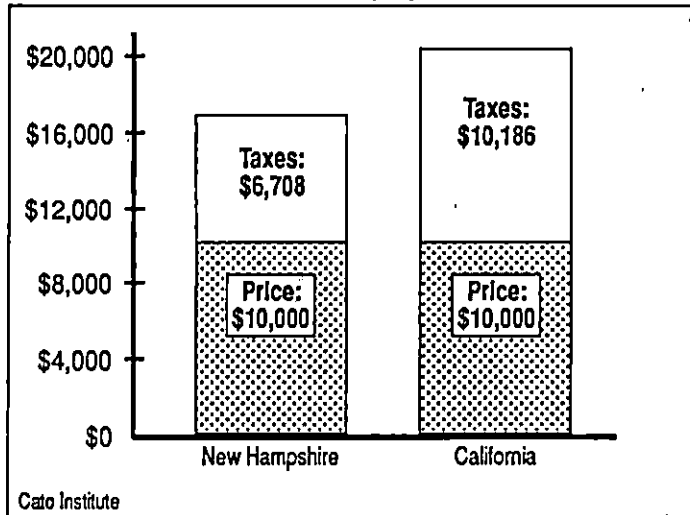
Earnings Needed to Buy a \$10,000 Car in Eight High-Tax
and Eight Low-Tax Jurisdictions

	State Incomes Tax Rate (%)	State & Local Sales Tax Rate (%)	Estimated Earnings Req'd, Wage Earner (\$)	Estimated Earnings Req'd, Self- Employed (\$)
High-tax jurisdictions				
California	9.300	8.25	18,776	20,186
Maine	9.900	6.00	18,524	19,916
New York	7.875	8.50	18,490	19,879
District of Columbia	9.500	6.00	18,432	19,816
Minnesota	8.00	7.50	18,348	19,727
Rhode Island	7.400	7.00	18,129	19,492
Maryland	7.500	5.00	17,812	19,150
Wisconsin	6.900	5.50	17,766	19,101
Low-tax jurisdictions				
Alaska	0.0	0.00	15,540	16,708
New Hampshire	0.0	0.00	15,540	16,708
Wyoming	0.0	5.00	16,317	17,543
South Dakota	0.0	6.00	16,472	17,710
Florida	0.0	7.00	16,628	17,878
Nevada	0.0	7.00	16,628	17,878
Texas	0.0	8.20	16,814	18,078
Tennessee	0.0	8.25	16,822	18,086

Our examples demonstrate that workers in high-tax states must earn significantly more extra income to purchase goods and services than those in low-tax states (see Figure 2). For example, a California worker must earn \$3,000 more income to purchase a \$10,000 car than a worker living in New Hampshire or Alaska.

There is evidence that people try to avoid working and purchasing goods and services in high-tax states. For instance, to avoid high income taxes, businesses and workers tend to move from high-tax to low-tax states.⁷ That was clearly the case in the 1980s, for example, when low-income-tax states saw business and population growth, while high-income-tax states experienced little or no business and population growth. Moreover, to avoid high sales taxes, many consumers shop for major items in low-sales-tax states. For

Figure 2
Comparison of Taxes on a New Car in the Highest and
Lowest Tax States for a Self-Employed Worker



example, although Portland, Oregon, has a much smaller population than Seattle, Washington, Portland, which has no sales tax has twice the annual retail sales of Seattle, which has an 8 percent sales tax.⁸

Taxes on Other Goods and Services

Taxes raise the true cost of all goods and services, not just cars. The examples below show the amount of extra money a middle-class worker must earn to purchase a number of goods and services in a typical state.

A \$1,500 Computer

The retail price of a new IBM personal computer is roughly \$1,500. The income needed to purchase that computer after taking into account all taxes is \$2,556 for a wage earner and \$2,748 for a self-employed worker. A summary of the taxes is given in Table 4.

Table 4

True Cost of a Computer

Retail sales price of computer	\$1,500
Taxes	
Michigan sales tax	\$ 60
Michigan income tax	118
FICA payroll taxes	195
Federal income tax	<u>683</u>
Total taxes	<u>\$1,056</u>
Earnings required to purchase computer	
Wage earner	\$2,556
Self-employed worker (extra tax = \$192)	\$2,748

A Year's Tuition at a Private College

Many parents spend years sacrificing and saving money to pay for their children's college tuition. Those parents are paying much more than they may suspect. Although there is no sales tax on college tuition, the parents must pay income and payroll taxes on the money they use to send their child to college. To pay the \$8,000 tuition, the parents must earn \$13,107 if they are wage earners and \$14,092 if they are self-employed (see Table 5).

Table 5

True Cost of Tuition

Tuition	\$ 8,000
Taxes	
Michigan income tax	\$ 603
FICA payroll taxes	1,003
Federal income tax	<u>3,501</u>
Total taxes	<u>\$ 5,107</u>
Earning required to pay tuition	
Wage earner	\$13,107
Self-employed worker (extra tax = \$985)	\$14,092

A Year's Supply of Gasoline

A typical car owner uses 504 gallons of gasoline a year, according to the Federal Highway Administration.⁹ The pre-tax price of that gasoline (premium unleaded) is \$479. Yet gasoline is different from most other products in that it is subject to special federal and state excise taxes in addition to normal sales taxes. The \$1.29 per gallon pump price includes those taxes. In a typical state the combined state and federal gasoline tax is roughly 34 cents a gallon. The income needed to purchase the year's supply of gasoline, after all taxes including the federal and state gasoline taxes are accounted for, is \$1,065. Self-employed workers must earn \$1,145 to purchase the gasoline (see Table 6).

Table 6

True Cost of Gasoline

Pre-tax price of a year's purchases of gasoline	\$ 479
Taxes	
Michigan state gasoline & sales tax	101
Federal gasoline tax	71
Michigan income tax	49
FICA payroll taxes	81
Federal income tax	284
Total taxes	\$ 586
Earnings required to pay for gasoline	
Wage earner	\$1,065
Self-employed worker (extra tax = \$80)	\$1,145

The Rule of Two on Taxes

Table 7 summarizes the amount of extra earnings necessary to purchase each of the four items examined in this study. The table shows the amount of taxes paid in an average-tax and a high-tax state. As the table demonstrates, for certain products, taxes can add up to more than the retail price of the purchased item.

That suggests that there are several easy-to-remember rules of thumb for determining how taxes affect your financial condition and your consumer behavior.

Table 7

Income Needed to Purchase Various Goods and Services after Taxes

	Price	Income Needed, Wage Earner	Income Needed, Self-Employed
Average-tax state (Michigan)			
Car	\$10,000	\$17,038	\$18,320
Computer	\$1,500	\$2,556	\$2,748
Tuition	\$8,000	\$13,107	\$14,092
Gasoline	\$479	\$1,065	\$1,145
High-tax state (California)			
Car	\$10,000	\$18,776	\$20,186
Computer	\$1,500	\$2,816	\$3,028
Tuition	\$8,000	\$13,877	\$14,918
Gasoline	\$469	\$1,127	\$1,212

In high-tax states the true price of goods and services is about twice the retail price. To calculate how much income you need to earn to purchase an item, multiply its price tag by two. That is the rule of two on taxes.

The rule of two on taxes also applies to most self-employed workers. To pay all taxes, those in business for themselves must earn twice the retail price of goods and services. Half of the income self-employed workers earn pays for the goods and services they purchase, and half goes to pay all federal, state, and local taxes. That means their marginal tax rate is more than 50 percent.

In low-tax states the true price of goods and services, including all taxes, is closer to one and a half times the stated price. To figure how much additional income you need to earn to purchase an item, multiply its price tag by 1.5.

Conclusion

There is an old saying that describes the feelings of workers in difficult economic times: my take-home pay won't take me home. One reason for the squeeze on workers is the rising tax burden at all levels of government. Since 1990 the federal government has enacted a five-year \$200 billion

tax increase and the states have added \$40 billion in new taxes to the total. After a brief respite in the early 1980s, taxes are climbing again. By one calculation Americans work from January to the end of the first week in May just to pay their tab to the government.

For most Americans, tallying all the various taxes that they pay to all levels of government is a hopeless task. Americans pay excise taxes, sales taxes, income taxes, and payroll taxes.

This study develops a direct and easily understood method of determining the impact of taxes on middle-income Americans' finances: calculate the amount of extra income workers must earn to pay for the goods and services they desire. In many states workers have to earn twice the retail price of most goods and services before they have the after-tax income to purchase them. In those states middle-income workers are devoting over half their income, not to the goods and services they want, but to the government tax collector.

Appendix

The terms used in calculating the income a middle-income wage earner needs to purchase a new car in Michigan are as follows.

State and Local Sales Tax
= Retail Sales Price x State and Local Sales Tax Rate.
State Income Tax
= State Income Tax Rate x Taxable Income.
FICA Tax
= 7.65% x Taxable Income up to \$53,400.
Federal Income Tax
= 28% of taxable income after deduction of state income tax.

The formula for the purchase of a \$10,000 car in Michigan is:

State and Local Sales Tax
= \$10,000 x 4%
= \$400 +
State Income Tax
= Required Earnings x 4.6% +
FICA Tax
= Required Earnings x 7.65% +
Federal Income Tax
= 28% x (Required Earnings - State Income Tax).

Required Earnings

$$\begin{aligned}
 &= (\text{Retail Sales Price} + \text{State and Local Sales Tax}) / \\
 &\quad [1 - \text{Federal Income Tax Rate} \times (1 - \text{State Income Tax Rate}) - \text{State Income Tax Rate} - \text{FICA Tax Rate}] \\
 &= \$10,000 + \$400 / [1 - 28\% \times (1 - 4.6\%) - 4.6\% - 7.65\%] \\
 &= \$10,400 / (1 - 0.28 \times 0.954 - 0.046 - 0.0765) \\
 &= \$10,400 / (1 - 0.267 - 0.046 - 0.0765) \\
 &= \$10,400 / 0.6105 = \$17,038.
 \end{aligned}$$

To buy a \$10,000 car a wage earner needs \$17,038. The summary of each tax is as follows:

State and Local Sales Tax

$$= \$10,000 \times 4\% = \$400.$$

State Income Tax

$$\begin{aligned}
 &= \text{Required Earnings} \times 4.6\% = \$17,038 \times 0.046 \\
 &= \$784.
 \end{aligned}$$

FICA Tax

$$\begin{aligned}
 &= \text{Required Earnings} \times 7.765\% = \$17,038 \times 0.0765 \\
 &= \$1,303.
 \end{aligned}$$

Federal Income Tax

$$\begin{aligned}
 &= (\text{Required Earnings} - \text{State Income Tax}) \times 28\% \\
 &= (\$17,038 - \$784) \times 28\% = \$4,551.
 \end{aligned}$$

Total Taxes

$$\begin{aligned}
 &= \text{State and Local Sales Tax} + \text{State Income Tax} + \\
 &\quad \text{Federal Income Tax} + \text{FICA Tax} = \$400 + \$784 + \\
 &\quad \$1,303 + \$4,551 = \$7,038.
 \end{aligned}$$

Total Required Income

$$\begin{aligned}
 &= \text{Retail Price} + \text{Taxes} = \$10,000 + \$7,038 \\
 &= \$17,038.
 \end{aligned}$$

The terms used in calculating the income a self-employed worker needs to purchase the car are as follows:

State and Local Sales Tax

$$= \text{Retail Sales Price} \times \text{State and Local Sales Tax Rate}.$$

State Income Tax

$$\begin{aligned}
 &= \text{State Income Tax Rate} \times (\text{Taxable Income after deduction of half of Self-Employment Tax}). \\
 &= \text{State Income Tax Rate} \times (\text{Taxable Income} - \text{one-half} \times \text{Self-Employment Tax}).
 \end{aligned}$$

Self-Employment Tax

$$= 14.13 \text{ percent} \times \text{Taxable Income}.$$

Federal Income Tax

$$= 28 \text{ percent of taxable income after deduction of State Income Tax and half of Self-Employment Tax}$$

$$= 28\% \times (\text{Taxable Income} - \text{State Income Tax} - 0.5 \text{ Self-Employment Tax}).$$

The formula for the purchase of a \$10,000 car in Michigan is:

State and Local Sales Tax

$$= \$10,000 \times 4\%$$

$$= \$400 +$$

State Income Tax

$$= \text{Required Earnings} \times 4.6\% (1 - 14.13\% \times 0.5)$$

$$= \text{Required Earnings} \times 4.6\% \times (0.92935)$$

$$= \text{Required Earnings} \times 4.275\% +$$

Self-Employment Tax

$$= \text{Required Earnings} \times \text{Self-Employment Tax Rate}$$

$$= \text{Required Earnings} \times 15.3\% \times (1 - 15.3\% \times 0.5)$$

$$= \text{Required Earnings} \times 14.13\% +$$

Federal Income Tax

$$= (\text{Required Earnings} - \text{State Income Tax} - 0.5 \text{ Self-Employment Tax}) \times 28\%$$

$$= \text{Required Earnings} \times 28\% \times (1 - 4.6\% \times 0.92935 - 14.13\% \times 0.5)$$

$$= \text{Required Earnings} \times 28\% \times [(1 - 0.046 \times 0.92935) - 0.07065]$$

$$= \text{Required Earnings} \times 28\% \times (1 - 0.04275 - 0.07065)$$

$$= \text{Required Earnings} \times 28\% \times 0.8866$$

$$= \text{Required Earnings} \times 0.24825.$$

Required Earnings

$$= \text{Retail Sales Price} + \text{State and Local Sales Tax} / [1 - \text{Federal Income Tax Rate} \times (1 - \text{State Income Tax Rate} \times 0.92935 - 0.07065) - \text{State Income Tax Rate} \times 0.92935 - \text{Self-Employment Tax Rate}]$$

$$= \$10,000 + \$400 / [1 - 28\% \times (1 - 4.6\%) \times 0.92935 - 4.6\% \times 0.92935 - 14.13\%]$$

$$= \$10,400 / (1 - 0.28 \times 0.954 \times 0.92935 - 0.046 \times 0.92935 - 0.1413)$$

$$= \$10,400 / (1 - 0.24825 - 0.04275 - 0.1413)$$

$$= \$10,400 / 0.5677$$

$$= \$18,320.$$

To buy a \$10,000 car the self-employed worker must earn \$18,320. The summary of each tax is as follows:

State and Local Sales Tax

$$= \$10,000 \times 4\% = \$400.$$

State Income Tax

$$= \text{Required Earnings} \times 4.6\% \times 0.92935$$

$$= \$18,320 \times 0.04275$$

$$= \$783.$$

Self-Employment Tax

$$= \text{Required Earnings} \times 14.13\% = \$18,320 \times 14.13\% \\ = \$2,589.$$

Federal Income Tax

$$= (\text{Required Earnings} - \text{State Income Tax} - 0.5 \\ \text{Self-Employment Tax}) \times 28\% \\ = (\$18,320 - \$783 - \$2,589 \times 0.5) \times 28\% \\ = \$4,548.$$

Total Taxes

$$= \text{State and Local Sales Tax} + \text{State Income Tax} + \\ \text{Federal Income Tax} + \text{Self-Employment Tax} \\ = \$400 + \$783 + \$2,589 + \$4,548 = \$8,320.$$

Total Required Income

$$= \text{Retail Price} + \text{Taxes} = \$10,000 + \$8,320 \\ = \$18,320.$$

Notes

1. Tax Foundation, Tax Features (Washington: Tax Foundation, 1992), p. 1.

2. Stephen Moore, "How Much Government Can America Afford?" Institute for Policy Innovation, Dallas, Texas, 1991.

3. Total taxes paid on income used to purchase the car are roughly the same, regardless of how the car is paid for (cash or loan).

4. The effective self-employment tax rate is $15.3\% \times 92.35\%$ on earnings up to \$53,400.

5. The 14.13 percent FICA rate is calculated as follows. The workers pays a rate of 15.3% for the employer and the employee shares of the FICA tax. But the 7.65% employee share of the tax is deducted from earnings, so that the effective rate is $15.3\% \times (1 - 7.65\%) = 14.1\%$. In addition, the employer share of the FICA payroll tax is deductible from the federal income tax, so that the effective rate is not 28% but $28\% \times \{[1 - 7.65\% \times (1 - 7.65\%)]\} = 26\%$.

6. Only state income and sales taxes are used in rating state tax burdens. Other state taxes, such as those on corporate income and property, are not included.

7. See "Fleeing Tax Fairness," Wall Street Journal, June 12, 1991, editorial page.

8. For this and other examples of the impact of state taxes on economic behavior, see Stephen Moore, "A Pro-Growth Tax Agenda for the States," Texas Public Policy Foundation, San Antonio, 1991.

9. Based on Federal Highway Administration, Highway Statistics, 1990 (Washington: FHWA, 1991).

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viewpoint

A FAIRER FEDERAL INCOME TAX SYSTEM

by George Nastas III

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Much has been spoken and written during the current debate over the "federal budget deficit" about the fairness of federal income tax policy. Liberal Democrats advocate higher taxes for high-income people ("tax the rich") as a way to raise tax revenue and make the tax system fairer. They say that the cost of government services should be borne by people based on ability to pay. Conservative Republicans argue that income earners should keep more of the income they earn, that the fruits of successful effort should not be taxed away, and that income-generating activities should not be discouraged by high-income tax rates.

Which argument is the stronger? Which approach would make the federal tax system fairer? Which approach would make the economy more productive for everyone? Is it fair for high-income people to pay more of their income to the federal government at a higher tax rate and on a larger tax base than lower-income people pay?

A Criterion for Assessing Fairness: Market Place Model

The general approach in the market place is that one pays for the goods one consumes. If one cannot pay for a good, then that person does not consume the good. Every consumer pays the same price for a particular good. If many people want to consume a good, each person pays the same amount.

Consumers do not pay a different amount for the same good based on their income level. One consumer does not pay more for a good so that another person can get the same product for a lower price. Few think it would be fair for the same product (e.g., groceries, water, electricity, housing) to be priced at different levels to different groups based on their ability to pay. It is not considered unfair that some can afford a product or service, while some cannot. (Although, some people do define injustice as "when someone else has something that I want.")

But with government services it is different. Different people pay different amounts for the same government services under the current progressive federal income tax system. Higher-income people pay more than low-income people for the same government services.

This results in high-income people paying the cost of government for low-income people. It also may allow some people to consume services that they do not pay for. It can create more demand for goods by those who do not have to pay for them. It can cause tax dollars to be misallocated by noneconomic forces.

We can assess the fairness of a tax system in terms of who pays and who benefits and the market place model. A tax system is fair if the consumers of goods pay for those goods. A tax system is unfair if consumers of goods do not pay for those goods. A tax system is unfair if one group of taxpayers subsidizes the consumption of government goods by a different group.

Four Alternatives for Raising Tax Revenue

There are four basic alternatives to taxing people to pay for government services that will be considered here.

Federal Income Tax Alternatives:

- A. Progressive Income Tax
- B. Flat-rate income tax
- C. Poll or head income tax
- D. Use tax

Each has different consequences for the taxpayer in terms of how much income tax the taxpayer pays and how much the taxpayer keeps of his pretax income.

Individual Income Taxpayer

Level of Income, High—Low

Federal Income Tax Alternative

- A. Progressive Income Tax
- B. Flat-rate income tax
- C. Poll or head income tax
- D. Use tax

Federal Income Tax
Amount, \$
Percent of Income, %

Retained Income
Amount, \$
Percent of Income, %

The question is: Which is the fairer alternative for paying for government services?

VIEWPOINT

An Example to Evaluate the Four Income Tax Alternatives

Consider the following example of two married couples who are similar except for their annual taxable income. Couple A has \$10,000 of taxable income, while Couple B has \$100,000 of taxable income.

Progressive Federal Income Tax Alternative

In the progressive income tax alternative, the more income a person earns the more he or she pays. The income tax rate that a person's income is subject to changes. Each additional quantity of income is taxed at a higher rate.

From Schedule Y, the 1990 federal tax rate is:

Table 1 IRS Schedule Y	
Taxable Income	Federal Tax
15% Federal Income Tax Bracket \$0.00 to \$32,450	The tax is 15% of the amount over \$0
28% Federal Income Tax Bracket \$32,450.00 to \$78,400	The tax is \$4,867.50 plus 28% of the amount over \$32,450
33% Federal Income Tax Bracket \$78,400.00 to \$162,770	The tax is \$17,733.50 plus 33% of the amount over \$78,400

The federal income tax paid by each couple is:

Table 2 Progressive Federal Income Tax		
	Couple A	Couple B
Taxable income	\$10,000	\$100,000
Highest marginal federal tax rate	15%	33%
Federal income tax	\$1,500	\$24,861.50
Average federal tax rate	15%	24.86%
After tax income	\$8,500	\$75,138.50
Percent of gross income kept	85%	75.14%

Couple B pays much more federal income tax than does Couple A. Couple B also pays a much higher marginal federal income tax rate (i.e., 33 percent) than Couple A does (i.e., 15 percent). Couple B earns 10 times more than Couple A (\$100,000 versus \$10,000), but it pays 16.57 times more federal tax than Couple A (\$24,861.50/\$1,500). Couple B subsidizes Couple A's cost of government. Is this fair?

Couple B does have a larger ability to pay federal income taxes than does Couple A since it has a higher income. Couple B probably does have more discretionary income (income left after taxes and necessities such as food, housing, and transportation). But what of the contribution of each couple and the reward each should enjoy from productive effort? What of the amount of government services each couple consumes?

Does Couple A make the same contribution as Couple B? Does each couple work as hard? Does each create the same value? If income is a measure of the value of a couple's output, Couple B is making a larger contribution than Couple A (at least in terms of outputs that are

measured by money). The more productive couple is being penalized by federal income taxes more than the less productive couple.

Concerning the consumption of government services, does Couple B consume more public services than Couple A? Is Couple B paying for government services that the couple does not consume? Is Couple B subsidizing the services consumed by Couple A? And what is going to happen to the level of demand for government services by couples such as Couple A who are consuming services that they do not pay for?

Does Couple B pay more than its fair share? Does Couple A pay less than its fair share?

Flat Income Tax Alternative

A second approach would be a flat tax on income. Here the person pays more as he earns more, but always at the same tax rate. A 15-percent rate might be applied to all income despite income level. For example, every taxpayer could be taxed at a flat 15-percent tax rate.

Table 3 Flat Federal Income Tax		
	Couple A	Couple B
Taxable income	\$10,000	\$100,000
Highest marginal federal tax rate	15%	15%
Federal income tax	\$1,500	\$15,000
Average federal tax rate	15%	15%
After tax income	\$8,500	\$85,000
Percent of gross income kept	85%	85%

Couple A would pay \$1,500 in federal income tax and keep \$8,500 of the \$10,000 of income the couple earns. Couple B would pay \$15,000 of income tax and keep \$85,000 of the \$100,000 of income the couple earns.

Couple B pays much more federal income tax than does Couple A. But both couples pay at the same rate. Couple B earns 10 times more than Couple A (\$100,000 versus \$10,000) and it pays 10 times more federal tax than Couple A (\$15,000/\$1,500). Couple B subsidizes Couple A's cost of government.

Poll Income Tax Alternative

A third approach would be a poll or head tax. Here, each taxpayer pays the same amount despite income level. Each person pays the average cost per person for government services. For example, if the average cost of government is \$2,000, each couple would pay \$2,000.

Table 4 Poll Federal Income Tax		
	Couple A	Couple B
Taxable income	\$10,000	\$100,000
Highest marginal federal tax rate	13%	15%
Federal income tax	\$2,000	\$2,000
Average federal tax rate	20%	2%
After tax income	\$8,000	\$98,000
Percent of gross income kept	80%	98%

Each couple pays the same amount for the cost of government services despite the couple's income. Couple A would keep \$8,000 of the \$10,000 that it earns,

while Couple B would keep \$98,000 of the income that it earns. Couple B does not subsidize Couple A.

Use Tax Alternative

A fourth approach would be to charge each person only for the services he or she consumes. If a person consumes a service, he pays for it. If the person does not consume the government service, he or she does not pay for it. One taxpayer does not subsidize another.

The gasoline tax is a good example of the use tax. The more miles a person drives his automobile, the more gasoline the car consumes and the more gasoline tax he pays. Presumably, gasoline consumption is related to road use and the gasoline tax is tied to the cost of building and maintaining the highways.

Summary of Federal Income Tax Alternatives

In summary, the federal income tax cost (cost of government) to each couple and the amount of earnings each couple can keep after tax depends on the tax scheme that the couple is subject to.

Table 5 Summary of Federal Income Tax Approaches		
	Couple A	Couple B
Taxable income	\$10,000	\$100,000
Progressive tax	1,500	24,861.50
Retained earnings	8,500	75,138.50
Flat tax	1,500	15,000
Retained earnings	8,500	85,000
Head tax	2,000	2,000
Retained earnings	8,000	98,000
Use tax	Depends on Government Services Consumed	

Fairest Alternative to Paying for Government Services

Based on the analysis here, the four alternatives may be ranked in terms of their fairness:

Most Fair

Use Tax
Poll or Head Tax
Flat Tax
Progressive Tax

Least Fair

Best Approach to Paying for Government Services

The best way to pay for the goods provided by the government would be a use tax. If a person uses a government service, he or she would pay for it. If a person does not use the government service, he or she would not pay for it. What could be fairer?

Unfortunately, it seems that many government services do not easily lend themselves to a use tax.

In these cases, the poll tax alternative would be better for paying for government services.

The cost of the government services would be divided by the number of people consuming those services. Each person would pay the same amount toward the cost of government services. Each consumer of government services would pay for the services it consumes (assuming each taxpayer consumes an equal amount of government services).

For example, defense service, which consumes a large portion of the federal budget, seems to benefit each person equally. It seems that each person should bear the same share of providing that service. The same may be said of many other government services.

Consequences of a Poll Tax

What might be the consequences of a poll or head tax?

There would be a greater incentive to work, invest, and create wealth. Once the poll tax is paid, the productive person—income earner—gets to keep all the revenue he or she earns or generates. Clearly those who value more money will work to make more money since they get to keep it all.

Economic growth would accelerate. Productive people would have more money to spend and invest according to their priorities. Money would be spent on consumption to meet real consumer needs. There would be more investment aimed at meeting real consumer needs. There would be more new products and services.

As productive people earn more, their wealth will increase. Productive people would become wealthier. This wealth will attract entrepreneurs who will seek to meet the needs of these wealthy people. More economic growth will result.

The number of productive people will increase, while the number of nonproductive people will decline. As economic growth accelerates there will be more opportunities for everyone to make more money. Nonproductive or less productive people will be attracted to the opportunity to work and make money for themselves.

Productive people will have more wealth and be better able to meet their needs. Productive people will become more self sufficient and less reliant on government services. The aggregate demand for government services will decline. Those who choose not to increase their productive efforts will still have minimal government services available to them.

Each person will share more equally in the cost of government. There will be a better relation between the amount of government services a person consumes and what he pays for those services. One income group would not pay another group's share of the cost of government. One group would not pay the cost of the government services consumed by another group.

The current extreme distortion in the payment for government services would be reduced. Higher-income people would not subsidize the cost of services that lower-income people consume to the extent they do now.

High-income people would pay a lower federal tax and a lower share of their income in federal income tax than now. Lower-income people may pay more and their federal income tax may represent a higher share of their income.

More of the income that the economy generates would be distributed to people based on their productive effort. There would be less income redistribution based on the federal income tax system.

The demand for government services may decrease when people who are currently not paying for those services have to pay for them. Now, there may be excessive demand for government services because some people can consume services that they do not have to pay for. If people must pay the real cost of government services,

VIEWPOINT

perhaps consumption of those services would fall. Resources tied up in government programs could be freed up for more productive uses.

Once a taxpayer pays his poll tax, his financial obligation to the federal government is done. Paying for government services would be more like all the other purchases a consumer makes in the market place. The transaction is complete once he makes the payment. Under the progressive or flat-rate income tax system, a taxpayer is never through paying the government.

The income tax collection process would be much, much simpler. Taxpayers would not need to spend hours and hours maintaining tax records, trying to understand tax rules, or filling in tax forms. The need for tax lawyers, tax accountants, revenue collection people, accounting equipment, and so forth would be reduced. Most of the resources that are tied up in drafting tax laws and regulations, collecting taxes, and enforcing tax laws would not be necessary. The congressional and executive branch departments concerned with tax policy and the Internal Revenue Service could be drastically downsized. The Judiciary Branch would not need to deal with federal tax cases as often. These resources could be freed up for productive uses. All people would need to do is send in a check for their poll tax.

Legislatures would not have to spend time creating new tax laws and tax loopholes for special interests. The resources spent by special interest groups to lobby the legislative and executive branches for more favorable tax treatment would not need to be spent.

Tax revenues would be more assured and easier to collect. Everyone just sends in the same amount. Every-

one shares the same burden. This would be much easier to verify.

There might be more concentration of wealth in the hands of high-income earners. Those who earn the money, would get to keep more of it. That is a reward of productive effort. What will they do with the money that they earn? Some of it will be consumed. The consumption will generate jobs. The consumption expenditures will be made to meet real consumer needs. So the capital resource is used wisely.

The income that is not consumed will be invested. The capital used for investment will seek the highest return available commensurate with the risk tolerance of the investor. The capital will be invested to meet important human needs. This capital also will be wisely used. This is in contrast to giving the money to the government where it may be consumed by people who have not generated it. Consumers who get to spend money they do not earn probably will not spend it wisely.

A poll tax will cause people to make more and keep more of the income that they earn. Productive people will be better able to meet their needs on their own. There will then be less demand for government services. The need for more revenue by the government will decline. That may be perceived as a problem by some people.

Reference

George Nastas III, "Why Limit Indexing to Capital Gains?" *New York Times*, 30 September 1990, sec. 4, p. E21. Reprinted in *Michigan Forward*, December 1990, p. 25.

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George Nastas III

Tax Reform in America: Time for an Overhaul

Former California Governor Edmund G. "Jerry" Brown's candidacy for the presidency in 1992 put a national spotlight on the issue of tax reform. Brown's crusade for a nationwide flat tax and his message of tax inequality in the United States has rekindled the question of tax fairness and whether the system needs reform. In this article, the author brings into focus the negative personal and societal impacts of high taxation and he argues that the elixir for a vibrant future is massive overhaul.

The standard of living and quality of life of Americans is being pummeled by increasingly high taxation. High federal, state, and local taxes reduce personal spendable income, consumption, and savings, and raise the price of products and services. But its impact transcends the individual. For the economy as a whole, high taxes raise the cost of investment capital, reduce employment, lower economic growth, and reduce the competitiveness of American businesses.

To illustrate the seriousness of today's staggering tax burden, consider how taxes increase the price of a typical consumer purchase—the purchase of an automobile. What does a \$10,000 vehicle actually cost taxpayers in terms of the amount of money they must earn in pre-tax dollars in order to pay for the car in after-tax dollars?

A typical Michigan resident pays a 28 percent marginal federal income tax, a 7.65 percent social security tax, and a 4.6 percent Michigan income tax on earned income before he or she can spend what remains on a vehicle purchase. In addition, a 4 percent sales tax must be paid in Michigan. All these taxes add \$7,405.86 to the car's cost making the buyer's obligation

\$17,405.86 for the \$10,000 car (Figure One). Finance charges elevate the vehicle's cost to the "luxury" level. Where does this \$7,405.86 go? It supports government programs and overhead. Our buyer could use that tax total to purchase an even better automobile, take a vacation, pay for education services for a child, upgrade housing, or invest for a future purchase. Any one of these options would make the purchaser better off and improve their standard of living and quality of life.

At the society level, this \$7,405.86 put to work would create jobs for others, contribute to economic growth, reduce the cost of investment capital, and stimulate more investment and more demand for goods.

In reality, our car buyer will pay much more than \$7,405.86 in taxes to buy the \$10,000 vehicle. There are a host of business taxes imbedded in the car's price such as property tax, inventory tax, utility tax, unemployment tax, social security tax, and income tax. If many of these taxes were reduced or eliminated, the sticker price for the vehicle would be much lower. That, in turn, would mean higher demand for the car, greater employment and thus more

wages being spent. Conversely, how much less economic growth is there in America due to high taxes?

Tax System Reform

A major tax system overhaul is needed. A cap needs to be placed on the compulsory taxes paid by individuals, families, and businesses. At the federal level the total taxes (of any form) paid by individuals and families should be limited to 5 percent of gross income to a maximum tax of \$5,000. At the state and local level, the total taxes paid (of any form) by individuals and families should be limited to 2 percent of gross income to a maximum tax of \$2,000. It would be preferable to recover the cost of government services that all individuals consume on a per capita or on the amount consumed basis, rather than on an ability to pay basis. Subsidies would be reduced by this method.

There would be no taxes on capital gains, dividends, and interest. Property taxes would be eliminated. There would be no intangible, gift, inheritance, or estate taxes. There would be no national or state sales taxes, value added taxes, or tax on Social Security and retirement income. Ideally,

Figure One

Tax Impact on a \$10,000 Automobile

Retail Sales Price	\$10,000.00
Sales and Personal Taxes	
Michigan Sales Tax	\$ 400.00
Federal Income Tax	4,873.64
Social Security Tax	1,331.55
Michigan Income Tax	<u>800.67</u>
Total Sales and Personal Taxes	7,405.86
Price in Pre-tax Dollars	\$17,405.86

For simplicity, this calculation ignores the deductibility of the Michigan Personal Income Tax on the taxpayer's Federal Income Tax return. Including that factor would lower the price in pre-tax dollars to \$17,038.57.

GEORGE NASTAS III, Ph.D., is a marketing and financial consultant in Haslett, Michigan. Previously, he was a professor of marketing in the School of Management at the University of Michigan-Flint. His articles on taxation have appeared in the New York Times, Better Investing, and Tax Notes.

there would be no social security tax. Each individual would be responsible for providing for his or her retirement through personal savings and investment during the person's working life. The U.S. would not tax any money earned outside the country and states would not tax any funds earned outside their borders.

For businesses, general taxes would be replaced by use fees that reflect the actual cost of the government services they consume. Under the present system, business taxes are really taxes on individuals and families because businesses only pass the taxes along to their customers.

This new approach is necessary because there is no limit to the ingenuity of government leaders to create new taxes or other revenue sources to support and expand government programs. The only way to control the size of government, the number and size of government programs and government employment, is to control the revenue government has to spend.

Instituting Compulsory Taxes and Use Fees

Compulsory taxation for individuals would be limited to paying for essential government services only—services that cannot be met by the private sector. Similarly, businesses would not pay for government services that are not directly related to

their business activities.

Individual, family, and business consumers of nonessential government services would be charged a use fee which would reflect the actual cost of providing the services. The cost of government services that are directly related to the production of goods and services (e.g., trash removal) would be recovered through use fees and passed along to the consumers of those products and services through their prices.

A more vibrant private sector also might make these services available. Competition among suppliers of services would result in lower priced, higher quality services.

Reform Benefits

There are many positive outcomes of this proposal. Income earners will have a lower tax burden, keep more of the money they earn, and have more incentive to work, earn, purchase, and save. They will spend money according to their needs and wants, rather than have the government spend their money for them. Property owners will experience lower property taxes. This will increase the value of their property and decrease their cost of ownership. This cost savings will increase private sector demand for goods and services or make more money available for investment. Families will have

a better standard of living and a higher quality of life due to increased disposable income and wider choices.

There will be more investment and a lower cost of capital for business growth since there will be no taxes on investment income (investors will require a lower return). There will be more incentive for investors to bear risk and invest since they will keep the money they make. This investment will create new products, services, and jobs. The price of many products and services will fall as business taxes decline. Demand will be higher for these products at lower prices. There will be more economic growth. As the private sector expands, new employment opportunities will emerge. Lower priced American products and services will be more competitive worldwide and international demand for them will increase. It will be easier to start and operate a business due to fewer business taxes and regulations.

The size of the public sector will decrease as the private sector increases, particularly since government will be providing only essential services. Government will be forced to be more effective and efficient due to limits on resources available to it.

The mind boggles at the benefits that would occur from adopting this proposal. ■

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THE HIDDEN COST OF TAXES REVEALED IN NEW STUDY

After taking taxes into account, middle-income Californians have to earn \$18,776 to buy a new \$10,000 car, according to findings just released by the Cato Institute, a libertarian think tank in Washington.

If they are self-employed, the same workers have to earn more than \$20,000 or more than twice the retail price of the car. Typically, the study found, a California worker pays about double the price of most items, after accounting for taxes.

*George*Nastas,*a Michigan tax accounting consultant and the study's co-author, came up with the idea as a way to make tax figures more concrete to the average person. The study shows how much additional income people need, after accounting for taxes paid, to buy a few typical goods and services, such as a new car, a computer, a year's college tuition and a year's supply of gasoline.

The calculation, designed to yield the "true," tax-inclusive price, is "a good measure of the impact of taxes on American workers, because the main reason people work is to earn money to buy the things they want," the study said.

Gary Robbins, who heads Fiscal Associates, a Washington tax consulting firm, said his economic models use essentially the same principle in determining the impact of taxes. Nationally, Robbins said, the average worker pays a marginal tax rate of around 44 percent of income, close to the levels found in the Cato study.

The Cato study used federal and state income taxes, the Social Security payroll tax, and state and local sales taxes. It did not include business or other indirect taxes, or the employer-paid share of the payroll tax, which many economists say is reflected in lower wages.

California came in as the highest-tax state, although co-author Stephen Moore, Cato's director of fiscal policy studies, said that if business taxes were included, New York and a few other Northeastern states might show a higher tax burden.

The study defined middle income as earning between \$34,000 and \$54,400. It also included self-employed workers, who pay an additional tax on earnings.

In addition to figuring the true cost of a car, the study made the following calculations for middle-income Californians:

-- To buy a \$1,500 computer, a wage earner needs to earn \$2,816; a self-employed worker needs \$3,028.

-- To pay \$8,000 in private college tuition, a wage earner needs to earn \$13,877; a self-employed person, \$14,918.

-- To buy \$469 of gasoline, a wage earner needs \$1,127; a self-employed worker, \$1,212.

The authors said the numbers reflect a \$200 billion federal tax increase and \$40 billion in additional state taxes enacted since 1990.

KEYWORDS: TAXES: COST: REPORT: CA: FINANCE: EARNINGS: PERSONAL INCOME: SALARIES:

CATO INSTITUTE:*GEORGE*NASTAS:*
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Business/*Money*

C8

Take home pay that doesn't get you home

NEW YORK (AP) — George Nastas and Stephen Moore provide insight into an economic mystery: If inflation is relatively low, as measured by the consumer price index, where is the money going?

It's going for taxes, they say, and taxes generally aren't included in the usual measures of consumer inflation. Yes, taxes shrink buying power, just as higher prices do. But no, they aren't counted as inflation.

And they are rising. The Tax Foundation estimates that in 1960 middle-income Americans paid less than 30 percent of earnings in local, state and federal taxes; today, the figure is about 40 percent.

Nastas, a financial consultant, and Moore, director of fiscal policy studies at the Cato Institute, say taxes add enormously to the prices of items like automobiles.

They found that in an average-tax state, a worker with earnings of \$34,000 pays not just \$10,000 for a car but another \$7,038 for the sales tax, income taxes and payroll taxes on earnings used to pay for the car.

Stated differently, they explain: "A worker with an income of \$34,000 must work three and a half months to pay for the car, and another two and a half months to pay taxes on the income used to purchase the car."

In a paper for Cato, a conservative, Washington-based think tank, the two researchers worked out calculations and formulas that demonstrate to consumers dramatically and painfully what taxes do to their paycheck.

If the worker is self-employed, for example, that \$10,000 car costs even more

\$18,320, because self-employed workers pay a 14.1 percent tax to cover the employee and employer shares of Social Security and Medicare payroll taxes.

They developed these guidelines:

- In high-tax states, the true price of goods and services is roughly twice the retail price at the store. To figure out how much income you need to buy an item, multiply its price by two.

- The same rule applies to self-employed workers in most states. Half their earnings are consumed by taxes.

- In low-tax states, the true price of goods and services, including all taxes, is one and a half times the stated price. To figure how much of your income goes to buying an item, multiply its price by 1.5.

Nastas and Moore list as high-tax juris-

dictions California, Maine, New York, the District of Columbia, Minnesota, Rhode Island, Maryland and Wisconsin.

Categorized as low-tax jurisdictions are Alaska, New Hampshire, Wyoming, South Dakota, Florida, Nevada, Texas and Tennessee.

Michigan was chosen as the state with typical taxes. Middle-income workers are said to be married couples with incomes between \$34,000 and \$53,400, putting them in a 28 percent federal tax bracket.

The taxes involved in the \$10,000 automobile purchase would be state sales taxes of \$400, state income taxes of \$784, FICA payroll taxes of \$1,303 and federal income taxes of \$4,551, for a total of \$7,038.

Conclusion: Taxes are why take-home pay doesn't take you home.

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Take home pay that isn't

By JOHN CUNNIFF
AP Business Analyst

NEW YORK (AP) — George Nastas and Stephen Moore provide insight into an economic mystery: If inflation is relatively low, as measured by the consumer price index, where is the money going?

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—The same rule applies to self-employed workers in most states. Half their earnings are consumed by taxes.

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How Much Tax Do You Really Pay?

George Nastas and Stephen Moore

This article provides practical and understandable examples of how much middle-income consumers actually pay in taxes when purchasing goods and services. We address the question by showing how much extra income someone must earn to pay for major purchases. In all of our examples we examine the taxes paid by a married couple with an income between \$34,000 and \$53,400 a year.

We take into account four types of taxes that raise the "true" price of a product. We ignore the impact of business taxes, which are ultimately borne by workers and the owners of capital. For wage earners we also ignore the employer portion of the FICA payroll taxes. Four taxes are examined.

- The income tax paid. We assume an income between \$34,000 and \$53,400 per year, which means a 28% marginal federal tax rate on all additional earnings.

- The payroll tax. For most workers (with earnings up to \$53,400) this constitutes a 7.65% tax on earnings on top of the income tax. The self-employed must pay a self-employment tax that raises the effective payroll tax rate to 14.1%.

- The state income tax. Rates vary widely from state to state. They range from a low of zero in 10 states to a high of 12% in North Dakota.

- The state and local sales tax.

Those taxes also vary from state to state and even among localities within states. The highest combined state and local sales tax rate is 10% in Louisiana, but many states have no sales tax.

Tax Burden On a Car

In our first example we examine the amount of extra money a middle-income worker needs to earn to purchase a car in a state where taxes are typical, Michigan. Michigan taxpayers pay a 4.6% income tax on taxable

income. (For simplicity we ignore the personal exemption, the standard deduction and itemized deductions, except the state income tax deduction, in all analyses.) Michigan also imposes a 4% nondeductible sales tax on the retail purchase of most products.

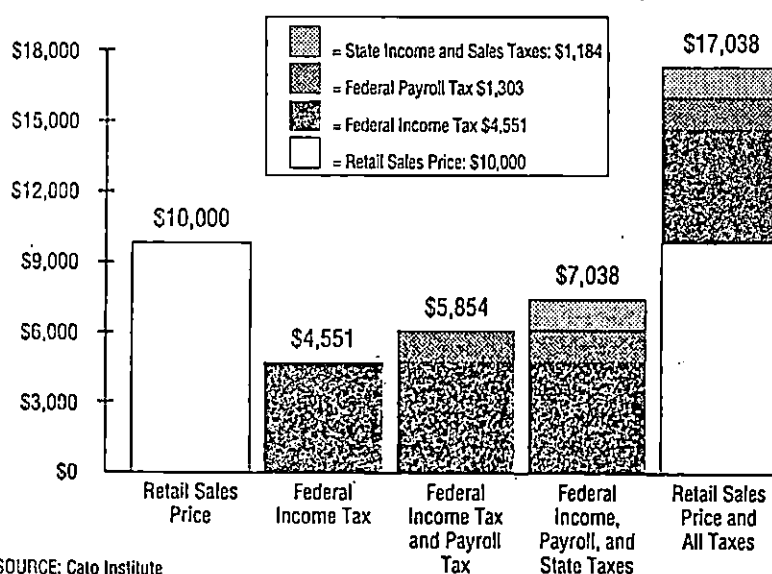
When all income, payroll, and sales taxes are taken into account, how much money does the typical middle-income Michigan wage earner have to make to purchase a \$10,000 automobile?

First, of course, you must add Michigan's 4% sales tax to the price of the automobile, so the automobile now costs \$10,400.

But to earn \$10,400 in take-home pay, a worker will have to make \$17,038 because the government will take an additional \$6,638 from his paycheck in (1) state income tax, (2) payroll taxes, and (3) federal income taxes. For a breakdown of those taxes see the chart below.

Self-employed workers are keenly aware that they have taxes taken directly out of their incomes because they pay a self-employment tax, which is equal to the employer and the employee shares of FICA payroll taxes. The self-employment tax rate was 14.1% on 1991 earnings of up to \$53,400, which means, of course, that self-employed workers must earn an even greater amount of extra income to purchase a new

'True' Price of a New Car in Michigan



Mr. Nastas is a marketing and financial consultant in Haslett, Michigan. Stephen Moore is director of fiscal policy studies at the Cato Institute.

\$10,000 car. In fact, total earnings required to purchase the car in Michigan rise to \$18,320.

High- and Low-Tax States. The above example shows the tax liability in a typical state. But the states vary widely in the level and mixture of taxes they impose on their residents. The state with the highest sales and income taxes, California, charges an 8.25% sales tax on most items and imposes a 9.3% marginal income tax rate on middle-income workers, whereas Alaska and New Hampshire have neither a state income nor a sales tax. The chart below compares the amount of income a worker must earn to purchase a \$10,000 car in eight jurisdictions with the highest taxes and the eight with the lowest taxes. It also shows the amount of taxes self-employed workers pay in those jurisdictions.

In California, a middle-income worker must earn an additional \$18,776 to be able to purchase a \$10,000 car. A self-employed worker in California must earn \$20,186 to purchase the car. That consumer must earn more than double the sticker price of the car if all taxes are taken into account. In other words, in the high-tax states, self-employed consumers spend more of their income to pay taxes on the car than on the car itself.

There is evidence that people try to avoid working and purchasing goods and services in high-tax states. For instance, to avoid high income taxes, businesses and workers tend to move from high-tax to low-tax states. That was clearly the case in the 1980s, for example, when

low-income-tax states saw business and population growth, while high-income-tax states experienced little or no business and population growth. Moreover, to avoid high sales taxes, many consumers shop for major items in low-sales-tax states. For example, although Portland, Oregon, has a much smaller population than Seattle, Washington, Portland, which has no sales tax, has twice the annual retail sales of Seattle, which has an 8% sales tax.

Other Goods

A \$1,500 Computer. The retail price of a new IBM computer is roughly \$1,500. Using Michigan as the example, the income needed to purchase this computer after taking into account all taxes is \$2,556 for a wage earner and \$2,748 for a self-employed worker.

A Year's Tuition. Many parents spend years sacrificing and saving money to pay for their children's college tuition. Those parents are paying much more than they suspect. Although there is no sales tax on college tuition, the parents must pay income and payroll taxes on the money they use to send their children to college. To pay \$8,000 in tuition, the parents must earn \$13,107 if they are wage earners and \$14,092 if they are self-employed.

A Year's Supply of Gasoline. A typical car owner uses 504 gallons of gasoline a year, according to the Federal Highway Administration. The pre-tax price of that gasoline (premium unleaded) is \$479. Yet gasoline is different from most other products in that it is subject to special federal and state excise taxes in addition to normal sales taxes. The \$1.29 per gallon pump prices includes those taxes. In a typical state, the combined federal and state gasoline tax is roughly 34 cents a gallon. The income needed to purchase the year's supply of gasoline, after all taxes including the federal and state gasoline taxes are accounted for, is \$1,065. Self-employed workers must earn \$1,145 to purchase the gasoline.

In high-tax states the true price of goods and services is about twice the retail price. To calculate how much income you need to purchase an item, multiply its price tag by two. That is the rule of two on taxes.

Earnings Needed to Buy a \$10,000 Car in High-Tax and Low-Tax Jurisdictions

	State Income Tax Rate	State & Local Sales Tax Rate	Wage Earner	Self- Employed
High-tax jurisdictions				
California	9.300%	8.25%	\$18,776	\$20,186
Maine	9.900	6.00	18,524	19,916
New York	7.875	8.50	18,490	19,879
District of Columbia	9.500	6.00	18,432	19,816
Minnesota	8.00	7.50	18,348	19,727
Rhode Island	7.400	7.00	18,129	19,492
Maryland	7.500	5.00	17,812	19,150
Wisconsin	6.900	5.50	17,766	19,101
Low-tax jurisdictions				
Alaska	0.0%	0.00%	\$15,540	\$16,708
New Hampshire	0.0	0.00	15,540	16,708
Wyoming	0.0	5.00	16,317	17,543
South Dakota	0.0	6.00	16,472	17,710
Florida	0.0	7.00	16,628	17,878
Nevada	0.0	7.00	16,628	17,878
Texas	0.0	8.20	16,814	18,078
Tennessee	0.0	8.25	16,822	18,086

True cost of a Computer

Retail sales price of computer	\$ 1,500
Taxes	
Michigan sales tax	\$ 60
Michigan income tax	118
FICA payroll taxes	195
Federal income tax	683
Total taxes	\$ 1,056
Earnings required to purchase computer:	
Wage earner	\$ 2,556
Self-employed worker (extra tax= \$192)	\$ 2,748

True cost of Tuition

Tuition	\$ 8,000
Taxes	
Michigan income tax	603
FICA payroll taxes	1,003
Federal income tax	3,501
Total taxes	\$ 5,107
Earnings required to pay tuition:	
Wage earner	\$ 13,107
Self-employed worker (extra tax= \$985)	\$ 14,092

True cost of Gasoline

Pre-tax price of a year's purchases of gasoline	\$ 479
Taxes	
Michigan state gasoline & sales tax	\$ 101
Federal gasoline tax	71
Michigan income tax	49
FICA payroll taxes	81
Federal income tax	284
Total taxes	\$ 586
Earnings required to pay for gasoline:	
Wage earner	\$ 1,065
Self-employed worker (extra tax= \$80)	\$ 1,145

In low-tax states the true price of goods and services, including all taxes, is closer to one and a half times the stated price. Thus, to figure how much additional income you need to earn to purchase an item, multiply its price tag by 1.5. **CR**

This article is reprinted, with permission, from "A Consumer's Guide to Taxes," a briefing paper issued by the Cato Institute.

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September 8, 1992

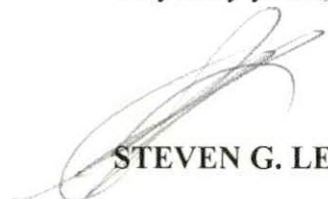
Hon. James A. Baker, III
The White House
Washington, D.C. 20500

Dear Secretary Baker:

I recently heard Gov. Clinton suggest that he was in favor of providing incentives to the creation of jobs. I would think that one of the best incentives would be a capital gains tax cut.

Might I suggest that the President urge Gov. Clinton to join him in requesting that Congress pass such tax cut.

Very truly yours,



STEVEN G. LEGUM

SGL:cp



U.S. Department of Commerce
Office of the Secretary

14th & Constitution, N.W.
Washington, D.C. 20230
United States of America

TO: White House Chief of Staff James A. Baker III

Secretary Barbara Hackman Franklin

FROM: _____

SUBJECT: President's Address of Technology

OF PAGES (including cover sheet) 9

REMARKS: Please call Curtis Chin, Special Assistant to the
Secretary, if fax does not come through.
202/377-2355 or 2112

THE SECRETARY OF COMMERCE
WASHINGTON, D.C. 20230

September 19, 1992

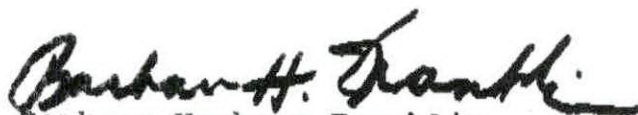
MEMORANDUM FOR JAMES A. BAKER III

SUBJECT: TECHNOLOGY

I strongly urge that the President make a major speech on technology in which he lays out his vision for ensuring that America remains the world's high technology leader and clearly defines his differences with his opponent.

This Administration has much of which to be proud in our record for promoting high technology and devising innovative approaches for transfer of technology developed in federal laboratories. The Bush Administration record is so good that the President's opponent adopted many of the programs and policies already in place at the Department of Commerce when he announced his technology program. I have enclosed several things to illustrate this point.

I understand the President is planning to speak at the September 25 National Technology Initiative (NTI) conference in Chicago. This is an excellent forum in which he can deliver such a speech. We at Commerce are ready to help in any way we can. Preston Moore is my designated "point person."


Barbara Hackman Franklin

Enclosures: Technology Accomplishments Memo
Manufacturing Technology Centers Fact Sheet
DoC Programs Fact Sheet
Cooperative R&D Agreement Memo & Chart



UNITED STATES DEPARTMENT OF COMMERCE
Office of the Secretary
Washington, D.C. 20230

Sept. 14, 1992

MEMORANDUM FOR KATHY SHANAHAN
OFFICE OF CABINET AFFAIRS

FROM: CAROLE TRIMBLE *[Signature]*
COUNSELLOR TO THE SECRETARY AND
ACTING CHIEF OF STAFF

SUBJECT: TECHNOLOGY ACCOMPLISHMENTS

Declaring that "U.S. manufacturing strength has trickled away," Governor Clinton on Sept. 8th in Connecticut announced a plan to assist U.S. manufacturing. In doing so, Clinton tacitly endorsed many of the programs already underway or in development under the Bush Administration.

In particular, Clinton's call for 170 "manufacturing extension centers" repackages, expands and appropriates concepts now in place as part of the President's efforts -- including the ongoing Manufacturing Technology Center (MTC) initiative -- to promote jobs and economic growth through technology.

At present, seven regional MTCs established by the Department of Commerce (DoC) help small and medium-sized firms implement advanced manufacturing technologies. Since 1989, the MTCs have helped companies introduce new equipment and improve business practices and manufacturing processes. To date, more than 6,000 U.S. firms have participated in MTC activities focused on reducing inventories, eliminating waste and developing and marketing new products. Companies helped estimate the benefits at nearly \$200 million.

In focusing public attention on ongoing efforts to promote jobs and economic growth by assisting U.S. manufacturers, the President may wish to address this issue as part of a visit to a Manufacturing Technology Center. MTCs are located in California, Kansas, Michigan, Minnesota, New York, Ohio and South Carolina. (Attached are a fact sheet on the MTCs as well as a fact sheet describing DoC efforts to promote jobs and economic growth through technology.)

A clear distinction, however, exists between the President's and Clinton's philosophy and approach in funding such manufacturing centers. The President has put in place a creative partnership between business and government -- and it's working. (The MTCs are developed and funded by both industry and government, and must be self-sustaining within six years.)

- 2 -

DoC is already working to expand this "Manufacturing Excellence Partnership" concept. Our FY 1994 budget calls for an increase of \$7.1 million to fund four additional MTCs and to initiate a single-state pilot demonstration of a manufacturing extension network.

In contrast, the Administration's critics envision a big budget, government-run program with estimated annual costs ranging from \$135 million to \$500 million. These funds would come from "money saved from military cuts."

President Bush has been working aggressively through programs such as the MTCs to ensure that U.S. manufacturers have the resources to compete against the global competition. The President's jobs training proposals and support for industry-led advanced technology R&D programs are also designed to help U.S. businesses. More so than any other U.S. leader, President Bush has also fought to aid American manufacturers by opening markets and promoting world-class U.S. exports.

Other longstanding policy proposals and actions of the President which would help U.S. businesses, particularly high tech firms, include the following:

- easing antitrust laws and government regulations so that companies can more easily form alliances for research, development and production
- reforming our export control system
- enforcing sanctions against foreigners that violate trade agreements
- enacting a new targeted investment tax credit
- lowering the capital gains tax rate
- making the tax credit for R&D expenditures permanent

Clearly, as we continue to move toward the 21st century, government -- in partnership with business -- must ensure an environment that promotes jobs and economic growth. We must ensure that American workers remain No. 1 in productivity and American companies continue as leaders in technology. In a changed world, commerce is now America's front line. Government can lend a helping hand to industry, but it must also know when to get out of the way and let business do business.

United States Department of Commerce
Technology Administration—National Institute of Standards and Technology

MTCs: TECHNOLOGY ACCESS FOR GROWING BUSINESSES

WHAT ARE MTCs? MTCs—Manufacturing Technology Centers—are joint NIST and locally funded organizations serving as bridges between industry and sources of modern manufacturing technology (such as universities, federal government facilities, vendors, and professional organizations). Congress established the MTC program to help the nation's 350,000 small and medium-sized manufacturers improve their productivity and technological performance. By law, NIST is responsible for the creation and support of regional centers to transfer advanced manufacturing technology to these firms. Each center must be affiliated with a U.S.-based, non-profit institution or organization. The emphasis is on helping companies help themselves move up the technology ladder. Activities conducted by MTCs include in-depth assessments of manufacturing operations and technology needs, specialized employee training, and direct help with the introduction of modern manufacturing equipment. The centers do not conduct research.

WHERE ARE THE MTCs? Seven centers have been established to date: the Great Lakes Manufacturing Center in Cleveland, Ohio; the Northeast Manufacturing Technology Center in Albany, N.Y.; the Southeast Manufacturing Technology Center in Columbia, S.C.; the Midwest Manufacturing Technology Center in Ann Arbor, Mich.; the Mid-America Manufacturing Technology Center in Overland Park, Kan.; the California Manufacturing Technology Center in Torrance, Calif.; and the Upper Midwest Manufacturing Technology Center in Minneapolis, Minn.

HOW ARE MTCs CHOSEN? A National Research Council committee reviews proposals for technical content and management approach. NIST then evaluates the strengths and weaknesses of each proposal, including: (1) identification of target firms in the proposed region; (2) technology resources; (3) technology delivery mechanisms; and (4) management and financial plan. Final selections are made by the NIST director.

HOW ARE MTCs FUNDED? NIST provides financial support for MTCs for the first 6 years, after which the centers must be self-supporting. Typically, NIST will provide up to \$1.5 million for the start-up year and up to \$3 million each for the second and third years of operation, and the sponsor contributes matching funds. NIST funding gradually tapers off in years 4, 5, and 6, while the sponsor's contributions increase proportionately.

HAS THE PROGRAM BEEN SUCCESSFUL? Since 1989, more than 6,000 U.S. firms have participated in MTC activities. Hundreds of small and medium-sized companies have benefited from in-depth assessments of their business operations—from factory-floor layout to invoice handling procedures—and thousands have participated in workshops and seminars. Many collaborations have resulted in the licensing of federal technologies, the designing of new processes, and the introduction of new products into the market.

FOR FURTHER INFORMATION: Write or call the MTC Program Office, B212 Chemistry Bldg., NIST, Gaithersburg, Md. 20899, 301/975-3414.

United States Department of Commerce

Promoting Jobs and Economic Growth through Technology

Superior technology is essential to new American jobs and economic growth. Americans are only 5 percent of the world's people, yet so productive that we make 25 percent of the world's goods and services. By offering unparalleled services and creating the next generation of world-class products, a dynamic America will lead the way into the 21st century. The U.S. Department of Commerce (DoC) works closely with American business to enhance U.S. competitiveness. The results from this creative partnership with business are significant:

STIMULATING R&D INVESTMENT

- **Advanced Technology Program (ATP)**

Begun in 1990, the ATP supports industry-led development of generic, pre-competitive technologies. Some 120 companies and institutions already participate in the program, which has fostered more than \$300 million in research that industry might be reluctant to undertake entirely on its own.

ATP research is resulting in major industry cost savings and in licensing and spin-off technologies in areas such as mass data storage systems and computer access technologies.

- **Intellectual Property Protection**

A strong patent and trademark system encourages innovation and fosters a strong technology base for the advancement of U.S. industry and the American standard of living.

DoC has issued more than five million patents through the U.S. Patent and Trademark Office and has helped negotiate over a dozen international science and technology agreements while vigorously protecting U.S. intellectual property rights.

- **Science and Technology Information**

In an increasingly competitive world, up-to-date information on technology and investment needs is essential to entrepreneurs and business people.

DoC brings together government and business leaders through roundtables and other forums to address such issues as access to credit for investment in new technologies. DoC also provides a focal point for distribution of federal research and development information.

BUILDING TECHNOLOGY PARTNERSHIPS

- **Joint Research and Development**

Through Cooperative Research and Development Agreements (CRADAs) between industry and government, DoC labs and facilities address key technical questions -- in areas ranging from precision machining of new materials to personal communications systems.

DoC labs have signed more than 240 CRADAs in 90 different technology areas since 1988; more than 40 percent of these have been with small businesses.

- **National Technology Initiative (NTI)**

In cooperation with several federal agencies and the business community, DoC recently launched a series of technology conferences throughout the country. These successful conferences inform businesses about the wealth of resources available in 700 federal laboratories -- on areas ranging from energy, environment and aerospace to biology and defense. They also help companies learn about private sector partnering in technology ventures.

More than 3,500 participants attended the first 10 NTI meetings; four more are scheduled.

DRIVING MANUFACTURING EXCELLENCE

- **Manufacturing Technology Centers (MTCs)**

Seven regional MTCs established by DoC help small and medium-sized firms implement advanced manufacturing technologies.

Since 1989, the MTCs have helped 3,500 firms reduce inventories, eliminate waste, and develop and market new products. Companies helped estimate the benefits at nearly \$200 million.

- **Shared Flexible Computer Integrated Manufacturing Centers and Teaching Factories**

On-site training in "advanced manufacturing" systems is currently provided at 15 centers established with DoC help. Access to and training in the use of such systems is crucial to job creation and growth in this high-skill, high-wage sector.

Fifteen more centers are planned.

- **International Cooperation on Manufacturing**

DoC is supporting negotiations to spur world cooperation on R&D in technology and is helping U.S. industry gain international cooperation in development of intelligent manufacturing systems. DoC programs also provide opportunities for U.S. manufacturers to gain practical work experience in the production facilities of other countries.

Such efforts promote the integration of world commerce and technology, and contribute to a more efficient and dynamic U.S. economy.

INCREASING QUALITY & PRODUCTIVITY

- **Malcolm Baldrige National Quality Award**

The Baldrige Quality Award program has helped spur a Total Quality Management revolution in American business -- enhancing U.S. competitiveness in world-class goods and services.

To date, more than 650,000 copies of the award criteria have been distributed. These principles are forming the basis for a new focus on quality by American businesses, government agencies and not-for-profit organizations.

- **Laboratories and Laboratory-Based Services**

DoC laboratories provide the technology building blocks needed by industry to bring quality products to market quickly and at minimum cost.

Results from DoC labs have broad applications, ranging from time, weight or length measurements to such specialized areas as electronics, robot control systems and advanced materials.

EXPANDING MARKET OPPORTUNITIES

- **Free and Open Markets**

America's world-class products and services can compete most effectively in a free and fair trading system. DoC has actively supported trade agreements to open markets for U.S. high technology products, including semiconductors, super computers and telecommunications equipment. DoC also is promoting exports of America's state-of-the-art environmental technologies.

Licensing requirements on technology exports have been eased, effectively deregulating \$3 billion in annual U.S. exports in computers, machine tools and telecommunications equipment.

- **Telecommunications Policy Reform**

Telecommunications are vital to the Information Age. DoC programs provide the basis for government telecommunications policy, including the reform of management of the radio spectrum and development of advanced video and television standards.

DoC also has promoted change in U.S. policy to allow U.S. companies to provide international satellite telecommunications services on a competitive basis. And DoC is working to spur business development of personal communications services and broadband digital networks.

- **Metric Conversion**

Converting to the metric measurement system will help make American business consistent with its major trade competitors.

DoC is the lead agency in promoting metric conversion -- both in the federal government and in the private sector. DoC has distributed 25,000 metric information packets to the private sector.



UNITED STATES DEPARTMENT OF COMMERCE
Office of the Secretary
Washington, D.C. 20230

Sept. 9, 1992

MEMORANDUM FOR EDE HOLIDAY
ASSISTANT TO THE PRESIDENT
AND SECRETARY OF THE CABINET

FROM CAROLE TRIMBLE *CT*
COUNSELLOR TO THE SECRETARY
AND ACTING CHIEF OF STAFF

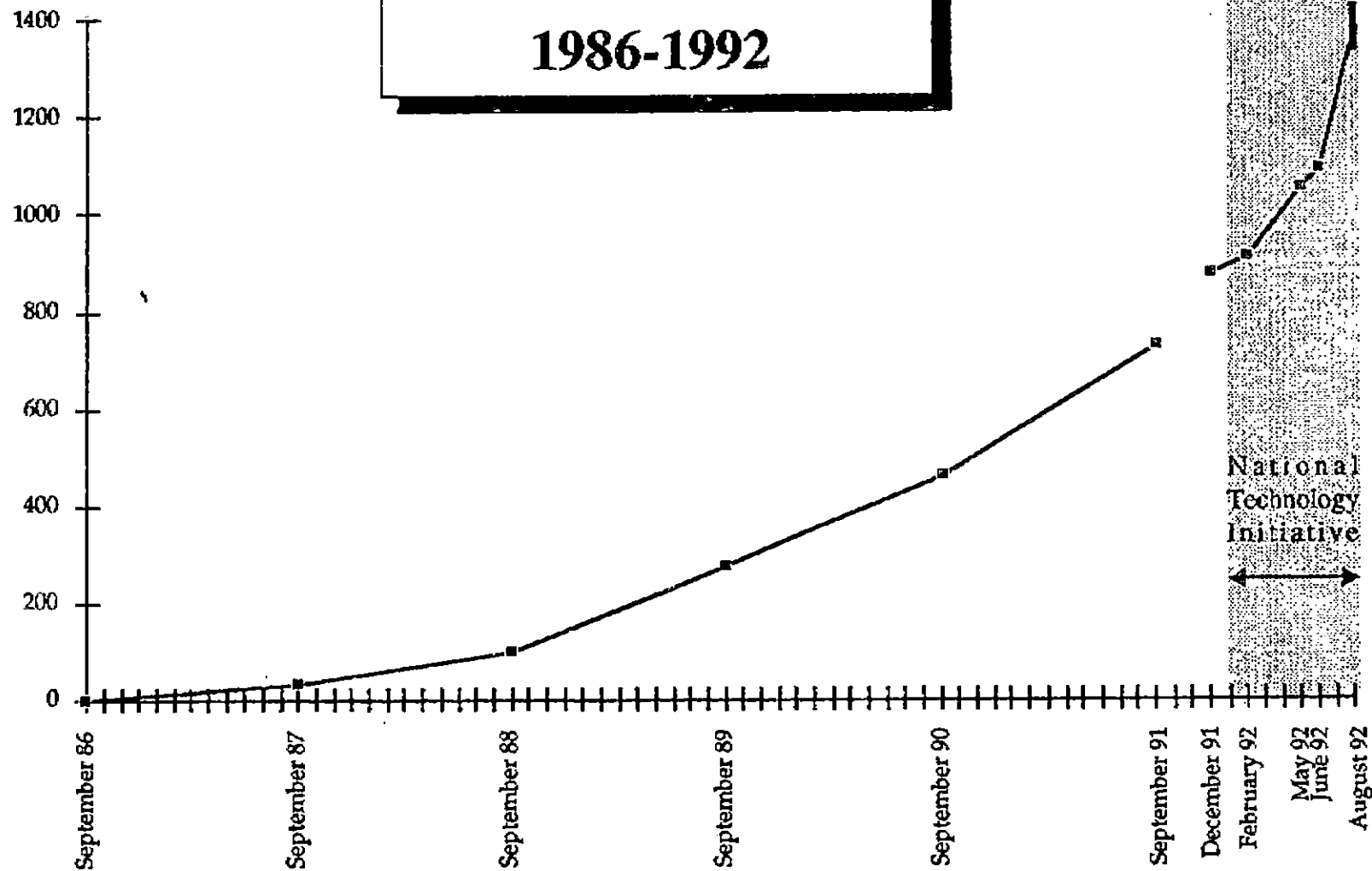
SUBJECT: CHICAGO NATIONAL TECHNOLOGY INITIATIVE

Given the strong possibility that President Bush will be attending the National Technology Initiative (NTI) conference in Chicago on September 25, I thought you might be interested in the most recent figures documenting the tremendous impact that the NTI is having on spurring a creative partnership between government and industry.

According to August 1992 figures, since President Bush launched the NTI in January, the number of Cooperative Research and Development Agreements, or "CRADAs," that federal agencies have entered into with the private sector has jumped dramatically to about 1400. This new information should be of note to media who are interested in "hard figures" to substantiate the impact of the President's "market pull" approach to technology.

As you know, the National Technology Initiative conference should provide the President with a significant opportunity to elaborate on how his policies and programs -- ranging from the Advanced Technology Program to Manufacturing Technology Centers -- promote jobs and economic growth. To date, more than 3,500 participants have attended the first 10 NTI conferences, which focus on informing businesses about the wealth of resources available in 700 federal laboratories on areas ranging from energy, environment and aerospace to biology and defense.

CRADA Growth 1986-1992



NOTES: The majority of Department of Energy laboratories were not covered under the Federal Technology Transfer Act until 1989. Figures for 1986 through September 1991 reflect active CRADAs only. Figures from December 1991 through June 1992 are based on numbers for all CRADAs, active and inactive as reported by *Cooperative Technology RD&D Report*. CRADA numbers for August 1991 are all CRADAs as reported by each federal agency.

September 11, 1992

special
NRN

Mr. James Baker
The White House
Washington, D.C. 20500

Dear Mr. Baker:

I hope that you receive the enclosed information, and in your busy schedule you will have the time to review the enclosed material. I sincerely hope that you take this material in the context of the sincerity in which it is written, and not the ravings of some crazy malcontent. This election that is almost on our door step is probably one of the most important elections in recent history.

To us, [registered Democrats] who voted for Mr. Bush in the last election, and to many independents, we want to look again to Mr. Bush for leadership and guidance. You can believe us or not, we are afraid of Mr. Clinton and Mr. Gore. We are afraid of thier leaders, Foley, Mitchell, Kennedy, and the other liberal Democrats who have put on a new suit and hat and have tried to pass themselves off as conservative new Democrats. With the new world order, and realignment of nations, unless we are ready in the economic world picture, this country will fall to the way side. Unless we take seriously the problems we have here in America, jobs, trade, education, housing, incentives for business, more vigorous R & D, we will be a third world country. What we see of the Democratic programs are higher taxes, a swollen federal beauocracy, waste, and no real growth. We do not want a socialized medicine program for this country.

But, sir, unless we see that the President feels the way we do, and brings some specific programs to the table, tells the American people the truth about Congress, and Mr. Clinton/Gore's pie in the sky program's, breaks apart the Clinton ticket's so called economic recovery program peice by peice, we will loose many of the people who supported the President last time around. Believe me, people are afraid. Believe me, people are swayed by the biased media, against the President. We have no voice out there except the President.

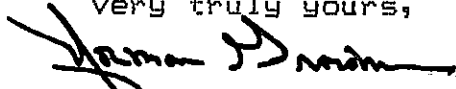
So please sir, have the President ACT NOW. As you can see by the enclosed material this is not just a one time letter by someone who does not care.

We do not the access to the media, and even if we did, we know that they are so biased against the President they would never print what we had to say.

So the only alternative is to write to you and hope our prayers will be answered.

Thank you for the opportunity of expressing my feelings and opinions, and hope that we are successful in November.

very truly yours,

A handwritten signature in dark ink, appearing to read "Norman Grossman", with a stylized, flowing script.

Norman Grossman
4400 Sheridan Ave.
Miami Beach, Florida 33140
305 672 1516

August 20, 1992

Mr. Robert A. Mosbacher
General Chairman
Bush-Quayle 92
1030 15th. St. N.W.
Washington, D.C. 20005

Dear Mr. Mosbacher:

Please excuse my arrogance in writing to you again, concerning my hopes and fears in this most crucial election campaign. I have never been more afraid of an outcome of an election as I am of this one. That's right, Mr. Mosbacher, fear. I never thought that I would fear the outcome of an election in this United States. But the thought of the Democrats winning this election, and having control of the White House as well as Congress scares the hell out of me. The thought of a group like Clinton, Gore, Mitchell, Kennedy, Bersten, in control of this country makes my head ache. What a mess this group can do in four years, could take 10 to clean up.

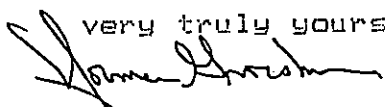
I feel the President needs us more now than he did in 88. He has to let us know we are important to him. Because without us, believe it or not, he has no chance. He has to let the people know that he cares for our fear, dreams, and hope for this country.

I enclose my feelings, and the feelings of many other like myself, for the President to know we want to help, we want to back him, but we have to know there is someone who wants our help. We have no other outlet to show the mass of Americans what we feel. We certainly will not receive any sympathy or exposure in the partial media.

I offer the attached humble pages of thoughts and concerns that we would like to President to know how we feel and why. And hopefully somehow these words will reach the people.

I thank you for your patience and understanding.

very truly yours,



Norman Grossman
4400 Sheridan Ave.
Miami Beach, Florida 33140

A SPEECH TO THE AMERICAN PEOPLE

It is about time that the American people take back the reins of Government. For too long have we let the Government be our big brothers and sisters, and tell us they are the only ones who can guide us in our daily lives. For too long we have listened to the failed promises of big brother telling us that more Government is necessary in order to broaden our future. It is time we said, "enough". Enough, of big brother taking more from us, wasting it, then telling us we need more. Give us a little more and we will get there. Well; there is no more. His brother and sister you have run this Government long enough, you have failed in your promises. You have had a majority in the Congress long enough to do what you promised. In reality, you have not even tried. You have just made sure that no one else can do it. In the last several elections you have put up such mediocre candidates, that it has been an embarrassment to the American people. Someone would think that by now you would have learned a lesson. But if Clinton & Gore are the lesson you have learned, then I suggest you need some more courses.

We, the registered Democrats, have showed you time and time again that the old days are gone and forgotten. We have showed you that your candidates for President are not the people we want to lead this country. However, to hedge our bets, by letting you control Congress. Maybe some of our old feelings and teachings about the Republicans tickled a little bird in our minds saying, wait, let's not get carried away. Maybe the Democratic Party will wake up. Maybe the Democratic Party will again be the party for the middle class, the poor, the disenfranchised. But now in 1992, we still find that you have not awakened from your sleep. You have let power and complacency control your way of doing business. The Democratic Party we have always believed in, that our parents believed in, that was responsible for so many good things many many years ago, has committed a terrible sin. A sin that will take many years of repentance to overcome. If you ever learn what the repentance is. You let us down. Not only did you stop others from doing what is necessary for this country, because of your desire for the power of the White House, you did nothing yourself. If what you say is true about Mr. Bush and the Republicans, where is your list of accomplishments? Where is your list of bills you passed to show the American people you are in Washington, with a majority in Congress, fighting for us. Us, the small business man, us the working class, us the poor, us the single parent, us the people on welfare, us the people who can not afford medical care, us the people who wonder where we will find the funds to educate our children. Where is the list of bills you tried to pass, without the tiny clauses of wasteful spending bills attached to them for the study of the sex life of some frog, that the President vetoed. Where are the bills the President asked for in his State of the Union message this year?

You say, that was just re-election talk, we the people say, "SO WHAT". Who cares what the reason was. Even if it was, that the President finally realized that enough attention was paid to foreign policy, and now it was time to move this country along. Who cares what the reason was, he had good ideas. Why did they die? When a person is ill in the hospital he doesn't care which doctor found the correct cure for his ailment, as long as he gets well. He is happy his doctor was smart enough and cared enough to ask for help from other doctors to find a cure.

In this case, I am sorry to say, the sins of the father fall upon their children. If I understand it correctly, Mr. Clinton and Mr. Gore are the candidates of the Democratic Party. And correct me if I am wrong, Mr. Gore is in Congress.

Let us remember a statement I made earlier on, all this comes from a registered Democrat. Part of the many many Democrats out there who feel as I do. The proof of this, is the many Democrats who voted for Mr. Reagan. You never understood why we split our votes. You never asked. And you are again not asking.

I must say, I can still visualize my parents, relatives, their friends talking about voting in upcoming elections years ago. There was no question of how they were going to vote. Straight Democratic ticket was their outcry. This was the party of the working class, the poor, the immigrant, the people with hope in making a better way of life for themselves and their families in this America. I can still remember my father and uncle sitting around the kitchen table discussing the possibilities of going into business for themselves. Two extremely hard working men discussing the ways and things necessary to try and better themselves and their families. For a business for themselves, after some hard work, would be better than what they had. They would not have to worry that after the SEASON was over how long would they be out of work, to the start of the next season. That they would not have to look for second and third jobs, to make sure there was food on the table, clothes to wear, and most of all to send my brother and myself to private religious school. There was a saying, I had heard over and over again, "when you made a few dollars and moved to Long Island, you became a Republican. For years I believed it. Many of us did. And maybe at one time it was true. And maybe some parts of it are still true. But, and I repeat, but, there comes a time when you must open your eyes. You have to think for yourself. You have to look at your surroundings. I have to say, here I am trying to do what my dad tried to do, use the values taught me by my parents. And what do I see, my party has forgotten the people who trusted them.

I guess, times change, people change. I look around, and what do I find, my party has picked another visioner. What I see, I don't like. I really thought this time, maybe the Democrats would put their act together. Let us be realistic, the country is in trouble. Mr. Bush should have realized sooner that there was trouble on the horizon and taken stronger action. And if I felt my party could put up strong candidates, who did not make such outlandish statements, I would say the Democrats are right. It is time for a change. But truthfully, it is time for my party to change.

I take an active interest in what Mr. Clinton and Mr. Gore have to say. I listen to them with an open mind. I say if their plan is better than Bush, then lets go America. These are desperate times. What happens in 1992 will affect us for many years to come. With the world changing so fast, we better be able to move along with it. With economic spheres of influence being put into place all over the world, we better be able to move with them. I can not find in anything Mr. Clinton or Gore has said that they understand this principle. I can not find anything they have said, or thier supporters have said that they understand that an economic war can be as devastating as a military one. An economic war can affect as many lives as a military one. This is WAR. We better have someone in charge of the White House who knows how to deal in foreign policy matters. Isolationism is dead. Foreign policy is not a matter only for military concerns. Exports and imports are now the guns of foreign policy. R&D are now the intercontinental ballistic missiles behind protecting America. Raising taxes and more Government intervention and regulation are not the answers I am looking for.

I find Mr. Clinton and Gore silent on these matters. I find Mr. Gore silent on most matters, except the envirement. I guess, I to would be silent if I was a member of this Congress.

I find Mr. Gore's speech during the Democratic Convestion was totally distasteful. I even sent a letter to the local newspaper saying so, of course that was never printed in the reader's forum section. We all know why. I found it distasteful that a man would use the unfortuante situation of his son's tragic accident, as a somewhat religious experience for him to seek national office. That it was the outporing of concern from people hoping for his son's recovery that made him think about America, and its people. Let me say, and they call Mr. Raegan an actor. I guesss when Mr. Gore made that speech he was wearing very high boots. And if that is true, there is this bridge I want him to buy.

Mr. Gore does not realize that the American people are one of the most compassionate people in the world. That someone else's troubles hurt us. That's why we are always one of the first to send food, medicine, and blankets to all points of the globe to help people in need. That we probably give more charity as a nation than most countries of the world. I am not surprised at the amount of mail and or calls he received offering prayer's and good wishes for his son's speedy recovery. That's what American's do.

Mr. Gore has made no mention of his actions in Congress for the past year. Where was he when the last tax increase was passed. If we are to believe that Mr. Bush pushed this tax hike through, where was he and the Democrats. Evidently they voted for it. It did not pass just because Mr. Bush wanted it. So he only says half truths. Was it not Mr. Gore or Mr. Clinton during the acceptance speeches bashed Congress for their actions. Was it he or Mr. Clinton who slured members of Congress for their inaction. Where was Mr. Gore when there was an investigation in Congress on the leaks during the confirmation hearings of Mr. Thomas for the Supreme Court. He does not know who was the leak? Did he stand up and say a man like Mr. Kennedy should not be on the panel of the Thomas/Hill hearings? Was there an apology from him for Mr. Thomas and other witnesses after the disgraceful behavior in questioning by Mr. Metzenbaum? Can Mr. Gore is all good conscious tell me that he believes in Mr. Clinton's idea of a litmus test for all judges? I thought all judges are supposed to be impartial, and interpret the law not make law? If I listen to Mr. Gore he was never in Congress, he was too busy checking on the habitat of an owl. He in all good conscious can standby and let Mr. Clinton and his Party take any credit, and discredit Mr. Bush on Desert Storm?

Let us now say something about Mr. Clinton. It seems Mr. Clinton forgot which Party was against Desert Storm. Mr. Bush did not wage war on his own. I believe there were several other nations involved in Desert Storm. I believe that the UN had laid down guidelines on how the war was to be waged. How can he have the gall to include himself, to say anything about the way Mr. Bush handled the situation. Whether Mr. Bush was right or wrong, Mr. Clinton should say nothing. If it was Mr. Clinton's convention, and he knew he had the nomination, why was his party leadership hidden away? He was not very complimentary to his own party leadership. How does he even know they will go along with his proposals? How can he even comment on the speeches during the Republican Convention about being full of slurs, innuendo's, and devisive. I beleive there was a speech during his convention by a Ms. Ann Richards. I know the biased media called the speech funny. Look who is calling the kettle black. So far his only retort to anything said by the Republican's is that they have no agenda, They have no program. What does he have? More taxes, more regulation. These are not programs. His statements about his medical care programs are naive. More welfare as we know it, is throwing money

away in the sewer. We already know that welfare in its present form does not do anything but perpetuates the program and the generation of its recipients.

As usual for a politician, your proposals are only half statements. Your new taxes on the rich. What is your definition of rich? Is your tax program mean rich individuals, or rich small mom and pop businesses? Where does the tax start? At what figure, based upon what? Is this gross income, net income? Your's and Mr. Gore's gas tax, this is on whom? On everybody? Does a small business pay the tax, when he buys gas for his business, and again when he buy's gas for personal use? You have not presented any formula for rejuvenating business. You have no program to make more capital available to business. Where is your incentive for business to move more forcefully into R&D, build new factories? Your evident coalition with unions and other self interest groups bother me.

And to tell you the truth, your backing by the media, is most distasteful to me. The media who keeps hiding behind the constitution, The media who is so impartial, that it bothers me that they know something but are afraid to say it about your campaign. Their use of the Goebbels method of propaganda, of saying a lie or half truth long enough and it will be believed. Their bending over backwards attitude in commenting on the news and not reporting the news is most disgusting. And to have the nerve and gall in saying Mrs. Clinton is not fair game in this election is a joke. Your staff in their constant statements about the tax hike by Mr. Bush is insulting to the intelligence of every person with the IQ above a 10. Your constant reference what you did in Arkansas does not hold water. You balanced the budget 11 times. That's great. Do you have to that by State law? If not, it just shows that the growth from zero to 1, which in mathematics is great, but not in the real world.

Mr. Clinton, in your whole time in office your State is still 50th on the list. I am sorry, but running a State like Arkansas does not do anything for me. I truly feel for the people in your State. The film shown during the convention on your life was meant to do what? Show me you came from poverty? How wonderful your grand parents were. That's commendable on thier part. But it does not convince me you can run the country. Your affiliation with the Democratic Party to my mind is a hinderence, not a plus. If you have reservations about Mr. Mitchell and other leaders in your party, how am I supposed to feel about them?

To sum up, let us say that Mr. Clinton and the Democratic party are not good for this country. His so called Programs are not workable. His answers to how he would pay for the programs are not realistic. Let us talk about real life. For example, does Mr. Clinton actually think that he is going to get long time welfare recipients to work, ahead of laid off union workers? Does Mr. Clinton think that the American people want the media to tell them who should be President? Does Mr. Clinton think that the American people believe that he is not part of the Democratic Party, the party that had wanted to pass a bill making tax payers, pay for election campaigns. This was vetoed by Mr. Bush. Does Mr. Clinton think that the American people would want Federal workers participating in partisan election campaigns? His Party tried to pass this one. Does Mr. Clinton think the American people will let him decimate the Defense of this country? Under his plan of drastic cuts, what will become of the workers in the defense industry? Will they get jobs before welfare recipients, or other long term out of work people? What happens to thier skills. Skilled workers are the backbone of any country. Now in the fast moving world of technology we need more skilled workers not less. What program does he have to move industry along. What incentives does he offer to build new modern plants, to keep jobs here in the US? What incentives does he offer for companies to put more money into R&D? By taxing employers, even with his so called good intentions of making employers offer health care, who will pay for this? The employers willnot be able to pay new taxes and health care all at the same time? Who is kidding who. Yor association with the Democratic leadership is a hinderence, even with your hiding them at the convention. The media handling of this election campaign.

I ask all the Democrats who voted for Mr. Bush last time, all the Democrats who voted for Mr. Raegan to give your support to Mr. Bush. There is no other choice for America at this time.

thank you

Norman Grossman

August 18, 1992

Via Fax # 376 8950

The Reader's Forum
Miami Herald

Shame on the Media

While listening to the comments on the speeches given last evening by Mr. Buchanan, and former President Reagan, on the 4 TV channels, my worst fears were confirmed. That the media has sunk to a new low in its bias of its so called reporting of the news. I always thought that the media, who always hides behind the constitution and the bill of rights, were to report the news. When they want to comment on the news they should say, we are commenting on the news. That the media in its loft position should be impartial in REPORTING THE NEWS. There reporting of the speeches so so blatantly partial to the Clinton campaign that is was shocking and disgusting. For example, only two of the networks showed the black woman speaker, who was. described by only one of the networks as an adviser to the President on Russian military affairs, who now probably would have to find a new job. Only one network let the people hear what she had to say. Were the networks afraid to show that an educated black woman, who can speak most elegantly, is a college graduate, can be a speaker in a republican convention? We were not even shown or told about another black speaker, who spoke before her by three of the networks. Were the networks afraid to show or tell the American people that there can be some minorities who are not followers of the Democrats?

The media's comments about Mr. Buchanan's speech were called devisive, full of half truths, and full of low blows. What were these same commentators remarks about Ann Richard's speech during the Democratic convention? I believe they called her speech funny. The reporters, or commentators or what ever you want to call them should be truthful to all the American people, by telling them where they stand on their feelings on the candidates b] that they should follow the first rule of being a reporter, IMPARTIALITY. Whether we like Mr. Buchanan or not, we should look at what he said, then decide if we believe him or not. Not just say he was wrong without being specific. It seems the media has decided to use the Goebbels approach to propaganda, say a lie often enough and it will be believed.

Norman Grossman
4400 Sheridan Ave.
Miami Beach, Fl. 33140
672 1516

August 7, 1992

Mr. Robert A. Mosbacher
General Chairman
Bush-Quayle 92
1030 15th. St. NW
Washington, D.C. 20005

Dear Mr. Mosbacher:

I find it ironic that only two days after writing to you, the enclosed two articles should appear in the editorial section of the Miami Herald.

It would seem that there are other people out there who are afraid of Clinton-Gore almost as much as I am. Their revelations about the media and Clinton himself reveal some issues that must be brought before the American people.

Mr. Cal Thomas speaking about a loyalty oath for judges has to be the comedy of the year. What in effect Clinton is saying, either follow my thoughts and ideals or you can not be a judge. The LAW or the CONSTITUTION, has no bearing of fact.

Mr. Kilpatrick, in his statement about the media is exactly my point. Use the big lie, say it often enough and people will believe. Do not report the news, but comment on the news. His comments about the President placing legislation before the congress in March and April not being acted upon, are my feelings exactly. I, in my letters to you and the White House have said the same thing. These are part of the message the President has to get out to the people.

Mr. Clinton's position on Yugoslavia, has to be the most naive statement a candidate can make. Yes, we must do something to show the world Genocide can not be condoned. But how will Mr. Clinton push his fellow Democrats to allow him to send troops there? What will happen when American casualty reports filter back home? How will he pay the bill of stationing our troops there for a long period of time? The President had to fight congress to let us participate with the UN in Kuwait, which was a country invaded and occupied by another power.

very truly yours,

Norman Grossman
4400 Sheridan Ave.
Miami Beach Florida 33140
305 672 1516

George Bush has earned re-election

FOR MORE than 40 years, as newspaper editor and syndicated columnist, I have been promoting a conservative view of public affairs. Out of that background, with those credentials, I want to cry at the top of my lungs:

Stick with George! Stand by the president! This campaign has just begun.

Certain guidelines govern the expression of editorial opinion. Within those guidelines, I expect to support George Bush not begrudgingly, or reluctantly, or indifferently, but with a whole heart.

In the liberal view, Bill Clinton surely is the better choice — for Clinton is a liberal's liberal. The notion that Clinton is some sort of "moderate" is a notion that honest campaigning will dispel.

In the conservative view, George Bush is the obvious choice. On the political right, the alternative to the president of the United States is not the governor of Arkansas. The alternatives are to stay home or to cast what is feebly called a "protest vote." Those who stay home are summer soldiers. Those who waste their votes on Ross Perot are political babies. Behold their little tantrums.

Lately the papers have been full of the case against George Bush. Columnist George Will, who despises the president, wants him to quit. Paul Gigot, writing in *The Wall Street Journal*, says that Bush is certain to lose. Fred Barnes, writing in *The New Republic*, asserts that Bush has "lost control." Around the country, various editors are joining the trendy lynch mob.

Let me make a case for George. I have known the president since he served in the House 25 years ago.

JAMES J. KILPATRICK

I know him to be a good man — good in every sense of the word. His instincts are sound. His character is solid. These are intangibles, but they bear the weight of granite.

Neither Bush nor Clinton qualifies as a man of political principle. Philosophy is not their forte. This is not unusual. As a reporter, based in Washington, I have known hundreds of men at the highest levels of political life. Political philosophy mattered deeply to a few. The names of Barry Goldwater, Hubert Humphrey, Ronald Reagan, and Pat Moynihan spring to mind. I cannot recall many others.

Let me express the exasperation of countless conservatives who are fed up — fed to the teeth — with the incessant grouching and grumbling of the political right. Let me name names: the Heritage Foundation and Human Events, for two. *National Review* has waxed from cool to tepid. Selective criticism of Bush is one thing — heaven knows that I have jumped on the gentleman often enough — but this unceasing drumbeat of negativism cannot be justified in the name of objectivity.

I am even more fed up with the liberal bias of the national media. Let me tell you, out of a lifetime in the news business, that Eugene McCarthy was right. He said that the top people in both print journalism and TV are birds on a wire. When one flies, they all fly.

For more than a year, the opinion makers have been flying in one direction. It is said that beauty lies in the eye of the beholder. Ugliness lies beside it. A reporter for *The New York Times* describes Bush's July 31 speech in California as "tepid." That makes it tepid. The reporter, deadpan, inserts a descriptive note: Bush's 1,000 listeners at a Rotary Club breakfast were "overwhelmingly white." Does any knowledgeable person suppose that little spin would have been added to a piece about Clinton?

When the country reads, day after day, over and over and over, that Bush is a loser, that he has no program, that his campaign is in disarray, that his approval ratings are sliding, you can bet that his approval ratings will slide. Under this wet blanket of "analysis," the most vigorous candidacy is certain to be smothered.

Bush repeatedly has submitted attractive programs to Congress. The Congress has killed them. In March and April, he sought to eliminate scores of pork barrel appropriations. Democratic leaders massacred his request. Bush has urged innovations in education. Congress has spurned them. Through effective use of his veto, Bush has kept a bad legislative record from getting worse.

A dilemma is the unavoidable choice between two equally undesirable alternatives. By that definition, conservatives face no dilemma at all. George Bush is not going to withdraw. He is going to stay in the race. If his old supporters will cheer him on, he can win it yet.

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GO AFTER CLINTON-GORE INSTEAD

Quit carping, conservatives, or lose

SOME conservatives — who have not been much in print or on TV lately — are finding themselves in demand again for trashing President Bush. Never have these disaffecteds gotten more attention than when they say that the president should step down and take Vice President Quayle with him. With "friends" like these, Bill Clinton can start working on his *Inaugural Address*.

Some of these griping conservatives weren't happy with Ronald Reagan, so it is no surprise that George Bush has made them miserable.

Perhaps they wish to return to the days when they were "always right, but never president."

Perhaps they made more money on the lecture circuit and in direct mail campaigns when they trashed Democratic presidents and made promises about what they would do if only someone who believed as they do could win the White House.

Notice that Pat Buchanan has not joined this suicidal crusade. Buchanan tells me that the time to fight and debate George Bush, as he did when no other conservative would declare for president, was during the primaries. Now that primary season is over, Buchanan wants to see all Republicans unite behind Bush and Quayle and win the election. The alternative, he says, would be a disaster.

GAL THOMAS

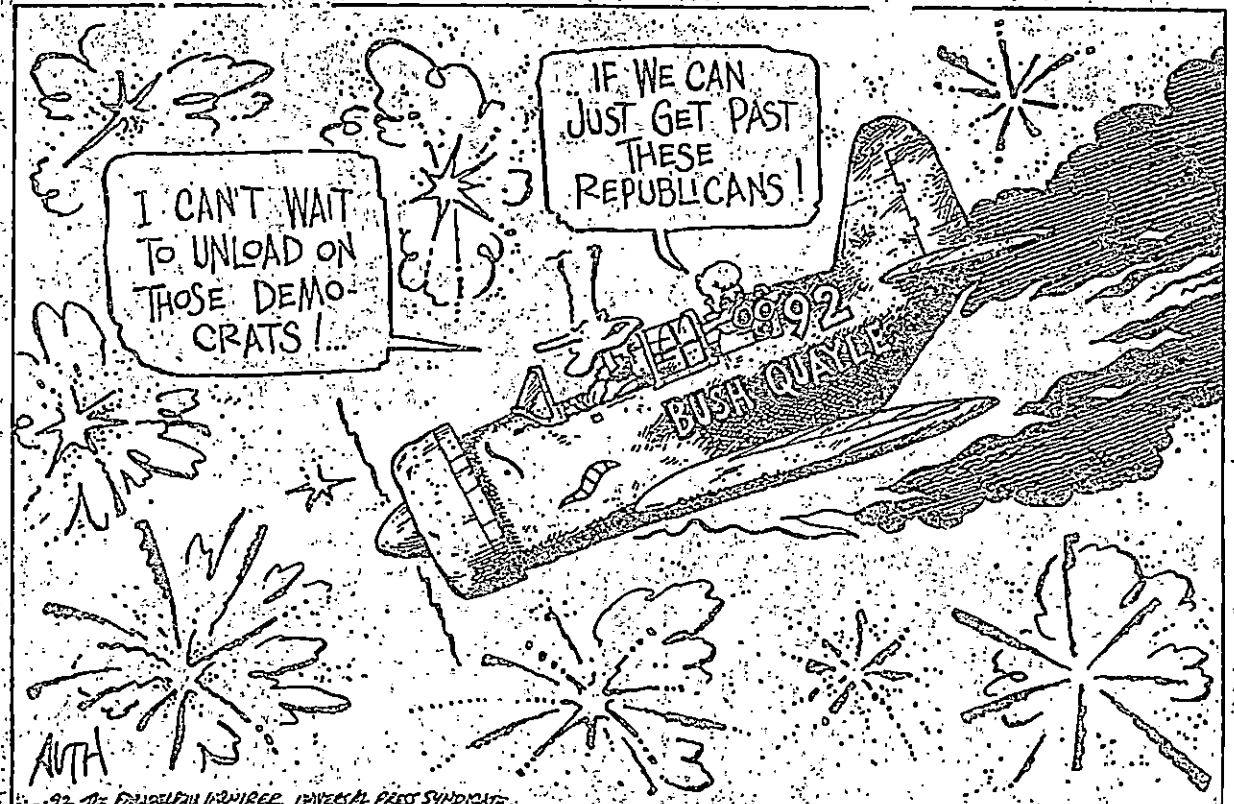
ments" from relatives of the deceased before deciding whether to impose the death penalty or a prison term.

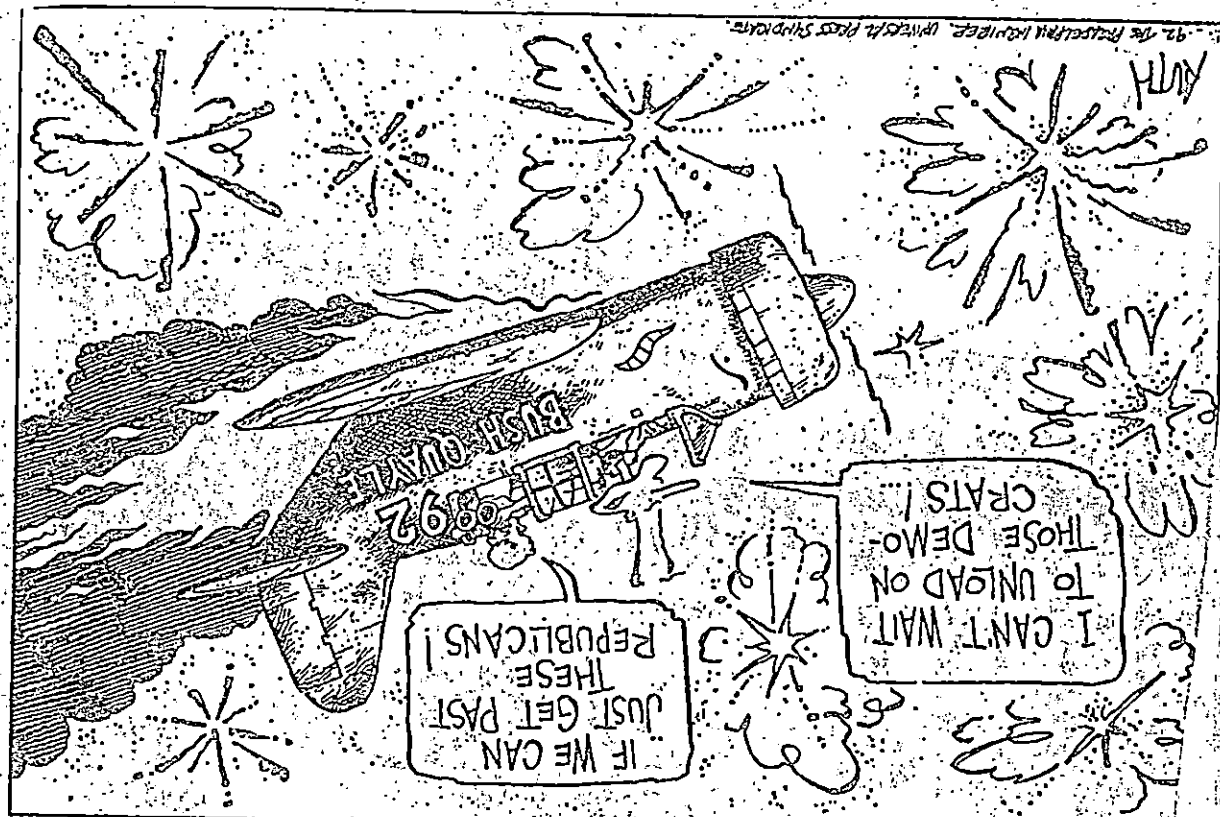
The real battle for the courts is over philosophy, and whether the law is rooted in an objective standard or whether it should be tailored, like a suit, to fit the "customer."

Bill Clinton, backed by those whose judicial philosophy he says that he admires, such as Harvard Law's Laurence Tribe and New York Gov. Mario Cuomo, believes in the "tailored" approach. He has already announced that he will impose on candidates for judgeship a "litmus test" on abortion, demanding that any prospective nominee pledge his or her fealty prior to nomination. This is vigilante law of the worst sort. If a conservative president demanded such a "loyalty oath" from a prospective nominee, he would risk that nominee's rejection by the Senate.

If some disgruntled conservatives think that a Bush defeat will give them an opportunity to purify the party of moderates and gain sole control, they are wrong. They would only seal their own doom and severely damage the good that has been accomplished in the Reagan and Bush years. They should get off the president's back, work for victory in November, and then start fighting about 1996.

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Conservatives, or Lose

Los Angeles Times Syndicate
November, and then start fighting about 1996.
get off the president's back, work for victory.
How big a disaster? Consider the Supreme Court.

Is the memory of disgruntled conservatives so short that they don't recall when an out-of-control liberal judiciary secularized the schools and other public institutions, stripped the unborn of the right to life, and viewed itself as a super legislature, cramming quotas and busing and other horrors down our throats with no accountability to anyone?

In his forthcoming book, *Energy in the Executive: The Case for the Strong Presidency*, former Justice Department spokesman Terry Eastland reminds us of the contributions that Ronald Reagan and George Bush have made to the federal judiciary. Also, he describes what things might have been like had Jimmy Carter been re-elected and during subsequent administrations of Presidents Walter Mondale and Michael Dukakis (and you can add Bill Clinton).

By the end of this year, notes Eastland, it is expected that more than 75 percent of the nation's 827 federal trial and appeals court judges will have been appointed by Reagan and Bush. The two presidents have named five justices to the Supreme Court — and though not all cases have turned out exactly as conservatives might have wished, the overwhelming majority have demonstrated the judicial restraint that Republicans and conservatives favor.

Had a liberal Democrat president been in office, writes Eastland, there is little doubt that the judicial activism of the past would have continued. "Their judges would likely have behaved as did many of the Carter appointees from 1977 to 1981, embracing the jurisprudential approach of the Warren Court and expanding the reach of the judicial power still further into American life."

Among cases that might have turned out differently, in Eastland's view, were the state of Washington's "comparable worth" law, which was reversed by the Supreme Court, and Georgia's anti-sodomy law, which was upheld. Under the Reagan-Bush Supreme Court, it is now constitutional for juries in capital murder cases to hear "victim impact state-

August 4, 1992

Mr. Robert A. Mosbacher
General Chairman
Bush-Quayle 92
Primary Committee
1030 15th. St. NW
Washington, D.C. 20005

Dear Mr. Mosbacher:

I thank you for your letter of July 21, 1992. It is good to know someone at least read my letter concerning my feelings and concerns for the President and this country.

As I stated in my original letter, I am a registered Democrat who in good conscious can not support the Clinton-Gore ticket. I am deeply troubled by the Democratic Party leadership in Congress.

I supported President Bush in the last election, and would like to do so again. However, I am troubled by the lack of cohesiveness that seems to be prevalent in the present campaign. I am troubled by the lack of strong answers to Clinton-Gore accusations about the economy, medical care, trade, and foreign policy. There is no Dukakis running on the Democratic ticket this year. The country is in desperate need of help. It is going to be a real hard fight this time to keep the ever spending Democrats out of the White House.

I hope the President understands that there are many of us out there, with no voice, other than our vote. But we are losing many of those votes. We can not be taken for granted. I speak to many people, who really feel like I do but are being swayed by the things I have mentioned above. People who are hurting during these tough times grab at anything that they hear. They want a solution to the tough times that are destroying themselves and especially their families. They are not interested in party bickering, sloppy campaign mistakes, or as many people see it, as no campaign at all.

We know the media is totally biased towards the Clinton-Gore ticket. We know the media does not report the news, but comments on the news. We describe the media as being both TV and print. We know the media is trying to sway votes to their way of thinking. We know that even when those of us who write letters to the editor, more than not they never will be printed. The media does not want it known that there still some of us out there. So having no access to TV or to print, the President and his campaign are it seems our only voice.

But this voice we feel is not there. We have to be sure the President is out there fighting. That the image the Democrats are trying to portray, of a President who only cares for big business is an invention of their desperation. That he does have a plan to help the greater mass of people in this country. That he does have a plan to move this country forward to economic prosperity. That he is as strong in his words now as he was in his last State of the Union address. Why has not Congress acted on his proposals of that address. What the President will do for the workers displaced from Defense cut backs, as we move to a peace time economy. What will he do to make sure that our children will be able to afford a college education. That affordable quality medical care will be available to all. That he has a plan for affordable housing for the poor. What will he do about foreign trade, and how will he protect our economy and jobs from foreign dumping of goods in the US. What will he do to protect American jobs from goods subsidized by foreign governments. What will he do to stop the Democrats from jumping on the Iraq war victory. Where were the Democrats when the President needed them last year? The way Clinton-Gore state the facts the US was alone in the War. The UN had nothing to do with it.

All these things we worry about. As our and our families existence depends on these matters. We find it disgusting that a man running for Vice President uses the unfortunate tragedy of his son's accident as a religious experience to tell us that this is why he is running for office. That he found after this tragedy that he has to help all of the people. Why does he not set up a religious ministry?

page 3

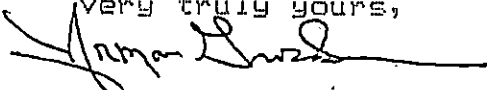
I do not want to take more of your valuable time, and for you to think these are the ramblings of some disgruntled nut.

However, I do feel that this election is one of the most important of this century. Because it will decide the fate of our country during one of its most trying times. Economic war can be as devastating as a military one. Affecting as many lives for years to come.

So please convey to the President we want to see the same force and fire as he had during the Kuwait situation, the same force and fire during his State of the Union address.

Thank you for the opportunity of revealing my feelings and concerns, and let us hope the American people will see the light in November.

very truly yours,



Norman Grossman
4400 Sheridan Ave.
Miami Beach, Florida 33140
305 672 1516

July 17, 1992

Via Fax 376 8950
The Reader's Forum
Miami Herald

"Al Gore Should Be Ashamed"

Having watched Mr. Gore's acceptance speech, convinced me that the Democrats do not deserve the White House or any public office.

To use the misfortune of his son's accident and severe injuries, as an almost religious experience that changed his life to help America is shameful and deceitful. Is he trying to tell me that before his son's misfortune he did not care for the issues as he does now? Was not Mr. Gore ashamed that his running mate degrading all members of Government? I believe Mr. Gore is part of the Government, by being a senator. Was not Mr. Gore part of the Government that has done nothing while having control of congress for 12 years?

He should not say anything about the President or Vice President without looking in the mirror.

I say all this as a registered Democrat. I am ashamed that a man who is running for such a high office, sinks to such a level as using his child's misfortune to get elected.

Norman Grossman
4400 Sheridan Ave.
Miami Beach, Florida 33140
672 1516

July 15, 1992

Mr. George Bush
President of the United States
The White House
Washington, D.C.

Dear President Bush:

We the silent majority of Democrats for Bush, are asking for your help in the up coming election.

We sit and watch the fiasco of the Democratic Convention with disgust and revulsion. We sit and watch a tired bunch of frustrated men who only want power and prestige at the expense of the American people.

We watch the same speeches we have been hearing for twenty years, just with the words changed to fit the moment. We watch the media, who for their own reasons, do not report the news and events but comment on them with their own views.

We watch Jesse Jackson say the same things over and over again, with only one thought in mind, how he can attain national power. He is only looking for Washington, D.C. to become a State so he can be its senator. He knows he will never become President. His programs of blackmail date back to the Tammany Hall days of the Democratic Party. He has no agenda other than himself. He has no agenda for his own people. You can hide behind the the label of racism for only so long until its gets dull. We are not racist and are not afraid of his mouth. Only the liberals of the Democratic Party are afraid of him. We would ask the same questions of him, as he asks of others, where does his money come from? Where does he get the money to run around the country?

We were totally disgusted with the speakers on the subject of Aids. They made it sound if President Reagan and your self were the reason for the disease.

We are tired of hearing of the so called NEW PROGRAMS of the Democratic Part to get our country moving again economically. They have no programs. What happened to the programs you initiated in your State of the Union address for economic growth? Why have they not been acted upon? They have controlled Congress for 12 years, where are thier programs? Why have they not blasted the media with their so called programs they tried to push through Congress that you have vetoed? Why, because they have no program, no agenda.

We watch Jimmy Carter speak about economic growth and changes that have to be made. We the working class remember his economic policies of 21% interest.

Tonight another old party member is to speak, good old Ted Kennedy. We watched him during the Thomas and Hill fiasco, where he sat for days not opening his mouth. Why did he not disqualify himself from those hearings? What new program other than a spending program for welfare projects that don't work can he bring to the American people.

We will save what we think of Mario Cuomo for another time. It is right the Democrats should have their convention in New York City. One only has to take a look at their City Democratic government.

Mr. President, we ask that you do not let us down. Please do not let your advisers let your support of our group, who they think might not be out there, dwindle where they revert back to a Democrat or worse NOT VOTE.

Your advisers should realize that this is a war just like Desert Storm. But here no quarter can be given, because the future of the economic strength of the US is at stake. Make no mistake, the people will want answers to economic issues. They will want to hear of constructive programs to move the country along. They do not want to hear you have been trying but congress will not go along. All it takes is to hear from you strongly on economic issues. Put some money into Aids research, push the program of tax credits for first time home buyers, take the restraints off on environmental issues, that look like your advisers are only worrying about the costs to big business. Offer programs for student loans, that take away the support of the liberals and Jesse Jackson. REMEMBER, the strongest motto of a group called the United Negro College Fund, "A MIND IS A TERRIBLE THING TO WASTE".

Your advisers must understand, success in foreign policy alone will not do it. We understand that you and President Reagan brought down the iron curtain by forcing the Soviet Union to continually spend on armaments that they could not afford, thereby braking them financially. The average American does not understand this. We want to see affordable public housing that does not become a slum after only several years. Build them and sell them the the poor, with low cost loans. Pride in ownership will keep them strong. No one likes to destroy his own property. Put programs for the young, take them out of the streets. Forget the ones for who there is no more hope.

You must remember, we can only look to you for help, as we do not have access to the media. We do not have the money for television and newspaper ads. We are effectively blocked from reaching and telling the media and television personalities what we really think of them. DO NOT LET US DOWN. DO NOT ERODE THIS SILENT AMOUNT OF PEOPLE TO LOSE FAITH. REMEMBER WE WERE THERE LAST TIME, HELP US BE THERE AGAIN THIS TIME.

Just look at how at the beginning Ross Perot was able to amass such a following, without stating his views on any issue. Look today, where he still has support, and has still said nothing. Look at the support, in number of voters, Mr. Buchanan had in the primaries. These are still voters. We need them to.

Watch your advisers carefully, and do not be led down a rose colored path. YOU MUST SHED THE PROFILE THAT YOU ARE OUT OF TOUCH WITH THE MIDDLE CLASS, AND ONLY CARE FOR BIG BUSINESS AND THE RICH.

Thank you Mr. President, and let us hope for victory in November, because the Lord help us if Clinton wins.

Norman Grossman
4400 Sheridan Ave.
Miami Beach, Florida 33140
305 672 1516

The Republican Party
Miami, Florida

After listening to the President last evening, and to the follow up response by Mr Foley for the Democrats, I am trying to vent my frustrations by writing to you about my feelings of the President's great speech last evening and the foolish remarks of Mr. Foly's in the Democratic Party response.

I find my frustrations more profound in the fact that I am a registered Democrat, having been so from the time I started to vote some 30 years ago. But yet, over the last several presidential elections I find that I can not even vote for the Party candidates that I have registered for. I guess I really left the feelings for the Democratic Party when I voted for Nixon.

But getting back to last evening. I watched, and wondered while Mr. Foley spoke where have the Democrats been for the past 12 years? He spoke as though there have been no Democrats in Congress all that time. That the Democrats have been watching what happens in Congress on television, wishing that they to can be part of the law making process. That the Democrats have not had a majority in Congress, that they played no part in the present economic problems that we face today. That because of their petty part politics and less than qualified candidates and elected officials are the good guys fighting the battle as the underdog. I could not beleive my ears listening to the foolishness of Mr. Foley's words. That it was quite obvious that his remarks were prepared before the President spoke, and it did not matter what the President said, he was against it.

I feel that the President was to mild in his criticism of Congress. I have to admit that the President has made mistakes in his economic policies, but at least he is ready to try some things to help change those mistakes. Are the Democrats ready to try, or is it more of the same old talk. I say this as I am still awaiting the Democrats to finsh their investigation of who leaked the Anita Hill story. Were they not to look into the matter after the hearings to find out how the story leaked out? I guess that investigation will be concluded the same time thay can come up with a viable candidate for President. The people need more tough talk by the President. He has to do more to get his message across to the electorate. I am sure he knows the media will not help him. That was also quite evident from the commentators last evening before and after the speech.

I thank you for your time in reading this.

Norman Grossman
4400 Sheridan Ave.
Miami Beach, Florida 33140
672-1516

February 7, 1992

To the Republican Party

From the Silent Majority

We are terribly shocked that the Republican Party, which publicly states that it wants to help the country out of our economic problems we are facing today, has abandoned us to the Democratic Party and the media.

We are the millions who have no access to the media, no formal group, who can speak for us. We have to just sit by and hope that the mass of voters out there in the wilderness, can see what we do. That the media, combined with the Democratic leadership, in congress, are using the fears of the people to cloud the serious issues of our day. It is wonderful that they say they want to help, that the President has no programs for jobs, health care, trade, etc. However where are their programs? Why has not the media asked the Democrats, if you say the President, and the Republican Party, are only interested in the rich, where are your programs?

The Democrats have had a majority in congress for years, why have they not presented programs and passed laws to move the economy forward, provide affordable health care? If the President vetoed their programs the all well and good, they have something to show the people. That we tried, and look what happened. Yet they do nothing but complain. What disturbs us, is that they, through stupidity, have let their opportunities slip away. Please understand that alot of us out there are Democrats, who have no where to turn. We feel that our party has abandoned everything that they supposedly stood for, for political reasons. They have done nothing just to show the country that the Republicans are not the party to run the country.

The people want programs that work, and are sound, not just welfare give away programs. Which has become the backbone of the Democratic Party platforms.

We still await their findings from their investigation of the leaks from the Anita Hall fiasco. They were to let the people know where the leaks came from. How come the media has nont asked the question? We all know why. The media has become not an institution of reporting the news, but an institution of making the news into their image of what the news should be.

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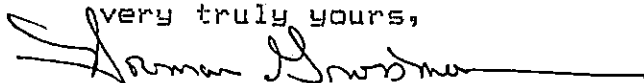
We look on with horror, that the mass of voters out there are believing what the media has to say, what the so called front runners of the Democrats who are running for President has to say. We know the people are afraid. That anything some one says, that will help their plight will be listened to. The quick fix policy does not work anymore. The old game of lets get into a war to help the economy will just not work anymore. We are tired of words. We are tired and frustrated that we can do nothing to say we are here.

I could go on and on, but I am sure that you receive other letters such as this every day. We can only hope that your strategy is to bring in the big guns later on during the year, because of the short attention span of the American people.

But please do not abandon us. We are there. We understand for example the President's proposal on health care is not the ultimate, and has some flaws in it, but at least its something. Most people in listening to the President's State of the Union Speech missed his comment about the line veto.

Thank you for your time,

very truly yours,



Norman Grossman
4400 Sheridan Ave.
Miami Beach, Florida 33140
305-672-1516

Alex Sinclair
Jack Mullooney
Virgil Tinker
Ralph Olmstead

SINCLAIR & COMPANY

INCORPORATED

COMMODITY BROKERS-MARKETING/ECONOMIC ADVISORS

208-733-6013

September 14, 1992

Central Files
(please cf. letter from
Mr. Baker to this man
sent last week -
C.F. has
copy.)

Idaho Toll Free
1-800-632-0807
U.S. Toll Free
1-800-635-0821

Thanks-
CJ

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

Dear Mr Baker:

Thanks for taking the time from your busy schedule to review the economy with myself and Senator Craig last Wednesday.

In considering whether I could be a help to yourself, the administration or the campaign, please consider the following:

1. I would offer practical free market solutions to problems; you would include in the plan what you like. I have spent a lot of time thinking about how government could be more efficient. I included several suggestions but there are many more.
2. I have a good feel of politics and can add input to your strategy. I have included a sample speech for the President as an example.
3. Republican rhetoric for NAFTA is poor. I just returned from Mexico and with NAFTA fully implemented today (not over five years); we would bombard Mexico with U.S. goods and they would not be able to ship much our way. Dollar prices of most goods in Mexico today are from 25 to 50% higher than in the United States.
4. I could review Clinton economic proposals and solutions; pick them apart and offer free market alternatives.
5. I am willing to go on the circuit and make speeches for conservative candidates, try it in Idaho for Kempthorne if it works I would work for other conservatives.

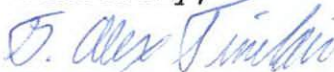
For the moment good economic forecasting will not help; we need to explain how the economy works and our solutions.

I will work full time until the election as a consultant, advisor, etc., wherever you want me. If I have helped, I would like to become an economic advisor in some capacity.

Being a part of your winning team would be a real honor. Thanks again for your time.

Enclosure-

Sincerely,



G. Alex Sinclair, Chairman
Sinclair & Company, Inc.

September 14, 1992

Draft of a potential speech for Bush---

WHAT IS DIFFERENT ABOUT THE CURRENT ECONOMY?

This is the first service recession to hit the United States. There is no precedent. Since we depend upon history to guide us and the economic models are too heavily weighted towards the production economy; many economists missed the real problem. Adjustments to the models are being made.

My advisors were convinced that manufacturing and the production economy were in healthy territory. Productivity has improved greatly and U. S. manufacturers have become very competitive in world commerce. (Three fourths of all of our growth has come from foreign trade since 1989, etc. and future growth will occur here as well).

Most statistics that monitor the economy, monitor the manufacturing economy. In the past, increased inventories, due to a slower pace of sales, forced inventory adjustments which caused a recession and when sales improved and it was time for inventories to grow again; people were rehired, production was increased and there was recovery. This recession qualified as a manufacturing recession but it was very mild. Much of this is to the credit of just in time manufacturing and computerized inventory control. My advisors were focused on these statistics. They did not indicate major economic trouble. They obviously missed the big picture.

It was a mild manufacturing recession; it remains a serious SERVICE RECESSION.

Upon calling for a review of why job creation was not as good as economists had predicted this summer; it is evident that much of the problem involves problems in the service economy. Further analysis has given me a clearer picture of the state of the economy and adjustments that need to be made to renew economic vitality and give our children the opportunities they deserve.

IT IS APPARENT THAT SERVICES REMAIN WEAK. HAVE SOME SERVICES PRICED THEMSELVES OUT OF GROWTH? SERVICE PRODUCTIVITY HAS NOT MATCHED THE INCREASED PRODUCTIVITY IN MANUFACTURING AND PRODUCTIVITY IN GOVERNMENT HAS NOT MATCHED PRODUCTIVITY INCREASES IN OTHER SERVICES.

GUESS WHO IS THE LARGEST SECTOR OF THE SERVICE ECONOMY? YES IT IS GOVERNMENT.

I AM NOT PLEASED TO REPORT THAT AS OF LAST MONTHS EMPLOYMENT REPORT, THE NUMBER OF GOVERNMENT WORKERS HAS EXCEEDED THE TOTAL OF ALL MANUFACTURING WORKERS.

SERVICES THAT DO NOT AID THE PRODUCTION ECONOMY OR SELL THEIR SERVICES TO FOREIGNERS ARE A DRAIN ON THE SYSTEM. GOVERNMENT AND MEDICAL, THE TWO THAT HAVE EXPANDED THE MOST, HAVE BECOME A DRAIN ON THE GROWTH RATE OF THE OVERALL ECONOMY.

REAL GOVERNMENT EXPENDITURES HAVE INCREASED 50% ADJUSTED FOR INFLATION SINCE 1973. IT IS OBVIOUS TO ME THAT WE MUST REDUCE THE BURDEN OF GOVERNMENT, IF WE ARE TO OFFER OUR CHILDREN A DECENT STANDARD OF LIVING AND RENEWED GROWTH. WE MUST REDUCE THE INFLATION IN SERVICES, IMPROVE SERVICE PRODUCTIVITY, "RIGHTSIZE" GOVERNMENT AND COMMIT TO REDUCE THE DEFICIT.

THE CHOICE BECOMES QUITE CLEAR--CLINTON HAS INDICATED THAT HE WILL INCREASE THE INVOLVEMENT OF GOVERNMENT AND ADD NEW COST BURDENS ONTO BUSINESS, THE CREATORS OF NEW JOBS.

I HAVE PLEDGED TO REDUCE THE COST OF GOVERNMENT AND REDUCE REGULATIONS THAT HINDER JOB GROWTH OR ELIMINATE JOBS.

It is evident to all that increased burdens and increased government regulations not only stop job creation but actually eliminate jobs. California is focused on reducing government regulations and costs that reduce jobs, for example. The most serious problems of New York, Massachusetts and California come from too much government involvement and high taxes. All three states have had a liberal agenda. All three states are being forced to downsize.

IT IS EXTREMELY IMPORTANT THAT THE BURDEN OF THE FEDERAL GOVERNMENT ON THE ECONOMY BE REDUCED AS SOON AS POSSIBLE. OUR DEBT BURDEN IS NOT YET AT AN ONEROUS LEVEL BUT THE TREND TOWARDS DEBT MUST BE REVERSED. IF WE WAIT, THE PAIN OF FORCED CORRECTION WILL BE SIMILAR TO THE PATH THAT NEW ZEALAND, AUSTRALIA AND CANADA HAVE HAD IN STOPPING THE LIBERAL AGENDA AND BECOMING MORE EFFICIENT. THEIR ADJUSTMENTS ARE SIMILAR TO THE PAINFUL ADJUSTMENTS BEING FORCED UPON CALIFORNIA TO TRY TO IMPROVE THEIR BUSINESS CLIMATE IN ORDER TO PROTECT THE JOBS THEY HAVE AND TO FOSTER NEW JOBS.

MOST OF THE WORLD IS MOVING IN A MORE CONSERVATIVE DIRECTION---Communism has failed and they are moving to free markets, Mexico and South America are doing the same thing with good success. Mexico has reduced a deficit of 16% of GDP to 1%, in just three years, and now has the fastest growing economy in the Western Hemisphere. China is opening up an entire region to capitalism (Guang Dong Province near Hong Kong).

THIS IS WHY IT IS SO IMPORTANT THAT WE AVOID THE DEMOCRAT'S PATH; THE REST OF THE WORLD WILL WIN AND WE WILL LOSE. IN THE NEW WORLD ECONOMY; WE CANNOT ISOLATE AND HAVE LONG TERM GROWTH. THE OPPORTUNITIES ARE TERRIFIC BUT ONLY IF WE ARE EFFICIENT.

When Mitterand and Thatcher were elected, Mitterand took France down the liberal road and it failed; He was bright enough to not only put the brakes on but to reverse towards the conservative route. He succeeded and France is a much healthier economy today and has become a renewed economic force within Europe. Will Clinton recognize the error of his ways after a couple of years; admit he was wrong and turn back to the conservative route? I doubt it. CAN WE AFFORD A FOUR YEAR EXPERIMENT DOWN THE WRONG ROAD?

MUCH OF MY EARLIER FOCUS INVOLVED INTERNATIONAL ISSUES; I FULLY UNDERSTAND WHAT AILS OUR CURRENT ECONOMY AND AM PREPARED TO ENCOURAGE FREE MARKET SOLUTIONS THAT WILL RENEW THE VITALITY OF THE UNITED STATES.

THIS ROUTE IS THE ONLY ROUTE FOR THE YOUNG AND THEIR LONG TERM FUTURE---IT WAS OK TO GO INTO DEBT TO WIN THE COLD WAR BUT NOW WE HAVE WON AND WE ARE NOT PAYING OUR CURRENT BILLS; WE ARE PUSHING THEM OFF ONTO OUR CHILDREN. I APPEAL TO THE YOUNG OF THIS COUNTRY TO STUDY THESE ECONOMIC ISSUES; BECOME INFORMED AND DECIDE WHAT WILL BE BEST FOR YOU AND YOUR CHILDREN.

THE CHOICE IS CLEAR--

MORE GOVERNMENT INVOLVEMENT, MORE BURDEN = CLINTON;

LESS GOVERNMENT/REGULATION, FREE MARKETS = BUSH

IF YOU CHOOSE MY ROUTE, PLEASE APPEAL TO YOUR PARENTS AND GRANDPARENTS TO ALSO CHOOSE THE CONSERVATIVE AND NOW PROVEN PATH. THE UNITED STATES IS AT A CROSSROAD; I FULLY UNDERSTAND WHERE WE ARE AND WHAT NEEDS TO BE DONE.

PLEASE VOTE FOR PROVEN FREE MARKET SOLUTIONS, VOTE FOR GEORGE BUSH.

SUGGESTIONS TO IMPROVE BUSH'S ECONOMIC IMAGE--

1. The lack of new summer job creation has caused a review of the economy.
2. Explain why his advisors missed the problems with the service economy.
3. Make adjustments to the economic plan because of these new findings.
4. Explain that the production economy is poised for dramatic growth as soon as the world economy is better; Europe has started to lower rates (1st time for Germany in five years).
5. Inflation and the cost of capital are low and we need to have government policies in effect that attract capital and investment.
6. Emphasize the fact that service jobs are supported by the production (manufacturing, Ag, construction, etc.) economy and the sale of services to foreigners and that Government is a service. In this environment government has become part of the problem.
7. Explain how jobs are created; through ideas, savings, capital, investment, etc. If the business environment is positive, jobs are created.
8. Future prosperity depends upon "rightsizing" government and removing some hurdles that hinder productivity improvements.
9. Improved efficiency depends upon structural reform of the government and we need to release our list of structural reforms (term limits, etc. plus a new accounting system). Strong emphasis on reform will secure much of Perot's supporters and reduce the chance of Perot re-entering the campaign.
10. Explain how Mexican goods priced in dollars are currently much higher than U.S. goods in the United States. Mexico wants a five year phase in of free trade in order to give their producers time to become more efficient. Access to cheap labor has been the engine for the Japanese economy and through Japanese capital and investment the paper tigers have become economic powerhouses and at the same time have become the fastest growing and largest potential consumption market in the world. The Japanese continue to build factories within the region but they are finding that instead of shipping the goods for export they are being consumed within Asia. They have created a self perpetuating zone of economic growth that is destined to last for years. Optimum potential for NAFTA could create this same type of economic vitality and growth for all concerned.

NRN

Sept. 14, 1992

Republican Campaign Headquarters
White House
Wash. D.C.

I am a widow, 71, supporting myself on Social Security. I don't know what will become of this country if the likes of Hilary & Bill Clinton, are over first family and the Mr. President.

We need brainy women but not the aggressive type as this woman -

There are so many lawyers yet we have no law - Too much
Dope!

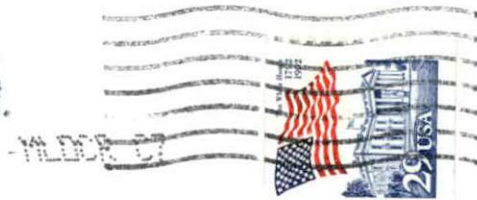
Respectfully,

N. Warner Parsons
Cambridge, Md.

P.S. - I am not

^a
Democrat = I'm for
a Reforming of Govern-
ment

Mrs. N.K. Parsons
202 Meteor Ave. Apt. #207
Crusader Arms Apt. 2
Cambridge, MD 21613



Mr James Baker, Chairman
Republican Campaign Headquarters
Washington
D.C.

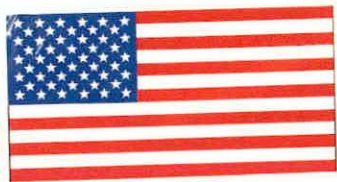
1600 Penna. Ave.
The White House

20006

Mrs. Norma Parsons
202 Meteor Ave #207
Cambridge MD 21613-2523



A2



September 12, 1992

NRN

Pres. George Bush
The White House
Washington, D. C.

Dear Mr. President:

From what I hear on TV, the coming election appears to be close. I think the upcoming debate will be the decisive factor on who will win the election. For this reason, I would like to offer some thoughts regarding topics that may or should come up.

I feel that I understand the common man and his concerns.

1st topic, School Choice:

School choice is extremely important. Make this one of your prime topics. Gov. Clinton will say that giving the parents the choice of where to send their children will result in the public schools being even worse than they are at present. So ... the answer is that the competition will result in the public schools being forced to shape up and improve, and if they won't do so, they will deserve to go under.

2nd topic, Taxes:

When you are accused of going back on your "No New Taxes" pledge, you must understand that the common man is too uninformed to understand what really happened. You must tell him over and over that the increase was voted by the Democratically-controlled Congress, that you fought the increase, and that you finally signed the bill to raise taxes only because the Democratically-controlled Congress promised to decrease spending (actually, it was a double cross).

3rd topic, Savings and Loan Scandal:

The common man absolutely does not know who is responsible for the Savings and Loan scandal. Remind the American people of Democratic Senator William Proxmire's words on The Evening News with Garrick Utley on Sept. 12, 1992 ... Sen. Proxmire said that the Savings and Loan scandal could not have happened without the cooperation of the Senate Banking Committee. He also stated that contributions made to the members of this Committee were "bribes." As a past Chairman of this Committee and a Democrat, he knows that this scandal was a direct result of influence peddling which resulted in the Savings and Loan scandal, which could not and would not otherwise have occurred.

4th topic, The Deficit:

The Democrats are trying to hang the deficit around the neck of the President. I have a theory that being President is much like being a father who has 430 children (House of Representatives), each of whom has his own Mastercard. However, at the end of the month, the bill comes to the father (or President), and when spending gets out of control, it is the one to whom the Mastercard is issued who gets the blame. There are only two ways to control this spending ... Either the children (the Congress) must cut back on spending, or the father (the President) should have the right to cut off the use of the charge card (the Line Item Veto).

✓
5th topic, Gov. Clinton's Integrity:

Some weeks ago, while watching TV (I believe it was Dateline), there was a segment about a black man in Arkansas who was sent to prison for a murder which he did not commit. The investigators were able to determine that the young woman who died did so because of a mistake made by the anesthetist and not as a result of murder. The Chief Medical Examiner, appointed by Gov. Clinton, was aware of this, and yet a coverup was perpetrated, resulting in a knowingly innocent black man being convicted of and incarcerated for a murder which he did not commit. All of this was known by Gov. Clinton, but he was a part of this injustice in order to protect the anesthetist who was responsible. This anesthetist was none other than Gov. Clinton's own mother. This coverup was to protect his mother and his own political career (shades of Chappaquiddick). If I were a black man, I would be upset by the fact that a black man was railroaded by Gov. Clinton to protect his own mother and to save his own political skin.

6th topic, New Ideas:

I have an idea for a new type of home mortgage, which I am enclosing. I feel that it could revolutionize the mortgage industry. Perhaps it could be used as one of the campaign's "new ideas."

Very truly yours,

John J. Crowley
 #1 Kathryn Way
 North Attleboro, MA 02763
 Phone: (508) 695-4434

Enclosure

cc: Vice President Dan Quayle
 Campaign Manager Jim Baker
 Sen. Robert Dole
 Sen. Alan Simpson
 Sec. of Trans. Andy Card

May 1, 1992

For the past few years a thought has been running through my mind, which I feel is even more important in these times of tough real estate sales ...

Instead of a single mortgage for a set number of years at a constant monthly payment, why not have mortgage certificates? For instance, should a buyer need an \$82,000 mortgage, the mortgage could be broken down to a number of "mortgage certificates." These certificates could be in three denominations -- \$10,000, \$5,000, and \$1,000. The mortgagee could receive five certificates of \$10,000 each, six of \$5,000 each, and two of \$1,000 each, for a total of \$82,000.

Most homeowners' salaries increase as years go by, through raises, promotions, etc. Let's assume that after four or five years the homeowner has accumulated \$10,000. This \$10,000 could be used to pay off one of the \$10,000 mortgage certificates.

Four things would be accomplished:

1. Monthly payments would be reduced by the amount that this \$10,000 certificate cost, as this \$10,000 would no longer be owed.
2. Equity in the home would build up more quickly as each mortgage is paid off, as certificates could be paid off at any time.
3. Homeowners would be able to "move up" to more expensive homes more quickly, as equity is built up thus resulting in more home sales -- good for the real estate market.
4. Banks would receive lump-sum payments of \$1,000 to \$10,000 or more. This would bring more money back to the banks, which could be loaned to others. As mortgage rates are likely to increase in the future, banks would be retiring lower-interest loans for newer higher-interest loans.

Borrowers could be pre-approved for a certain amount of "mortgage certificates," making home hunting easier.

Why should anyone be "saddled" with a "constant" monthly mortgage for 15 to 30 years? Wouldn't the flexibility of the system I propose be beneficial to both lender and borrower? Wouldn't such a system keep a certain percentage of mortgage money constantly in circulation?

Isn't it time for banks and mortgage companies to step out of the middle ages and try something new? What difference does it make whether a mortgage is a single loan or a bunch of smaller loans? After all, C.D.'s, I.R.A.'s, and insurance policies have been sold this way for years.

John J. Crowley
 #1 Kathryn Way
 North Attleboro, MA 02763
 Telephone: (508) 695-4434

John Crowley
#1 Kathryn Way
No. Attleboro, MA 02763



PROV RI *02904*9821 09/14/98



Campaign Manager Jim Baker
Republican Headquarters
Washington, D. C.



TV ADVERTISEMENT 30 second spot.

NLN

1. "Presidential" photo of George Bush in coat and tie
VOICE OVER and WORDS written out in ROMAN font printing: (James Earl Jones type of bass voice).
"At the core of every Presidential race IS the QUESTION of the candidate's character."
2. VIDEO CLIP OF CLINTON speaking: "I got the draft board to..."
underneath in RED LETTERS and voice over (voice type used in Willie Horton campaign Ad...)
"DRAFT DODGER?"
3. Video clip of Jessica Flowers speaking "I was Bill Clinton's lover for twelve years."
underneath in Red Letters and voice over (voice as above...)
"Womanizer?"
4. Video clip of Clinton speaking: "I smoked marijuna but did not inhale."
underneath in red letters and voice over (as above)
"DRUGS?"
5. Video clip of Clinton speaking: "My step-father was an alcoholic."
underneath in red letters and voice over (as above)
"Dysfunctional family?"
6. James Earl Jones type of voice and Red letters printed on screen
"With Clinton it is a QUESTION of draft dodging, women, drug usage, and dysfunctional family background."
"America can ill-afford to have a CHARACTER like CLINTON in the White House.
VOTE FOR GEORGE BUSH FOR PRESIDENT."

TV ADVERTISEMENT 15 second spot

1. "Presential" photo of George Bush in coat and tie

VOICE OVER AND WORDS written out in Roman font printing (blue) (James Earl Jones type voice)

"At the core of every Presidential race IS the QUESTION of the candidate's character."

2. Video clip of George Bush at Military function with "silver stars" won in World War II superimposed over his Military Photo underneath in blue letters and voice over (as in Willie Horton type ad)

"Genuine War Hero"

3. Video clip of George Bush and Barbara Bush holding hands, attending events, etc.

underneath in blue letters and voice over (as above)

"Staunch Family Man"

4. Video clip of George Bush speaking and/or signing bill for "war on drugs."

underneath in blue lettering and voice over (as above)

"No equivocation on drug usage."

5. Video clip of George Bush speaking of his parents and clip of extended Bush family together on podium at the Republican Convention.

underneath in blue lettering and voice over (as above)

"Functional Family Background"

6. "Presidential" photo in coat and tie of George Bush smiling

underneath in blue lettering and voice over (James Earl Jones type voice)

"With George Bush there are NO Questions as to Character!

Vote to elect George Bush President.



Republican National Headquarters
310 1st Street South East
Washington, D. C. 20003

ATTENTION: James Baker, Esquire
CHAIRMAN





Cable TV of Jersey City

A Maclean Hunter Company

NRN

September 14, 1992

President Thomas Kean
Drew University
36 Madison Avenue
Madison, NJ 07940

Dear Mr. Kean:

I was referred to you by Leonard Coleman and I wrote to you regarding our cable adapted version of Most Wanted. Since writing to you the program continues with strong results along with big publicity. At this point, we plan to expand it to the county. It appears that Tom Brokaw of N.B. C. wishes to feature this and I hope that you still hold us in mind for a Presidential visit during the campaign. The crime issue is apparently a major one as evidenced by both the public dialog and the overtures we have received from the Clinton camps. A particularly strong feature of this program is the effective results we receive in a non-violent way. We are hoping for both a Presidential visit and possible a Points of Light award. As you know, the President has already recognized the program.

Please let us know what you think.

Sincerely,

Arnold McKinnon
Vice President of Corporate Planning
and Local Origination

am/sw

cc: Richard Bond
James Baker ✓



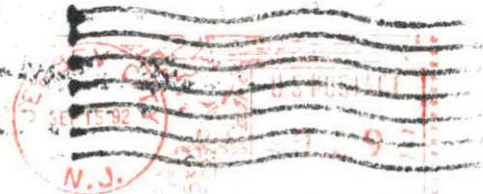
Cable TV of Jersey City

A Maclean Hunter Company

2121 Kennedy Boulevard, Jersey City, N.J. 07305
An Equal Opportunity Employer



Mr. James Baker
Republican National Committee
310 1st Street SE
Washington, DC 20003



NORTH JERSEY NJ 073 20:59 09/17/92 MLB#1



JAB-07

NRN

H. Davis

One James Center, Suite 1210
901 East Cary Street
Richmond, Virginia 23219
804/782-1001. FAX: 804/782-1007

Charles J. Davis, III
President

September 11, 1992

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

Dear Mr. Secretary:

Following up on my observations earlier this week about White House and Campaign communications practices, I strongly encourage you to secure the comments of Paul Harvey aired today in his broadcasts.

In attacking head-on recent government statistics about the number of individuals 'living in poverty', Mr. Harvey provides clear, concise analysis of what is left unsaid: namely, most of those considered to be 'in poverty' have a higher standard of living than just a few years ago.

Granted, this is a sensitive issue. No one can deny that many Americans are 'hurting'. However, left unchallenged, the electorate can easily conclude from the statistics that the situation is far worse than it has ever been in the history of these United States. That is not the case and Mr. Harvey makes the point quite well. He is a master at communicating with the general public and today's thoughts are one of his best efforts yet. They are certainly worthy of your review.

Warmest regards,

A handwritten signature in black ink, appearing to read "Charles J. Davis, III".

d/pe

- Marie A*
- 1) appreciated letter
 - 2) sensitive to his concerns; glad he's been in touch w/RBZ
 - 3) we'll continue to do all we can to ensure that American firms get a fair chance to compete in international markets
 - 4) will share his paper w/policy planning staff here, too.



9/12: Spoke to Marie Ahern
in Wm Davidson's
of & thanked her
Davidson for letter. NRN. File.

WILLIAM DAVIDSON
President

September 14, 1992

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

Dear Mr. Baker:

Unfortunately, during the President's recent visits to Michigan, his time has been very short and many specific issues could not be raised with him. After I participated in a business roundtable in Canton Township, Max Fisher urged me to write the President concerning our industry's critical problems with lack of access to the Japanese market and he intended to personally deliver this letter to the President.

As you probably know, Max has not been well. Rather than burden him, we agreed that I would send the letter to the President and he suggested I send you a copy as well. I know you are familiar with this issue from your State Department experience.

My associates at Guardian briefed Bob Zoellick on the issue several times and he was very helpful and supportive of our efforts. Most of the product innovation in our industry is being done in the U.S. and we are very internationally competitive. Unfortunately, the cartel is so strong in Japan that we will not have an opportunity to compete without strong Presidential support for our efforts.

We will greatly appreciate your continued attention to this issue.
Best wishes.

Sincerely,

William Davidson

WD/ps



WILLIAM DAVIDSON
President

September 14, 1992

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

Dear Mr. President:

It was a pleasure to meet with you last week during your brief visit to Detroit. I appreciated the opportunity to speak candidly with you about some of the issues of concern to your supporters in the business community.

Since there was not really an opportunity last week to discuss specific issues in detail, I want to take this opportunity to review with you an issue of particular concern to Guardian Industries and the U.S. flat glass industry, i.e. continued market access problems in Japan. I strongly believe that the difficulties we are having are symptomatic of the general structural barriers to foreign industry in Japan that can only be changed with direct Presidential involvement. I also believe that we cannot allow Japanese companies to participate freely in the international economy, which has become so interdependent, without insisting on our right to freely participate in the growing Japanese domestic market. Increased foreign exports to Japan will both maintain and create jobs in the U.S. and improve greatly the living standards of Japanese consumers.

As a very specific example, it has been eight months since you and Prime Minister Miyazawa agreed on an "Action Plan" to open the Japanese flat glass market. As you know, we applauded that agreement as a critical first step toward opening the most tightly closed flat glass market in the world. Yet eight months later, the market is still as impenetrable as ever and we have detected no meaningful change in the Japanese glass cartel's determination to bar non-affiliated foreign competition. In fact, in its recent analysis of market barriers in Japan, the current issue of *Fortune* magazine rated the Japanese flat glass market as the most difficult of all the sectors it surveyed for U.S. companies to penetrate, and described the playing field in Japan as "practically vertical" due to the anti-competitive practices of the domestic flat glass cartel.

The President
September 14, 1992
Page Two

Yet while competitive U.S. flat glass manufacturers remain excluded from the Japanese market, the Japanese glass companies continue their rapid acquisition of U.S. market share. For example, Japan's largest glass company, Asahi Glass Co., has recently asked the Federal Trade Commission for approval to acquire one of the largest U.S. glass companies, AFG Industries, thereby giving it control of more than 20 percent of the U.S. flat glass market, including architectural and automotive sectors. Nippon Sheet Glass, the second largest Japanese flat glass company, also has a large and growing share of the U.S. market.

We are not interested in protection. On the contrary, we thrive on head-to-head competition in free markets. On a level playing field, the U.S. flat glass industry can compete with anybody in the world, including the Japanese. Guardian has proven its ability to compete in every major international market -- except Japan. But against our Japanese competitors, we are competing with one hand tied behind our back so long as we are denied access to their growing home market while they can rely on monopoly profits to finance competition abroad. In the long run, we cannot survive this competitive disadvantage. The Japanese glass manufacturers' ability to generate excessive profits in their closed home market permits them to fund acquisition of market share not only in the U.S., but throughout the world, and to significantly undercut U.S. competition in third country markets. Meaningful access to the Japanese glass market, therefore, is critical for our future competitiveness and survival.

Your agreement with Prime Minister Miyazawa was an important first step, but more specific follow up measures are necessary to produce practical results for American glass companies. Although the Japanese government, as promised, has gone through the motions of initiating a study of anti-competitive behavior of the domestic cartel and requiring the three domestic companies to issue anti-monopoly compliance guidelines, these measures will mean very little unless we seek some administrative guidance and enforcement from the Japanese government to put commitment behind their promises on paper.

Mr. President, I urge you to challenge Prime Minister Miyazawa to follow up his personal commitment to you with a comprehensive program to break the grip of Japan's glass cartel and open the Japanese flat glass market to competitive U.S. companies. Quite

The President
September 14, 1992
Page Three

frankly, if the Japanese government cannot deal with such a textbook case of unfair trade, then I must doubt its overall commitment to free trade and must seriously question the wisdom of allowing Japanese glass companies continued, unfettered access to our market. In my opinion, it is time to draw the line: If the Japanese glass companies wish to enjoy continued free access to the U.S. and other foreign markets, they must accept competition at home.

Once again, I am very grateful for your personal interest in this important issue. Regrettably, there has not yet been significant progress in terms of increased U.S. flat glass sales to Japan since your January "Action Plan" agreement with Prime Minister Miyazawa. However, since this is such a blatant example of anti-competitive behavior in Japan and since increased competition will lower Japanese building and home prices and introduce new, innovative products to Japanese consumers, I believe your Administration's continued, strong insistence on progress in this sector can produce significant results.

Your continued interest and consideration is much appreciated by our industry and our company. We have made a major, long-term commitment of our financial and human resources to our exports to Japan. Your Administration's strong support for these efforts will both maintain and add significant jobs to the U.S. economy. Please do not hesitate to let us know if we can provide any additional information.

Best wishes.

Sincerely,

William H. Brock

WD/ps