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[Correspondence, 1990-1993] [2]

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THE WHITE HOUSE
WASHINGTON

93 JAN 12 P6:30 Date: 1/13/93

TO: The President

FROM: CONSTANCE HORNER
Assistant to the President and
Director of Presidential Personnel
2nd Floor, West Wing, x7060

CH

You signed off on Phillips Bradley for the WH Small Business Conference. Alas, his business turns out to be too big. So we're recommending USO instead. Sorry!

THE PRESIDENT HAS SEEN
1/16/93

THE WHITE HOUSE

WASHINGTON

January 12, 1993 '93 JAN 12 P5:15

MEMORANDUM FOR THE PRESIDENT

General Scowcroft concurs.

FROM: CONSTANCE HORNER
Assistant to the President and
Director of Presidential Personnel

SUBJECT: Personnel Selection - **Board of Governors, USO - United Service Organizations, Inc.**

I. Background

The United Service Organizations, Incorporated (USO) was established in 1941 to improve the quality of life for U.S. military personnel and their families. The Board of Governors was reconstituted in 1979 to oversee the programs and services of the USO. While the USO is primarily known for providing celebrity entertainment, they also provide a number of other services including USO airport centers, USO fleet centers, USO family and community centers, and orientation and intercultural programs. Half of the USO's $21 million budget is derived from sales and in-kind support and other general contributions.

II. Term

Members are designated by the President to serve for three year terms. (NO HOLDOVERS)

III. Membership

The management of the USO and all of its affairs and property are entrusted to a Board of Governors consisting of not more than 76 persons designated as follows:
- Six members designated by the President
- The Secretary of Defense or his designee
- The Assistant Secretary of Defense for Force Management and Personnel
- The Chairman of the Armed Forces Chaplains Board
- The Senior Enlisted Member of the Services
- 56 persons representative of the public at large
- A maximum of ten persons by virtue of their respective offices as USO Chairman, President, Immediate Past Chairman, the Vice Chairman of each of the five USO Regions, Secretary and Treasurer.

The current Presidentially appointed members of the Board of Governors are as follows:

Name	State	Appointment Date	Term Expiration
Dimartino, Rita	NY	01/22/92	10/15/93
Hennessy, Edward	NJ	clearance	01/18/95
Miller, Jonathan	VA	clearance	01/18/95
Tedesco, John	NJ	clearance	06/09/94
Yune, Johnny	CA	05/22/90	05/21/93
* Vacant			

* Vacancies

IV. Recommendations - SELECT ONE

Secretary Baker and I recommend you approve for appointment the following individual:

PHILLIP STEPHEN BRADLEY, of Florida, to be a Member of the Board of Governors of the United Services Organization, vice Jonathan Miller. Mr. Bradley has served as President and Chairman of the Board of World Fuel Service, Inc. since 1983. (Part-time PA position serving a three year term)

Recommended by: Jeanie Austin

APPROVE GB 1-16 DISAPPROVE ______

Upon your approval, all appropriate clearances will be initiated. Announcement of your intention to appoint this individual will be made as soon as the necessary clearances are completed.

PRESENTATION OF QUALIFICATIONS

(CONFIDENTIAL)

CAPTAIN PHILLIP STEPHEN BRADLEY

AIRLINE TRANSPORTATION INDUSTRY
(U.S. AND INTERNATIONAL)
MANAGEMENT / LABOR RELATIONS

---

700 Royal South Poinciana Boulevard
Suite 800
Miami Springs, Florida 33166
Phone: (305) 883-8554 / Fax: (305) 887-2642

SUMMARY

Twenty-nine year career in the International Airline Transportation Industry encompassing positions of increasing responsibility in Executive Management, Labor Relations and Business Development.

EXPERIENCE

- In-depth Knowledge of all phases of the Domestic and International Airline Industry, with emphasis on Caribbean, Central and South American Carriers
- Extensive and high-level Political experience
- Extensive and high-level Financial and Operational Management Experience
- Insight into Airline Industry Employee perspective, with particular expertise in Labor Union Relations
- Proven track record as a Successful Businessman
- Commendations and Letters acknowledging Professional and Volunteer Achievements (available upon request)
- Won Pinnacle Award as Outstanding Executive of the Year (1991)

CERTIFICATION

Board of Directors, Air Line Pilots Association International

Airline Transport Pilot License; Airplane Multiengine Land; DC-8 Commercial Privileges; Lear-Jet; Airplane Single Engine Land

F.A.A. Flight Engineer Certificate: Turbojet Powered

F.A.A. Medical Certificate First Class

EMPLOYMENT HISTORY

1983 - Present

World Fuel Service, Inc., Miami Springs, FL
(International Aviation Fuel Recovery Corp./NYSE-INT.REC)
President / Chairman of the Board

Manage all aspects of company business operations, with bottom-line profit and loss responsibility. Employee 100 personnel, with responsibility for providing aviation fuel and consulting service to 90% of the airlines in Central and South America and the Caribbean.

Accomplishments: Founded company in 1983, developed business plan and effective organizational structure and achieved annual worldwide sales in excess of $250 million.

1982 - 1983

Cayman Airways, Grand Cayman
Chief Executive Officer

Coordinated the management of the Grand Cayman National Airline, with responsibility for operations, business development and labor relations. Negotiated labor new agreements and secured additional route structures. Employed 300 people.

Accomplishments: Facilitated the transition from BAC-111 to B-727-200 aircraft, retraining all flight and cabin crew pérsonnel. Received Letter of Commendation from the Grand Cayman Department of Transportation.

1965 - 1982

Braniff International Airways, Dallas, TX and Miami, FL
Pilot

Participated in extensive military contract flying in Vietnam, the Pacific Rim and North Atlantic areas.

Accomplishments: As a Board member of the Air Line Pilots Association, negotiated labor agreements and pension programs during the airline deregulation period. Established the Braniff Job Center in Miami, to help former Braniff employees find new employment. Helped implement first Aviation Industry volunteer effort to recruit pilots to promote business on behalf of Braniff. Received numerous Letters of Commendation from the President, Vice President and Chairman of Braniff, the Administrator of the D.E.A. and from former U.S. Senator Lawton Chiles.

1963 - 1965

Bolivian Airways, La Paz, Bolivia
Advisor / Pilot

Accomplishments: Awarded Permanent Bolivian Pilot Certificate and Honorary Staff Officer Status by the President of Bolivia, Mr. Reneé Barrientos, for support of Bolivia during a crucial period.

EDUCATION

Completed Pre-Law Degree (3 year program)
Memphis State University, Memphis, TN
(Attended Southern Law School, Memphis, TN)

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Tulane University, New Orleans, LA

LANGUAGES

Oral and Written Fluency in English and Spanish

THE WHITE HOUSE
WASHINGTON

01/12/93

3 JAN 15 P4:06

FOR: GENERAL SCOWCROFT

FROM: **PHILLIP BRADY**
Assistant to the President and Staff Secretary

☐ Information

☒ Action

☐ Let's Discuss

For your concurrence.
Thanks.

OK
BS

: HOUSE

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12, 1993 JAN 12 P5:15

President and
idential Personnel

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(Attended Southern Law School, Memphis, TN)

Studies Toward Degree in Political Science
Tulane University, New Orleans, LA

LANGUAGES

Oral and Written Fluency in English and Spanish

THE WHITE HOUSE

WASHINGTON

DATE: 1/19/93

NOTE FOR: EDE HOLIDAY for SECY FRANKLIN

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

Information ☐

Action ☒

Please dispatch to Secretary Franklin.

Thank you.

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
(x2702)

cc:

Jan 16 93

THE PRESIDENT

Barbara —

Fine report on US-Russ. Business Development. It is so important. Thanks and good luck in whatever lies ahead. [redacted]

I'm sure your life will be full and challenging —

Sincerely,

GB

THE PRESIDENT HAS SEEN 1/16/93

E Holiday

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

JAN 13 1993

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Update on U.S.-Russia Business Development

The purpose of this memorandum is to summarize where we stand, as I leave office, in our efforts to spur more business and investment in Russia.

As you recall, at the time of President Yeltsin's visit here last June, my counterpart, then Minister of Foreign Economic Relations Peter Aven, and I established and held the first meeting of the U.S.-Russia Business Development Committee. We created 12 working groups, which have been hard at work since then.

In part due to these and other U.S. government efforts to open markets and promote business, American companies now lead all countries in investment in Russia, with about $300 million of installed investment and over $3 billion planned. Our exports to the Newly Independent States are also growing, and through October of last year were running at an annual rate of $3.8 billion -- 10 percent ahead of 1991.

Supporting this trade and investment development have been some specific accomplishments on the part of the Commerce Department. We have:

- Led successful health and telecommunications trade missions to Russia and held an oil and gas working group meeting.

- Awarded the first two grants of $500,000 to help groups of U.S. firms set up offices in Russia in telecommunications and food processing (the latter also in the Ukraine.)

- Compiled and distributed the first Russian Defense Business Directory, designed to help our companies take advantage of new opportunities in defense conversion. The Directory lists 29 Russian defense facilities and provides information about them. We held a press conference to launch the directory and have since distributed 3500 copies.

- Expanded our Commercial Offices by opening up in Kiev and St. Petersburg, with plans to open shortly in Vladivostok, Khabarovsk, Alma Ata, and Tashkent.

- Begun to implement plans to open full-service American Business Centers in Russia and other Newly Independent States, as provided for in the Freedom Support Act. The first, in Kiev, will open in a few months. (I am currently asking the Secretary of State to require AID to transfer the full $12 million authorized in the Freedom Support Act, rather than the lesser amount AID has in mind.)

- Answered over 800 calls per week in our Business Information Service, which provides commercial and investment information about the Newly Independent States to business callers. Monthly calls have more than doubled since I opened the Center in June.

- Worked through the international "Muenster Process" established by the Germans to improve the East-West trade dialogue. The Russians have told us they will accept G-7 countries' assistance in drafting their investment and other business laws. Japan will host a meeting on this prior to the Tokyo Economic Summit.

- Supported better export financing. Just this week, I wrote to Deputy Prime Minister Shokhin to urge his support for the Export-Import Bank's proposed oil and gas facility, which could add $2 billion of U.S. exports.

- Entered into an antidumping suspension agreement on uranium preventing price disruption, which is forbidden by U.S. antidumping laws, while providing access to our market for Russian uranium which would otherwise have been shut out.

- Sent teams to Russia, Kazakhstan, and Ukraine to explain how our antidumping and countervailing duty processes work.

With respect to the 50-some specific projects we are pushing and monitoring, our efforts have included the following:

- I have again written to the Mayor of Moscow urging him to uphold Marriott Corporation's hotel management contract, which the Russian side has threatened to retender. Before leaving Moscow, Ambassador Strauss also requested the Yeltsin government to intervene to finalize a tax exemption for the White Nights oil-sector joint venture had been promised, but not implemented. Russian credibility with U.S. business is at risk.

- I have supported companies such as Upjohn and Rotec that have had full Export-Import Bank backing for projects in pharmaceuticals and housing. Russian commitment to these projects, in the form of guarantees, is the key step needed. Finally, after a year, ROTEC just learned the Russians are planning to provide the guarantee, but Upjohn has still heard nothing.

- I have concentrated on trying to get payments arrears settled for U.S. companies. While we have made progress and have helped some companies get paid, more firms have been added to the list as Russian hard currency problems worsen. Company arrears now stand at over $200 million.

- I have assisted the new U.S.-Russia Business Council get off to a good start. I met with Jack Murphy, Chairman of Dresser Industries, to help launch his new efforts, which will in part aim at helping small and medium-sized businesses secure a foothold in the Russian market.

We've made a good beginning at expanding our commercial and economic relationship. There is, however, much more to be done; and I have briefed my successor on the importance of expanding our business presence in Russia and the other Newly Independent States.

One of the key challenges is helping the Russians overcome their failure to meet commitments. This is one of the biggest barriers to doing business. Changes in the Russian government have also complicated matters. My counterpart, Minister of Foreign Economic Relations Peter Aven (a close associate of Yegor Gaidar's), resigned after the December Congress of People's Deputies session; and has been replaced by his former deputy, Sergei Glaziev. Responsibility for Russian foreign trade and investment is now split among the Agency for International Cooperation and Development, the Ministry of Foreign Economic Relations, and the Ministry of Finance; and we are currently sorting out how best to continue our Business Development Committee working relations.

Key elements for the future include:

- Utilizing, once the Russians determine who my counterpart is, the bilateral U.S.-Russia Business Development Committee to improve market access and the business climate. (They are to let me know this week, so I can inform my successor.)

- Committing the full $12 million called for in the Freedom Support Act so we can open up American Business Centers where American companies most need support -- places such as Vladivostok, Nizhny Novgorod, the oil-rich Tyumen area, and Minsk.

- Pressing the Russians to ratify the Bilateral Investment Treaty which you signed and the Senate has already ratified.

Barbara

Barbara Hackman Franklin

THE WHITE HOUSE
WASHINGTON

DATE: Jan. 14, 1993

TO: Phil Brady

FROM: **EDE HOLIDAY**
Assistant to the President
and Secretary of the Cabinet

Please pass along the attached memorandum from Secretary Franklin to the President.

Thank you.

Attachment

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

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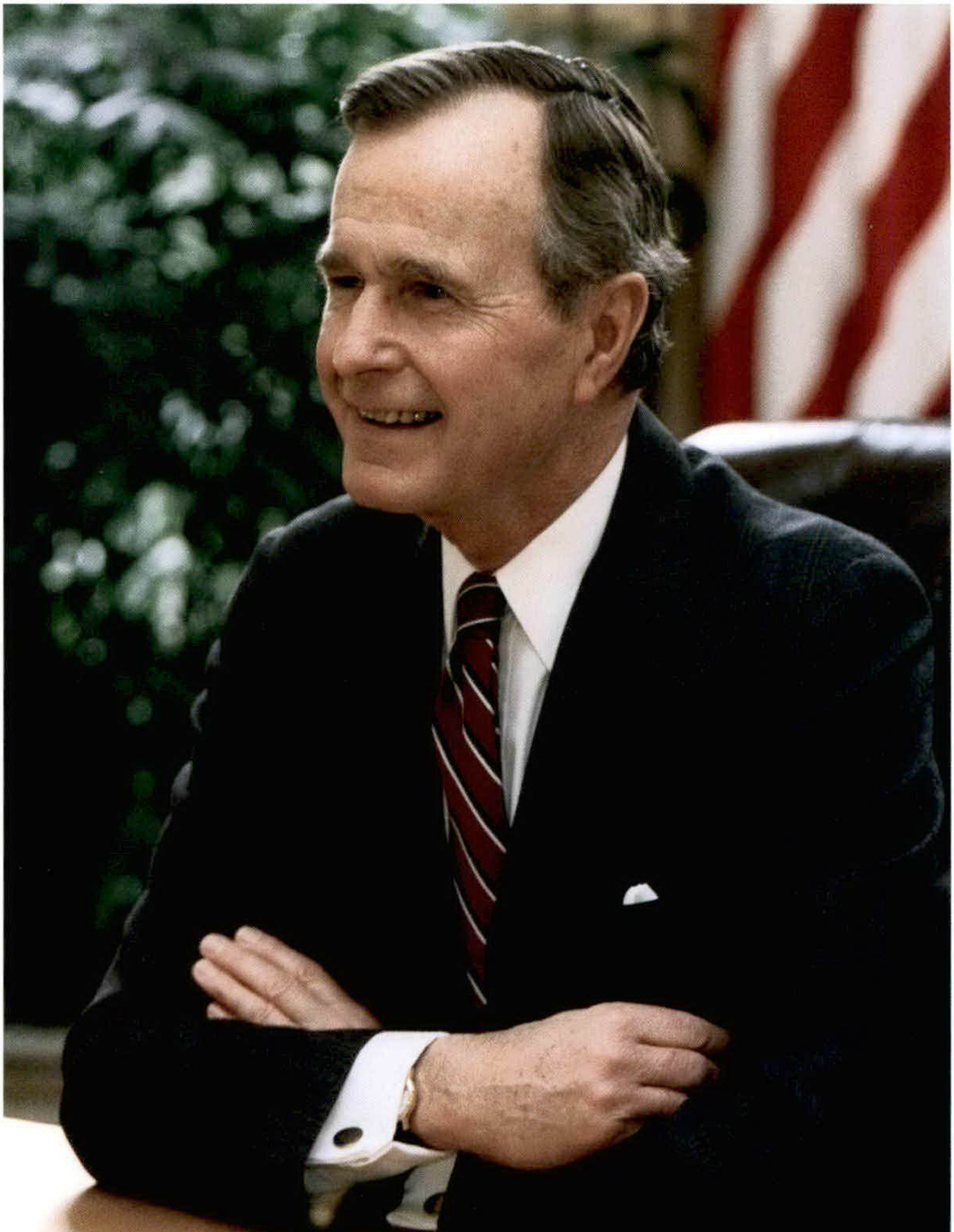


REPORT
TO THE
PRESIDENT

DECEMBER 1992

PRESIDENT'S COMMITTEE
ON THE ARTS AND THE HUMANITIES

REPORT
TO THE
PRESIDENT

DECEMBER 1992

PRESIDENT'S COMMITTEE
ON THE ARTS AND THE HUMANITIES

This report was prepared by the President's Committee on the Arts and the Humanities, and although not every member subscribes to every view or recommendation, it reflects the substantial agreement of all members.

TABLE OF CONTENTS

This report has been printed on acid-free paper for archival use. The text has also been printed on recycled paper.

RECOMMENDATIONS

1. The President's Committee, noting the bipartisan agreement achieved on this issue during 1992, strongly recommends that the full deductibility of donations of appreciated properties be restored.

2. Arts education is essential to every citizen and must be a vital part of the K-12 curriculum. The Committee recommends that arts education be given a high priority in any effort to reform American education.

3. The Committee recommends that federal awards in the arts and humanities should be reviewed to determine whether additional opportunities may exist to recognize patrons, and the Committee believes that existing awards honoring artists, scholars, and their sponsors should be better publicized to encourage increased private giving.

4. We recommend increased attention in both the public and private sectors to the conservation and preservation of our cultural heritage.

5. Recognizing the vital role of the arts and the humanities in international relations, and their contributions to our ability to compete in a global economy, we recommend increasing the level of support for international cultural exchanges and other international programs in the arts and the humanities.

6. Finally, the President's Committee respectfully concludes that there is a continued need for a high-level commission or council to advise on government policy and to serve as a national advocate in the private sector for the arts and the humanities. This requirement might be met by the revitalization and reconstitution of the Federal Council on the Arts & the Humanities *with the addition of members from the private sector* or by the continuation of the President's Committee. Regardless of the institutional mechanism chosen, the role of the private sector cannot be overemphasized at a time when federal funds remain limited.

REPORT TO THE PRESIDENT

INTRODUCTION

Direct public support for the arts and the humanities from the federal government is a relatively new phenomenon. For most of its history the United States has relied on the private sector and a system of tax incentives to foster the growth of cultural institutions.

Since their creation in 1965 the National Endowment for the Arts and the National Endowment for the Humanities have contributed significant and much-needed funding for educational and artistic institutions. Far from discouraging additional private philanthropy, the creation of these agencies has stimulated sustained private sector support.

Established by executive order in 1982, the President's Committee on the Arts and the Humanities is composed of federal cultural agency heads and leading private citizens who have an interest in and a commitment to the arts and the humanities.

From its inception the President's Committee has included members from both of the major national political parties. This bipartisan and diverse membership confirms the importance of the arts and the humanities to a broad segment of American society.

BACKGROUND

This Committee was formed a decade ago at a moment of crisis for the arts and the humanities. After years of rapid growth in both public and private funding for the arts and the humanities, private contributions appeared to have leveled off. The mounting problems of mastering the federal deficit and meeting pressing domestic needs led to demands for curtailing federal expenditures.

Plans to reduce the national debt included sharp reductions in the budgets of both Endowments, and there were even proposals for the abolition of the Endowments and the Institute of Museum Services. To study the impact of these proposals President Reagan appointed a Presidential Task Force on the Arts and the Humanities charged with finding ways to make better use of existing resources and consider new methods of increasing private support. Among its findings were recommendations:

- that the Endowments should be retained and strengthened; and,

- that the Federal Council on the Arts and Humanities should be given renewed powers and be reconstituted to include private sector members.

Specifically, the Task Force recommended that a reorganized Federal Council should be asked to perform such functions as:

1. **"developing policy recommendations regarding federal support of the arts and the humanities;**

2. "developing and implementing mechanisms for increased private support;

3. "assessing and analyzing well-documented data concerning all aspects of public and private funding of the arts and the humanities, including the effect of tax laws, in order to provide a base for future executive and legislative decisions regarding federal cultural support;

4. "evaluating the effectiveness of federal arts and humanities expenditures; and

5. "examining the work of federal, state and local agencies with emphasis on eliminating unnecessary duplication and obtaining maximum return on government arts and humanities dollars."

Although these recommendations were well-received by the arts and humanities communities, legislative action was required to effect the proposed changes in the mission and composition of the Federal Council.

The difficulties and delays of this process led to an executive order creating a new advisory body, The President's Committee on the Arts and the Humanities. Andrew Heiskell was appointed by President Reagan to chair the new committee.

EVOLUTION OF THE PRESIDENT'S COMMITTEE

The President's Committee formed working groups and subcommittees to respond to the recommendations of the Presidential Task Force.

The creation of a National Medal of Art was recommended to provide recognition for artists and their sponsors from the private sector. The Committee developed a series of partnerships designed to improve the teaching of the humanities in America's secondary schools, and a collaborative initiative was formed to develop awareness for the conservation and preservation of America's cultural heritage. Additional initiatives were designed to improve the fund-raising capabilities of state humanities councils, to encourage philanthropic instincts among young people, and to encourage the study of liberal arts by undergraduates preparing for corporate careers. In the performing arts, the Committee created the Fund for New American Plays to provide grants for the production of new works in American theaters.

The President's Committee was also active in proposing changes in the tax code affecting private sector support for the arts and the humanities. Following the adoption of the Tax Reform Act of 1986, the Committee realized that some provisions of this landmark legislation would have unintended consequences for the nation's museums and cultural institutions. In 1988 the Committee issued a *Report to the President* calling for the restoration of deductions for gifts of appreciated properties to museums, libraries, and other cultural institutions. Congress acted, permitting donors to deduct the full value of these gifts for a limited period; further extensions were legislated until June 30, 1992. [See PCA&H recommendation 1.]

RECENT ACTIVITIES

President Bush renewed the Committee's mandate by executive order in 1989 and appointed Donald J. Hall chairman. At a time when widespread public criticism threatened the very existence of the National Endowment for the Arts, the President's Committee resolved to promote a better understanding of the importance of cultural activities and developed a national campaign to stress the value of the arts and the humanities in American life.

The President's Committee commissioned and issued two reports which promote the essential value of the arts and the humanities to the nation. *The Value of the Arts* and *The Value of the Humanities* explain how the arts and the humanities improve the quality of life, create jobs, revitalize cities, contribute to American business, and enhance the creativity of American schools and workplaces. State arts councils and numerous others have used these reports to convince local leaders of the significant impact of cultural institutions on American society.

With its unique mix of public and private members, the President's Committee has become a forum where leaders in the arts and the humanities meet to address issues common to both. The President's Committee has also published a number of timely monographs on public issues by such noted spokesmen as Harold M. Williams, the president of the J. Paul Getty Trust (*The Language of Civilization: The Vital Role of the Arts in Education*); historian Arthur M. Schlesinger, Jr. (*Reflections on a Multicultural Society*); and James H. Billington, the Librarian of Congress (*The Intellectual and Cultural Dimensions of International Relations*). A complete list of the publications issued by the President's Committee is contained in an appendix to this report.

In 1992 a White House reception honored the President's Committee and the authors of *Caring for Your Collections*, a layman's guide to caring for collections of paintings, rare books and maps, photographs, textiles, and other cultural artifacts. Conceived as part of a national effort aimed at private collectors whose works may one day be donated to public institutions, this volume is the latest initiative from the National Committee to Save America's Cultural Collections, a collaborative project sponsored by the President's Committee and the National Institute of Conservation.

The Committee has continued its active involvement with the Fund for New American Plays in partnership with the John F. Kennedy Center for the Performing Arts and American

Express. The Fund awards grants to not-for-profit theaters and playwrights, making it possible for many American theaters to commission new works and to stage them in cooperation with the playwright. This collaborative venture is now in its seventh year, and among the new works selected by a distinguished advisory board, two have been awarded the Pulitzer Prize for best play.

The President's Committee has used its meetings to address urgent needs in the arts and the humanities. Following an active discussion in October 1991, the President's Committee adopted a resolution urging the New American Schools Development Corporation to include the arts in the creation of model programs as part of the administration's education initiative, America 2000.

The President's Committee joined with the John F. Kennedy Center for the Performing Arts, the National Endowment for the Arts, and the National Gallery of Art in promoting arts education. At a subsequent meeting of the President's Committee the Secretary of Education announced the America 2000 Arts Partnership, a strategic plan to develop national content standards for arts education, include the arts in the Department's periodic achievement tests, the National Assessment of Educational Progress, and create a national clearinghouse for arts education. Individual members of the Committee and its staff continue to work with the Department of Education on devising standards for arts education in the K-12 curriculum.

The President's Committee has addressed other timely issues as well. In December 1991, the Committee co-sponsored with the Institute of International Education a conference on the role of the private sector in advancing international cultural programs. Speakers from government, financial institutions, major corporations, and higher education explained the historic role played by cultural organizations in serving important long-range U.S. interests. At the same time the conferees noted that the United States faced serious budgetary problems and that the American educational system was failing to produce graduates who were prepared to deal with the demands of a global economy.

The conference concluded with recommendations for the formation of a new international cultural council to present the case for new funding of international cultural programs that increase America's competitiveness and promote international understanding.

CONCLUSION

Increasingly, other nations are looking to the American tax model as a means of financing cultural pursuits. Nations once known for their exclusive reliance on government funding now seek to stimulate private giving, and the newly emerging democracies of eastern and central Europe are attempting to develop private philanthropy as part of a free market economy.

Although we are confident that the programs of the National Endowment for the Humanities, the National Endowment for the Arts, and the Institute of Museum Services will continue to be effective in providing resources and leadership to our cultural institutions, it appears that the private sector increasingly will be called upon to add its support to meet the many competing priorities.

The President's Committee, working with the federal government and its agencies, can play an important role in stimulating private support for the arts and the humanities. Our recommendations, printed at the beginning of this report, suggest ways in which we believe the federal government can help to increase private support for the cultural life of the nation.

APPENDICES

MEMBERS OF THE PRESIDENT'S COMMITTEE ON THE ARTS AND THE HUMANITIES

Mrs. George Bush is Honorary Chairman of the President's Committee on the Arts and the Humanities.

Donald J. Hall, Chairman of the Board of Hallmark Cards, Inc. in Kansas City, Missouri, is Chairman of the President's Committee on the Arts and the Humanities.

Robert McC. Adams is the Secretary of the Smithsonian Institution.

Lamar Alexander is Secretary of Education.

Benjamin F. Biaggini is former Chairman and Chief Executive Officer of Southern Pacific Company in San Francisco, California.

James H. Billington is the Librarian of Congress.

Nicholas F. Brady is Secretary of the Treasury.

Henry E. Catto is the Director of the United States Information Agency.

Lynne V. Cheney is the Chairman of the National Endowment for the Humanities.

Richard J. Franke is Chairman and Chief Executive Officer of John Nuveen & Company in Chicago, Illinois.

David B. Kennedy is President of the Earhart Foundation in Ann Arbor, Michigan.

Susannah Simpson Kent is Director of the Institute of Museum Services.

Dominic Man-Kit Lam is Director Emeritus of the Baylor Center for Technology in The Woodlands, Texas.

Manuel Lujan, Jr. is Secretary of the Interior.

Emily Malino, designee of the Speaker of the House of Representatives, is Senior Designer with Metcalf, Tobey and Partners in Reston, Virginia.

Donald B. Marron is Chairman and Chief Executive Officer of PaineWebber, Inc. in New York City.

Konrad Matthaei is a Consultant with the United Negro College Fund.

Alexander K. McLanahan is Vice President of Kidder, Peabody & Company, Inc. in Houston, Texas.

Lynne D. Novack is Director of International Conferences at the University of Tulsa in Oklahoma.

Arturo D. Ortega is Senior Partner with Ortega and Snead, P.A. in Albuquerque, New Mexico.

Earl A. Powell III is the Director of the National Gallery of Art.

John F.W. Rogers, designee of the U.S. Secretary of State, is Under Secretary for Management, United States Department of State.

Marvin S. Sadik, designee of the Senate Majority Leader, is former Director of the National Portrait Gallery and an art consultant in Falmouth, Maine.

Arthur W. Schultz, former Chief Executive Officer of Foote, Cone and Belding Communications, is President of the Santa Barbara Museum of Art in California.

Jane DeGraff Sloat, former Executive Assistant to the Ambassador-at-Large for Refugee Affairs, is an active volunteer in the Washington, D.C. community.

Roger L. Stevens is Founding Chairman of The John F. Kennedy Center for the Performing Arts.

Oscar L. Tang is President and Chief Executive Officer of Reich and Tang, L.P. in New York City.

Jane Morgan Weintraub, former singer and actress, is active in the Los Angeles area arts community.

James D. Wolfensohn is Chairman of The John F. Kennedy Center for the Performing Arts.

FORMER MEMBERS

J. Carter Brown
George Grune
Joseph Verner Reed
Stanley S. Scott*
William E. Simon

**deceased*

STAFF

Diane J. Paton, Executive Director
Malcolm L. Richardson, Deputy Director
Wendy E. Bradley, Assistant to the Director
Cara J. Crowley, Staff Assistant

PRESIDENT'S COMMITTEE PUBLICATIONS

The Corporation as Catalyst
by Rawleigh Warner, Jr., 1984.

The Library of Congress in the American Tradition
by Daniel J. Boorstin, 1985.

The State of American Symphony Orchestras
by Schuyler G. Chapin, 1985.

Smithsonian Goals and Expectations
by Robert McC. Adams, 1985.

Art for the Nation
by J. Carter Brown, 1986.

Nurturing the New
by Willard C. Butcher, 1986.

Philanthropy and Public Policy in the United States
by Stanley N. Katz, 1986.

The Charitable Behavior of Americans
by David Rockefeller, Jr., 1986.

The Moral Imperative of Conservation
by James H. Billington, 1987.

Conservation, the Critical Need: Perspective, Purpose and Plan
by Lois B. Shepard, 1987.

Invest in the American Collection
(Edited Proceedings), 1987.

Effects of the Art Market on Institutions
(Edited Proceedings), 1987.

The Practical Value of Humanistic Study
by Franklin D. Murphy, 1988.

Liberal Education and Corporate America
by Michael Useem, 1988.

Youth in Philanthropy: Better to Give, 1988.

Mega Media and the Arts
(Edited Proceedings), 1988.

Report to the President, 1988.

Collections, Monuments and Architecture at Risk
(Edited Proceedings), 1989.

Creative Financing for the Arts and the Humanities
by William H. Kling, 1989.

Guide to Funding for Emerging Artists and Scholars, 1989.

The Intellectual and Cultural Dimesions of International Relations: Present Ironies and Future Possibilities
by James H. Billington, 1991.

The Language of Civilization: The Vital Role of the Arts in Education
by Harold M. Williams, 1991.

Reflections on a Multicultural Society
by Arthur Schlesinger, Jr., 1991.

The Value of the Arts
by Elizabeth Murfee, 1992.

The Value of the Humanities
by Lynne V. Cheney, 1992.

Shaping the New World Order: International Cultural Opportunities and the Private Sector
(Edited Proceedings), 1992.

EXECUTIVE ORDER AND AMENDMENTS

EXECUTIVE ORDER 12367 of June 15, 1982

President's Committee on the Arts and the Humanities

By the authority vested in me as President of the United States, and to establish, in accordance with the provisions of the Federal Advisory Committee Act, as amended (5 U.S.C. App. I), an advisory committee to assist in efforts to increase private sector support for the arts and the humanities, it is hereby ordered as follows:

Section 1. Establishment. (a) There is established the President's Committee on the Arts and the Humanities. The Committee shall be composed of the Chairman of the National Endowment for the Arts; the Chairman for the National Endowment for the Humanities; the Secretary of the Treasury; the Secretary of the Interior; the Secretary of Education; the Administrator of General Services; the Director of the Institute of Museum Services; the Director of the International Communication Agency; a member designated by the Secretary of State; and not more than twenty persons who are not full-time officers or employees of the Federal Government ("non-Federal members"), who shall be appointed by the President and shall be selected from among private individuals and state and local public officials who have a demonstrated interest in and commitment to support for the arts or the humanities. In addition, the Majority Leader of the Senate and the Speaker of the House of Representatives are each invited to designate a member of the Committee for appointment by the President, and the Librarian of Congress, the Secretary of the Smithsonian Institution and the Director of the National Gallery of Art are invited to serve as members of the Committee.

(b) The President shall designate a Chairman or Co-Chairmen from among the non-Federal members of the Committee, and may also designate Vice Chairmen from among members of the Committee.

Section 2. Functions. The Committee shall analyze, and make recommendations to the President and to the National Endowment for the Arts and the National Endowment for the Humanities with respect to, (i) ways to promote private sector support for the arts and the humanities, especially at the State and local levels; (ii) the effectiveness of Federal support for the arts and the humanities in stimulating increased private sector support, taking into account the economic needs and problems of the arts and the humanities and their relationship with the private sector; (iii) the planning and coordination of appropriate participation (including productions and projects) in major and historic national events; and (iv) ways to promote the recognition of excellence in the fields of the arts and the humanities. In performing these functions, the Committee shall collect, maintain and make available for appropriate distribution data on the sources and levels of public and private sector support for the arts and the humanities, and on the availability of cultural resources locally. The Committee's functions shall not conflict with the responsibilities of the National Council on the Arts and the National Council on the Humanities.

Section 3. Administration. (a) Members of the Committee shall serve without additional compensation for their work on the Committee. However, members of the Committee who are not full-time offices or employees of the Federal Government may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons serving intermittently in the Government service (5 U.S.C. 5701-5707), to the extent funds are available therefor.

(b) Any administrative support or other expenses of the Committee shall be paid, to the extent permitted by law, from funds available to the National Endowment for the Arts.

Section 4. General. (a) Notwithstanding any other Executive Order, the responsibilities of the President under the Federal Advisory Committee Act, as amended, except that of reporting annually to the Congress, which are applicable to the Committee, shall be performed by the Chairman of the National Endowment for the Arts, in accordance with guidelines and procedures established by the Administrator of General Services.

(b) The Committee shall terminate on December 31, 1982, unless sooner extended.

RONALD REAGAN
THE WHITE HOUSE, June 15, 1982.

EXECUTIVE ORDER 12378 of August 6, 1982

By the authority vested in me as President of the Constitution of the United States of America and in order to increase the membership of the President's Committee on the Arts and the Humanities by one it is hereby ordered that the last sentence of Section 1(a) of Executive Order No. 12387 of June 15, 1982 is amended by substituting a comma for "and" immediately after "Smithsonian Institution" and by adding "and the Chairman of the Board of Trustees of the John F. Kennedy Center for the Performing Arts" immediately after "National Gallery of Art".

EXECUTIVE ORDER 12399 of December 31, 1982

Continuance of Certain Federal Advisory Committees

By the authority vested in me as President......(as before) .....it is hereby ordered as follows:

Section 1. Each advisory committee listed below is continued until September 30, 1984.

.....(m)President's Committee on the Arts and the Humanities; Executive Order No. 12367 (National Endowment for the Arts).

EXECUTIVE ORDER 12489 of September 28, 1984

Continuance of Certain Federal Advisory Committees

By the authority vested in me as President.......it is hereby ordered as follows:

Section 1. Each advisory committee listed below is continued until September 30, 1985 unless terminated at a prior date by appropriate Executive order.

.....(e)President's Committee on the Arts and the Humanities, Executive Order No. 12367 (National Endowment for the Arts).

EXECUTIVE ORDER 12534 of September 30, 1985

Continuance of Certain Federal Advisory Committees

By the authority vested in me as President........it is hereby ordered as follows:

Section 1. Each advisory committee listed below is continued until September 30, 1987:

....(e)President's Committee on the Arts and the Humanities; Executive Order No. 12367(National Endowment for the Arts).

EXECUTIVE ORDER 12593 of April 21, 1987

President's Committee on the Arts and the Humanities

By the authority vested in me as President.......it is hereby ordered as follows:

Section 1. In order to provide for additional members of an advisory committee that assists in efforts to increase private sector support for the arts and the humanities, Section 1(a) of Executive Order No. 12367 is hereby amended by deleting the phrase "not more than twenty persons" and inserting in lieu thereof the phrase "such number of additional persons."

Sec. 2. Section 4(b) of Executive Order No. 12367 is hereby amended to read in full: "The Committee shall terminate on September 30, 1989 unless sooner extended."

EXECUTIVE ORDER 12692 of September 29, 1989

Continuance of Certain Federal Advisory Committees

By the authority vested in me as President........it is hereby ordered as follows:

Section 1. Each advisory committee listed below is continued until September 30, 1991:

....(e)President's Committee on the Arts and the Humanities; Executive Order No. 12367 as amended (National Endowment for the Arts).

EXECUTIVE ORDER 12704 of February 26, 1990

Amendments to Executive Orders Nos. 11830, 12367, and 12692

By the authority vested in me as President......it is hereby ordered as follows:

....Section 2. Amendment to Executive Order No. 12367 as amended. "President's Committee on the Arts and the Humanities."

Section 3(b) of Executive Order No. 12367 as amended, is revised to read as follows: "Any administrative support or other expenses of the Committee shall be paid to the extent permitted by law from funds available to the National Endowment for the Arts and the National Endowment for the Humanities, as determined by the agreement of those agencies."

EXECUTIVE ORDER 12774 of September 27, 1991

Continuance of Certain Federal Advisory Committees

By the authority vested in me as President......it is hereby ordered as follows:

Section. 1. Each advisory committee listed below is continued until September 30, 1993.

....(d)President's Committee on the Arts and the Humanities; Executive Order No. 12367, as amended (National Endowment for the Arts).

PRESIDENT'S COMMITTEE ON THE ARTS AND THE HUMANITIES
1100 PENNSYLVANIA AVENUE, N.W., SUITE 526
WASHINGTON, D.C. 20506
(202) 682-5409

THE WHITE HOUSE

1600 PENNSYLVANIA AVENUE

Welcome to 1600 Pennsylvania Avenue. This is the residence of the President of the United States, the historic symbol of the Executive Branch of our government, and a museum of some of our country's finest furniture, art, and historic artifacts.

The "Executive Mansion," as it was once called, serves many purposes and adapts to many different functions. This is where Presidents work; where they hold their meetings and conferences, as well as conduct formal ceremonies and treaty signings. It is also where Barbara and I live and host state dinners, receptions, and other social events.

Barbara and I want this to be an "open house," for all Americans, for it truly belongs to all the people of this country. As Frederick Douglass said in 1877, "Wherever the American citizen may be a stranger, he is at home here."

Like many who have visited the White House, we hope that you will enjoy the beauty of this special place, reflect on its rich and remarkable history, and be reminded of how fortunate we are to live in such a wonderful country. Together, let us pray that God will continue to "bless this house."

Barbara Bush   George Bush

OUR GOVERNMENT

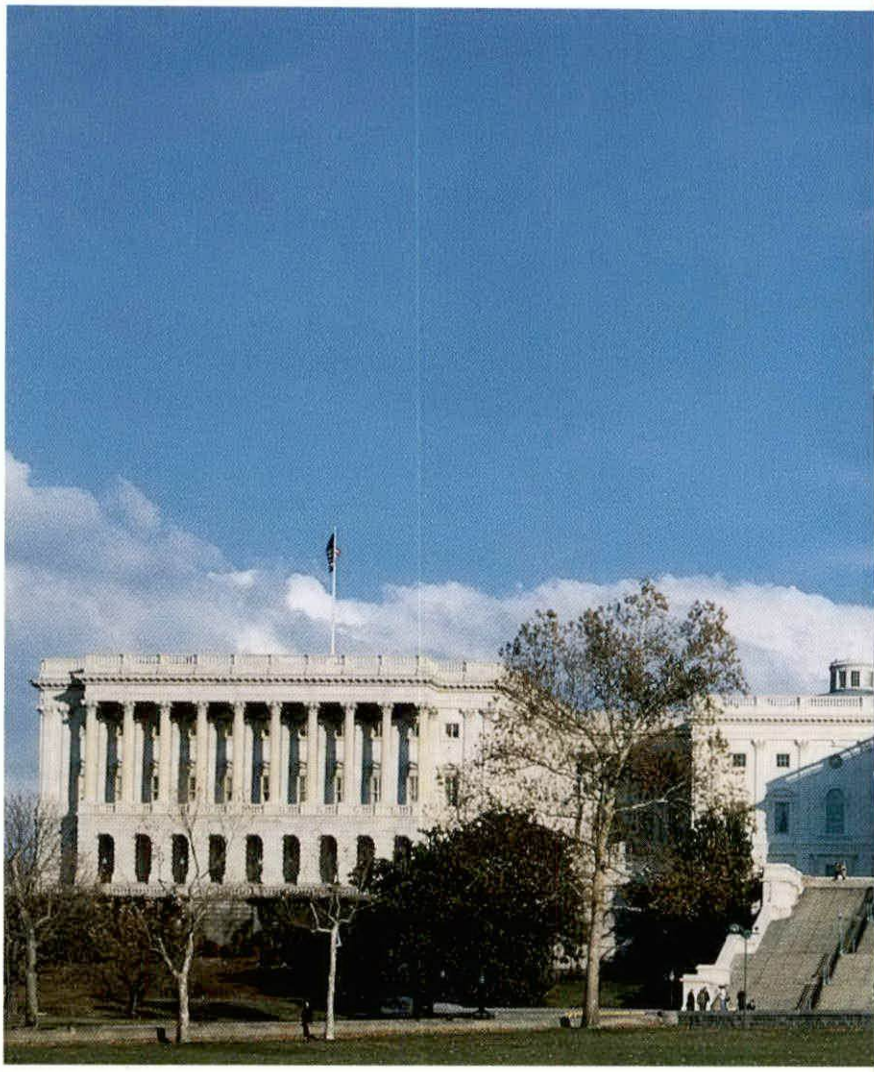
Our government is unique in that it performs three main functions: It makes laws; it administers laws; and, it protects the rights of individual citizens.

The Founding Fathers of our Nation devised a unique blueprint for our government that was both visionary and practical — the Constitution of the United States. In this document, the powers given to the Federal Government are divided among three equal branches: the Legislative Branch, which creates the laws; the Executive Branch, which administers them; and the Judicial Branch, which interprets the laws and settles disputes. This system provides the checks and balances on the three branches that safeguard the country against tyranny or dictatorship.

With acute wisdom and great foresight, our forefathers established self-government as the foundation and guiding principle of our way of life. We, the American people, by using our right to elect our leaders, are the ultimate authority.

Nowhere are the three branches of our Federal Government more visible than in Washington, D.C. Here, Members of Congress, the Supreme Court, and the President carry out the functions authorized by the Constitution on land specifically selected for our Nation's Capital.

In 1790, a plot of land along the shores of the Potomac River, bordering both Maryland and Virginia, was chosen as the site for the headquarters of our national government. At the time, this land was at the center of the original thirteen States that made up our country.



The United States Capitol

Major Pierre Charles L'Enfant, a young French engineer who had served in the Revolutionary War, was asked to devise a plan for the city. In his plan he highlighted the three buildings that

would represent the three branches of our government: the Congress, the Supreme Court, and the White House.

THE LEGISLATIVE BRANCH

"All legislative Powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and a House of Representatives."

Article I, Section I,
The Constitution of the United States.

On one of the highest points in Washington, D.C.—Jenkins Hill—sits the Capitol. This is the place where citizens speak their minds through their elected representatives who, in turn, conduct the Nation's business.

The Capitol, home of the American legislature, is a world-famous symbol of democracy. Presidents are sworn in under the shadow of its large dome, and Senators and Representatives are often interviewed in front of this imposing edifice. Tourists from every State and nation come to study what it stands for: a government of the people, by the people, and for the people. Within the walls of this first branch of government, the elected representatives of the people debate, deliberate, and decide the measures that govern our great Nation.

This legislative body is divided into two chambers: the House of Representatives and the Senate. Population determines the number of representatives from each State, while in the Senate, each State has two senators regardless of its size. Members of the House of Representatives, or "Congressmen" or "Congresswomen," as they are also known, are elected to serve a two-year term. Senators are elected for a six-year term. The framers of our Constitution felt this balance would provide a sense of continuity in the Senate while shifts in population and opinion would be registered in the House of Representatives.

Each chamber has distinctive roles. For example, the House initiates all revenue bills and handles impeachment proceedings, while the Senate approves Presidential appointees: Federal judges, Cabinet officers, Ambassadors, as well as all treaties. Together, members of the House and the Senate deliberate, vote, and enact laws in accordance with the will of the people who elected them.

THE JUDICIAL BRANCH

"The judicial Power of the United States, shall be vested in one supreme Court . . ."

Article III, Section I,
The Constitution of the United States.

The United States Supreme Court is the Nation's highest court. As such, it is the interpreter of the Constitution. This body is in session from the first Monday in October until June or July each year.

The Court is located directly across from the Capitol and, with its marble pillars, resembles an ancient Greek temple. Within its walls, the nine judges called "Justices" take an oath to uphold the Constitution and to interpret our laws according to its provisions. Each justice is nominated by the President, confirmed by the Senate, and is appointed for life. One of the nine justices is nominated to serve as the Chief Justice of the United States and presides over the Court.

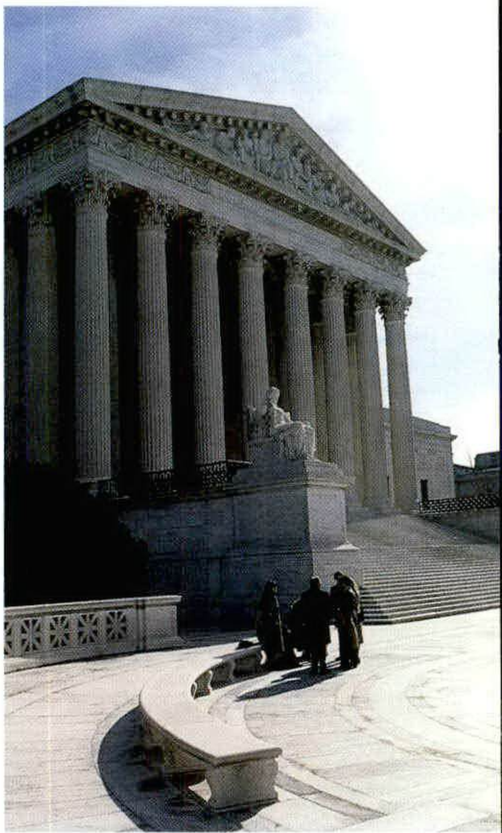
The Supreme Court has the power to review actions of our Federal, State, and local governments and determine whether laws enacted by the legislators are permissible within the provisions of the Constitution, particularly under the Bill of Rights — that is, if they are constitutional. Decisions by the Supreme Court become the law of the land. Only an addition to the Constitution, known as an amendment, or another Supreme Court decision can change a previous ruling. The justices interpret the law according to the Constitution and make certain the Legislative, Judicial, and Executive branches of the government conform to the principles set forth in the Constitution.

Q: How many justices are there on the Supreme Court?

In 1803, Chief Justice John Marshall described the job of the Court as follows: "It is, emphatically, the province and duty of the judicial department to say what the law is." That description still applies today.

The Supreme Court usually accepts fewer than 200 cases annually. Not everyone can bring a case to the Supreme Court. Most cases are settled in State or lower Federal courts. To reach the Supreme Court, a case normally must involve a constitutional issue of far-reaching consequence.

Like other appellate courts, the Supreme Court hears arguments from both sides. But, there are no witnesses or a jury. Ordinarily, the nine justices reach a decision by majority vote.



The Supreme Court

Chief Justice Charles Evans Hughes summed up the work of the Court saying, "We are under the Constitution, but the Constitution is what the judges say it is and the judiciary is the safeguard of our liberty and of our property under the Constitution."

Q: When does the Supreme Court come into session each year?

THE EXECUTIVE BRANCH

"The executive Power shall be vested in a President of the United States of America."

Article II, Section 1,
The Constitution of the United States.

The Founders of our Nation entrusted its executive powers to one person, the President of the United States. They left the duties of the office largely undefined, expecting that George Washington would be elected Chief Executive and that he would establish precedents and set examples. They were right.

President George Washington

Although George Washington's fervent wish was to remain in retirement at his home in Mount Vernon, public sentiment induced him back into service to help his fledgling country. Washington was sworn in as the first President at Federal Hall on Wall Street in New York City on April 30, 1789, taking the following Oath of Office, as prescribed by the Constitution: "I do solemnly swear (or affirm) that I will faithfully execute the Office of President of the United States, and will to the best of my ability, preserve, protect and defend the Constitution of the United States."

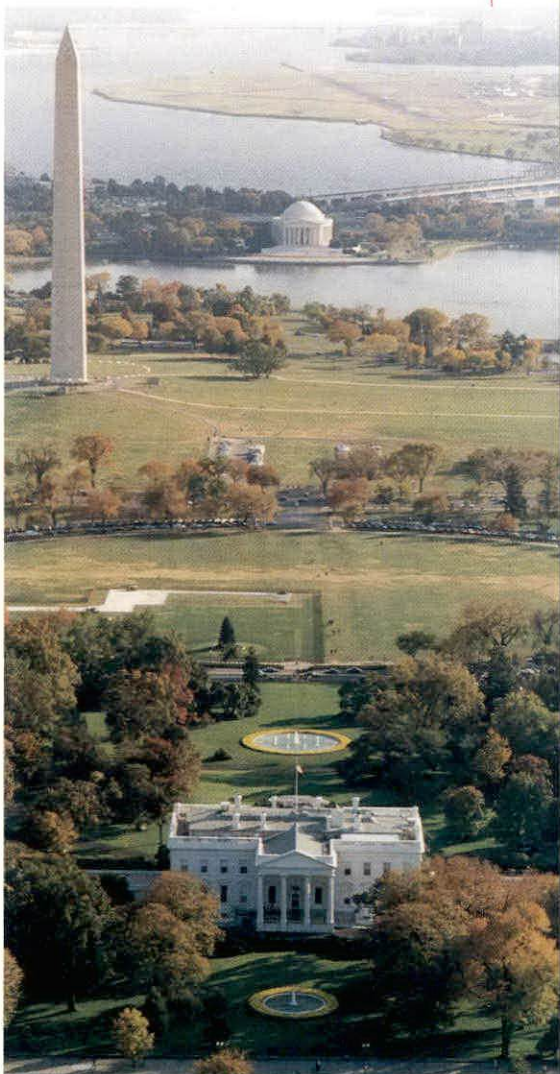
Each president since has repeated this brief and simple Oath of Office. The individual who is elected to this office directs the Executive Branch, enforces the law, and becomes Commander-in-Chief of the Armed Forces. He signs bills passed by Congress into law. He has the power to veto a bill; that is, keep a bill passed by Congress from becoming a valid law. The Presidential veto provides a control on Congress. However, the Congress can then override a Presidential veto by a two-thirds vote of the members of both houses. This is an example of the checks and balances built into the Constitution.

Each President has come to office with goals and objectives. History is filled with personal stories of how each President handled the problems of his time. Each had a dedicated group of men and women willing and eager to serve in the President's Cabinet or in other government agencies.

Historian Bruce Catton wrote of the office of the President: "If the story of the Presidents proves nothing else, it testifies to the enormous stability of the office itself and of the Nation that devised it. . . . Every man who ever lived in the White House understood that he was acting for something much bigger than himself. . . . Only a Nation with sound instincts for the survival of freedom, democracy and the national well-being could have chosen a group that stands the backward glance as well as this one does."

The Presidency is not a story of kings and queens or dictators, but of individuals assuming the leadership entrusted to them by their fellow citizens — all of varying talent, character and vision. They have often been models of influence and public service champions of great causes, who tried to use their power wisely and well. Many of them are remembered today, not only as great heroes of our country but also of the world.

Q: What promise does the President make when he takes the Oath of Office?



Aerial view of the White House, home of the Chief Executive

A BRIEF HISTORY OF THE WHITE HOUSE

The history of the White House goes back to June 1792, when the Commissioners of the newly established Federal City held a competition to design an official home for the President. Irish-born architect James Hoban submitted the winning entry. He competed against such entrants as Thomas Jefferson, who may have entered a design under the pseudonym "AZ." As a prize, Hoban received a $500 gold medal.

Q: Who was the architect of the White House?

President George Washington, together with city planner Pierre Charles L'Enfant, selected the site for the new residence. The inscription on the cornerstone reads: "This first Stone of the President's House was laid the 13th day of October 1792, and in the seventeenth year of the independence of the United States of America."

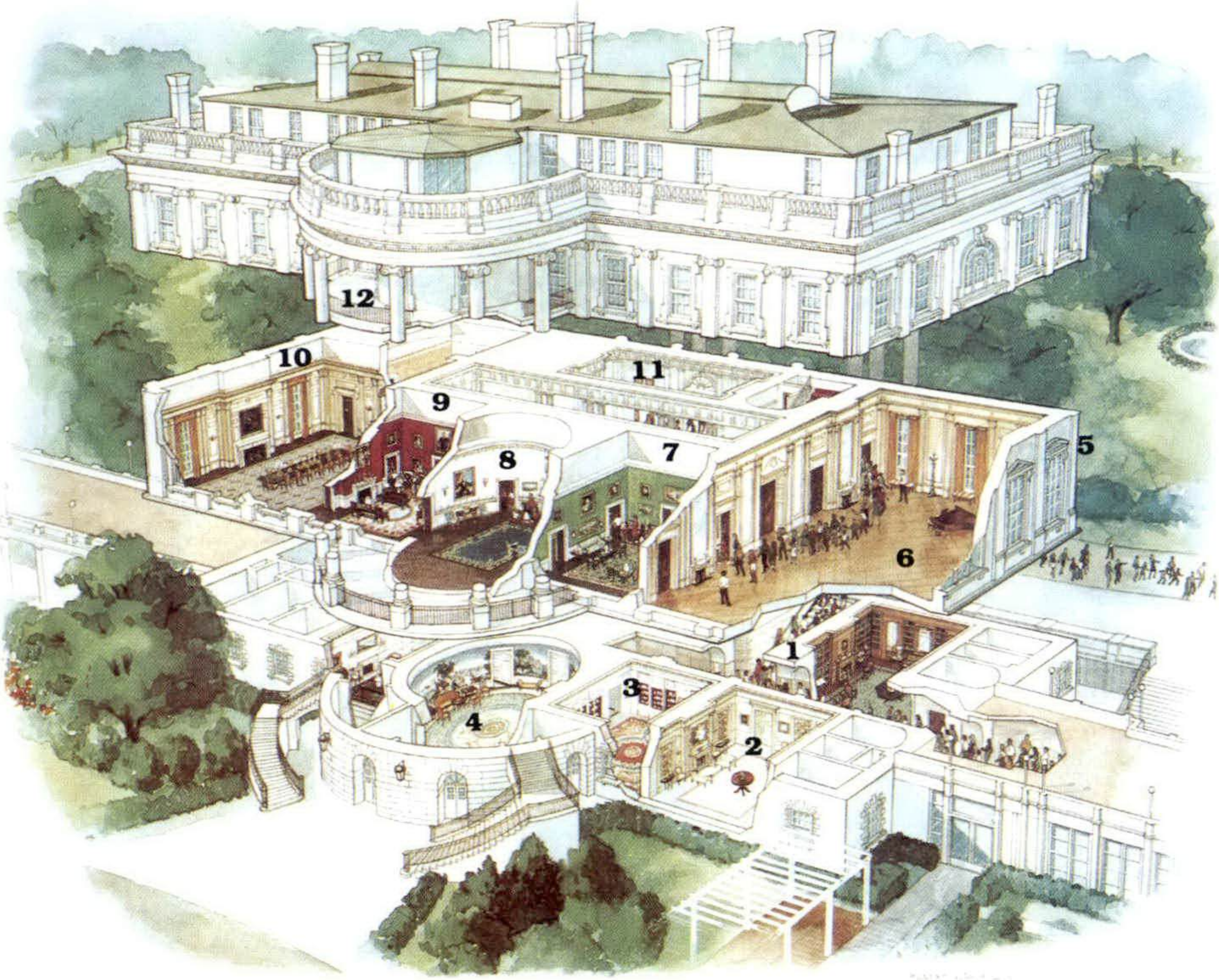
President Washington supervised the construction of the White House; yet he never lived in it. Stonecutters and masons labored eight years to complete the President's House. Finally, in November 1800, John and Abigail Adams moved into this building. Abigail wrote her sister of her new residence: "You must keep all this to yourself. When asked how I like it, say I write you the situation is beautiful, which is true. The house can be lived in, but there is not a single room finished. We have no fence, yard, or other convenience. . . . The main stairs are not up, and will not be this winter. . . . Yet this is a beautiful spot, capable of every improvement, and the more I view it the more I am delighted with it. . . ." A week later she wrote that: "Mrs. Otis, my nearest neighbor, is almost half a mile from me."

In 1814, during the War of 1812, the British troops captured Washington and set fire to the White House. Luckily, the building was spared complete destruction because of a two-hour summer rainstorm. Both the exterior and interior suffered extensive damage and, once again, James Hoban was called on to help in the reconstruction which took three years to complete.

Q: Who was the first president to live in the White House?

The White House has been through two major structural renovations — in 1902 and 1948. The second renovation took four years because serious structural deficiencies required that the wooden interior be changed to a steel and concrete one.

In 1964, the Committee for the Preservation of the White House was established, by Executive Order, to preserve and interpret the museum character of



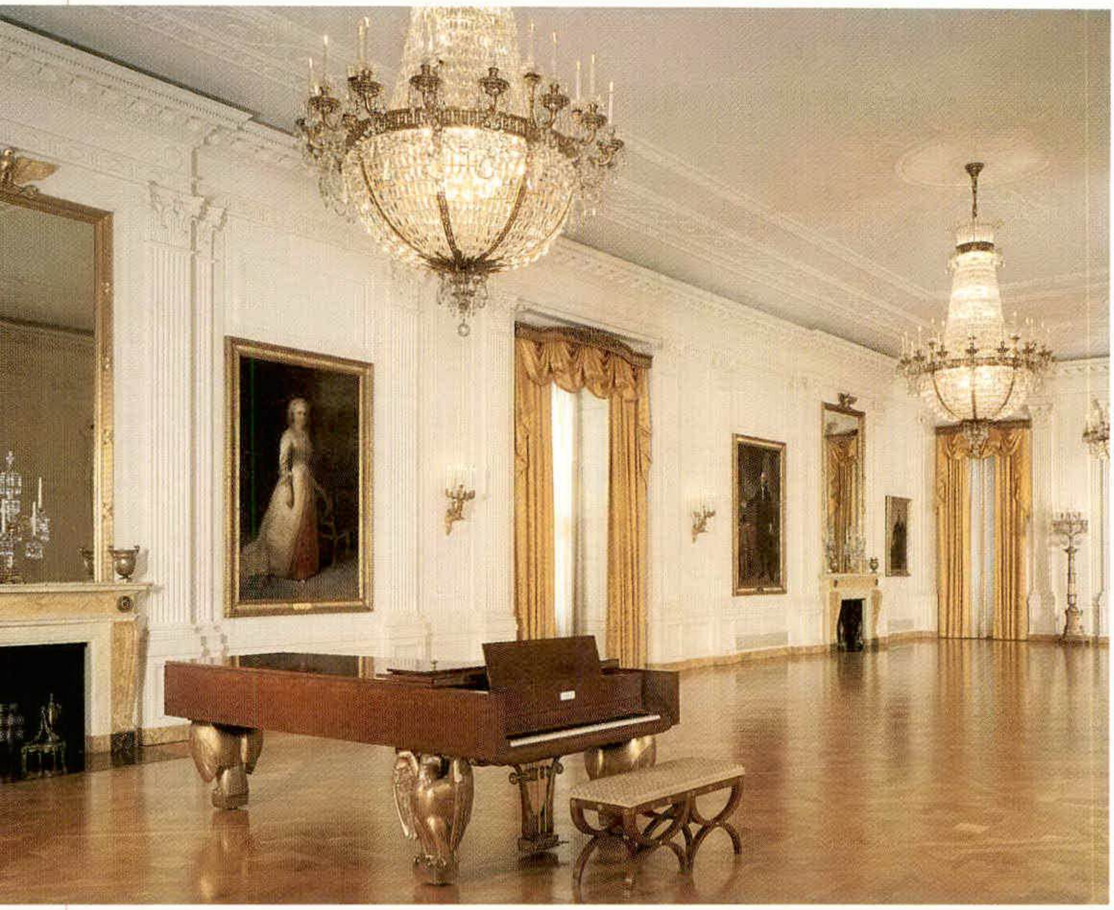
1. The Library
2. The Vermeil Room
3. The China Room
4. The Diplomatic Reception Room
5. The State Floor
6. The East Room
7. The Green Room
8. The Blue Room
9. The Red Room
10. The State Dining Room
11. Lobby and Cross Hall
12. The Second and Third Floors

Cutaway of the White House rooms

the State Rooms which are on public tour. A staff of 115 is required to maintain the 132 rooms of the White House and the eighteen acres surrounding it.

The White House is not only a private home for the President and his family but also a public building visited by thousands of Americans and people from other countries each year. Visitors number about 1.2 million annually.

The rooms on the ground floor and the first floor are usually open to the public Tuesday through Saturday from 10 a.m. to 12 noon. The White House is closed on Sundays, Mondays and holidays, as well as days when the First Family is using the public rooms for special events or official ceremonies. The Visitors Entrance to the White House is on East Executive Avenue. There is usually a line, so it is best to arrive early to avoid the crowds. In the summer months, free tickets are distributed from a booth on the Ellipse, just south of the White House, so visitors can go sightseeing and return at the time noted on their tickets.



The East Room

THE EAST ROOM

The East Room is the most versatile room in the White House. It has been used for dances, receptions, concerts, weddings, funerals, church services, press conferences, bill-signing ceremonies, and an assortment of other events. Teddy Roosevelt's children and President Carter's daughter, Amy, roller skated in this room.

James Hoban, the architect of the White House, intended the East Room to be the "Public Audience Room." Unfortunately, it remained virtually unfinished for twenty-nine years after the rest of the White House was completed. It was during this period that Abigail Adams hung her laundry in the room, and President Jefferson's secretary, Meriwether Lewis, used the East Room as his office and living quarters. Eventually, Andrew Jackson finished the room with lemon-yellow wallpaper, black marble mantels, cut-glass chandeliers, marble-topped tables and a Brussels carpet.

In 1902, Mrs. Theodore Roosevelt chose the gold and white color decor which still prevails. The room retains the painted wood panelling, modeled after late 18th century designs, along with its oak parquet flooring, as well as three Bohemian cut-glass chandeliers and eight relief insets illustrating classical scenes. The Steinway grand piano, with its heavily carved legs of gilded eagles, was presented to the White House in 1938.

The 1797 portrait of George Washington by Gilbert Stuart is the only surviving original White House possession. The painting was spared when Dolley Madison had the canvas removed from its frame as she was preparing to flee

The Green Room

the advancing British troops in 1814.

While most of the events in this room are joyous occasions, it has also been the place where, following their deaths, seven of our Presidents have lain in state.

THE GREEN ROOM

James Hoban intended the Green Room to be a "Common Dining Room." The painted green canvas floor cloth placed in this room by Thomas Jefferson, and the green silks used here by James Monroe, gave this room its current name. Monroe's successor, John Quincy Adams, dubbed it the "Green Drawing Room."

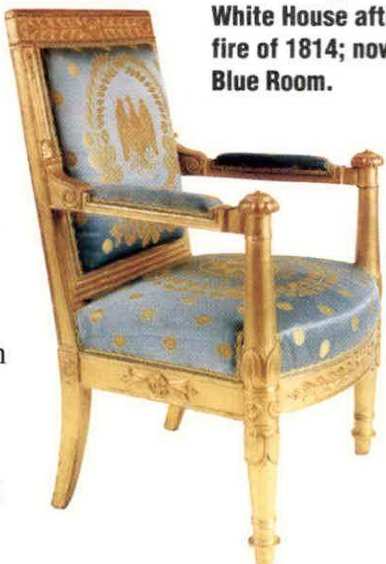
Over the years, the Green Room has been used as a card room, a sitting room and, in recent years, as a parlor for small teas, receptions and meetings. The room reflects the American Federal style of decoration, dating to the period from 1800–1815. The Italian marble mantelpiece was originally installed in the State Dining Room after the fire of 1814. The mantel was then moved to the Green Room during the 1902 renovation.

On the east wall hangs a portrait of Benjamin Franklin by David Martin. Many art critics consider this one of the finest portraits in the White House collection. On each side of the fireplace are two small, almost identical and exceedingly rare, mahogany worktables designed with many hidden compartments. These tables are believed to have come from the New York workshop of Charles-Honoré Lannuier and were probably made about 1810. A pair of Sheffield Argand lamps with oval-back mirrors, made in England in the 19th century, stand on each of the worktables. The carved and reeded mahogany pole-screen, which was used to filter heat from the fire, stands to the side of the fireplace. It holds a fine example of the embroidery done during that period and features the symbolic figure of Hope surrounded by a floral border.

The Blue Room

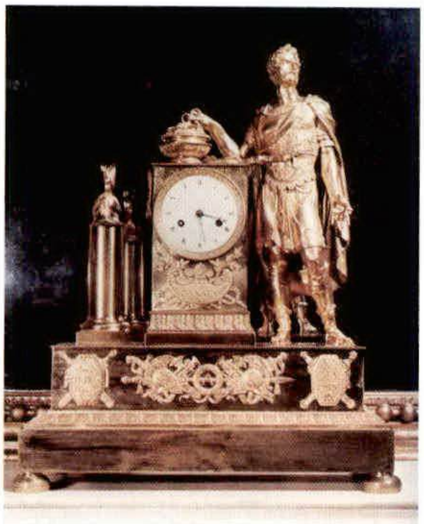
THE BLUE ROOM

James Hoban designed the Blue Room in an oval shape and named the room the "elliptical salon." The current name came into use after the 1837 redecorating efforts of Martin Van Buren. Refurbished in the French Empire style, the room features gilded chairs and a sofa fashioned



French gilded armchair from a suite purchased by President James Monroe in 1817 for the refurnishing of the White House after the fire of 1814; now in the Blue Room.

French mantel clock with a figure of Hannibal, also purchased by President James Monroe in 1817; one of the few objects to have been used in the White House continuously since 1817; now in the Blue Room.



by Parisian cabinetmaker, Pierre-Antoine Bellangé, which were purchased in 1817 by James Monroe.

The early 19th century French Empire motif is also represented in the chandelier, wall sconces and torcheres. The carpet was made in China in the mid-19th century.

To the left of the center window hangs an 1816 portrait of Andrew Jackson by John Wesley Jarvis. To the right is a portrait of Thomas Jefferson by Rembrandt Peale painted in 1800. The Blue Room faces out over the South Lawn with a splendid view of the Ellipse and the Jefferson Memorial. It is also where the President often receives the credentials of foreign ambassadors and welcomes heads of state.

During the holiday season each year, the chandelier is removed as the Blue Room has become the traditional location for the White House Christmas tree.

THE RED ROOM

The Red Room reflects the elegance of the American Empire style of the 1810–1830 period. The red silk wall covering matches the chair in the portrait of Dolley Madison by Gilbert Stuart, which hangs in the room where she held her fashionable Wednesday night receptions. This is also where many musical gatherings took place in the 19th century, and the furnishings occasionally included a piano or other musical instruments such as pianoforte and guitar.

The Red Room is furnished with several pieces of furniture from the New York workshop of cabinetmaker Charles-Honoré Lannuier. His masterpiece is a center table made of mahogany, with an inlaid marble top set in geometric patterns. The graceful Empire sofa, with its distinctively curved back rail and scrolled arms, sits on gilded

The Red Room

dolphin feet. The French chandelier, with 36 lights, was made about 1805 of carved and gilded wood. The lovely portrait hanging over the fireplace is Angelica Van Buren, the daughter-in-law of President Martin Van Buren, who served as his White House hostess.

Today, this beautiful room serves as one of the four State Reception Rooms.

White marble mantel in the Red Room, one of a pair purchased by President James Monroe in 1818.

President James Monroe

THE STATE DINING ROOM

The State Dining Room is located on the west side of the White House. This large and elegant room can seat 140 for dinner and is used to entertain foreign dignitaries and heads of state, or for special events.

This room was originally much smaller and served at various times, in the early 19th century, as an office and a Cabinet Room. In 1902, the main stairway from the west end of the house was removed. This enlarged the State Dining Room substantially. Theodore Roosevelt had buffalo heads carved into a new mantel, hung a moose head above it, and placed big game trophies on the walls of the room. Carved into the mantel is an inscription from a letter written by John Adams on his second night in the White House in 1800: "I Pray Heaven to Bestow the Best of Blessings on THIS HOUSE and on all that shall hereafter Inhabit it. May none but Honest and Wise Men ever rule under this Roof."

The State Dining Room walls are painted antique ivory, and the windows are covered with gold silk damask draperies. Above the mantel hangs a portrait of Abraham Lincoln, painted in 1869 by George P. A. Healy, which was later acquired by the President's son, Robert Todd Lincoln, whose widow gave the painting to the White House in 1939.

The State Dining Room

Q: What were the original names given to the Green Room and the Red Room?

Millie rests while the President works in the Oval Office.

Mr. President: Do you mind being left-handed?

A: Not at all. Like everything else in life, it's only a disadvantage if you think it is. In fact, being left-handed helped me when I played first baseman in baseball.

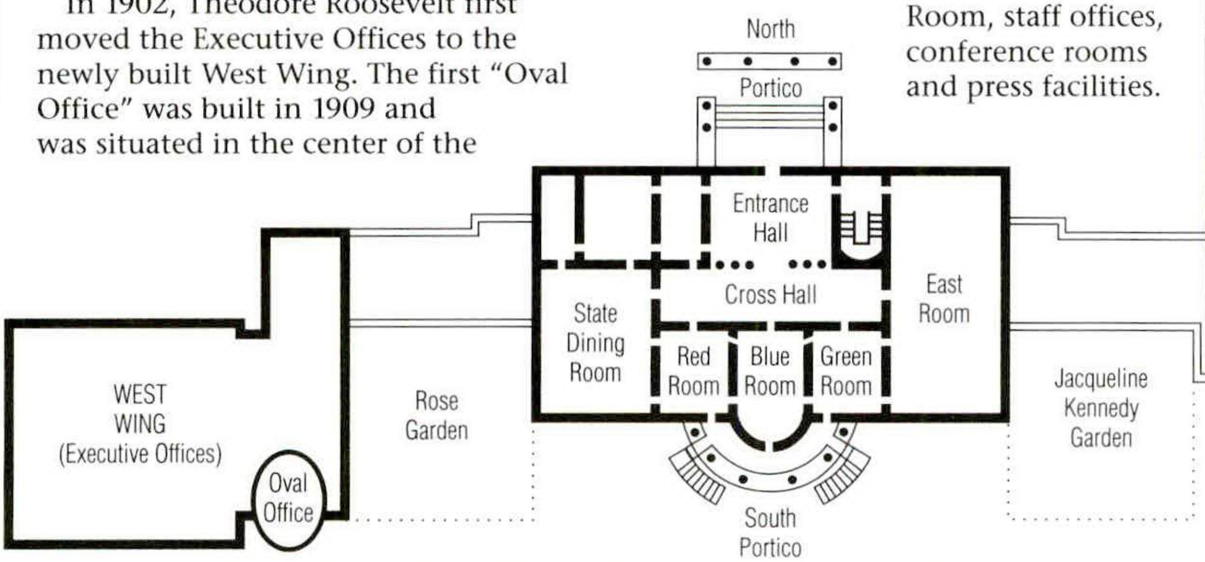
THE OVAL OFFICE

The Oval Office is located in the West Wing of the White House. Here the President goes about his daily work—making decisions, signing bills and Executive Orders, and meeting with his staff and a host of visitors and guests.

In 1902, Theodore Roosevelt first moved the Executive Offices to the newly built West Wing. The first "Oval Office" was built in 1909 and was situated in the center of the south front of the West Wing. It was occupied by William Howard Taft.

Franklin D. Roosevelt had the West Wing enlarged in 1934, when he moved the Oval Office to its current location in the southeast corner of the West Wing. Adjacent to the Oval Office are the Cabinet Room, the Roosevelt Room, staff offices, conference rooms and press facilities.

Floor Plan of the White House



The Rose Garden

Q: Which President moved the Oval Office to its present location? Where is it?

This room is often seen in photographs of the President meeting with dignitaries, or when he is on television giving an address to the Nation.

The desk in the Oval Office is modeled after an 18th century design called a partner's desk, so named as it has a full set of drawers on each side and can be used by two people at the same time. It was one of four made to order about 1920 for the van Swearingen brothers, former owners and operators of the Chesapeake and Ohio Railway Company. It was used by Presidents Ford and Carter in their private West Wing offices and was selected by Vice President Bush to be used in his West Wing office. In 1989, he requested it be moved to the Oval Office.

There are many interesting items in the Oval Office, especially a portrait of George Washington painted by Rembrandt Peale which hangs over the fireplace. In the ceiling is a bas-relief of the Presidential Seal. The Seal can also be found in the President's flag behind his desk and in the blue, gold and ivory, oval wool carpet on the floor. President Bush chose the blue and white color scheme for the room. New draperies and carpet were installed in 1990.

President Franklin D. Roosevelt

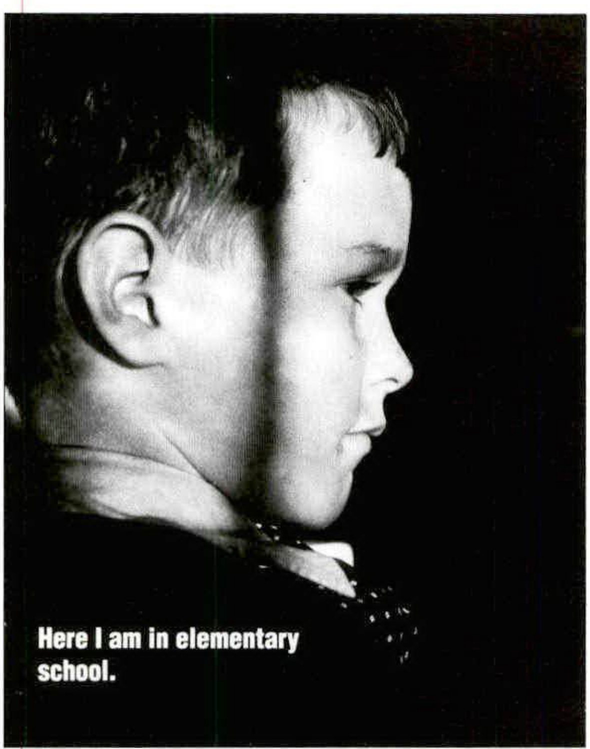
EAST WING (Public Tours start)

Q: What is the name of the type of desk that President Bush uses?

MY JOURNEY TO THE WHITE HOUSE

By George Bush

I was born in Milton, Massachusetts, on June 12, 1924, to Dorothy Walker Bush and Prescott Bush. I had one older brother, Prescott, and two younger brothers, Jonathon and William, and one sister, Nancy. We grew up in Greenwich, Connecticut. Dad taught us about the importance of duty and public service, and Mother guided us on the importance of personal relationships and learning to understand people. We were a close, happy family, and never closer or happier than when we crammed into the station wagon each summer to visit Walker's Point in Kennebunkport, Maine. The Point was named by my grandfather, George Herbert Walker, and his father, David, who had bought it jointly as a family vacation home.

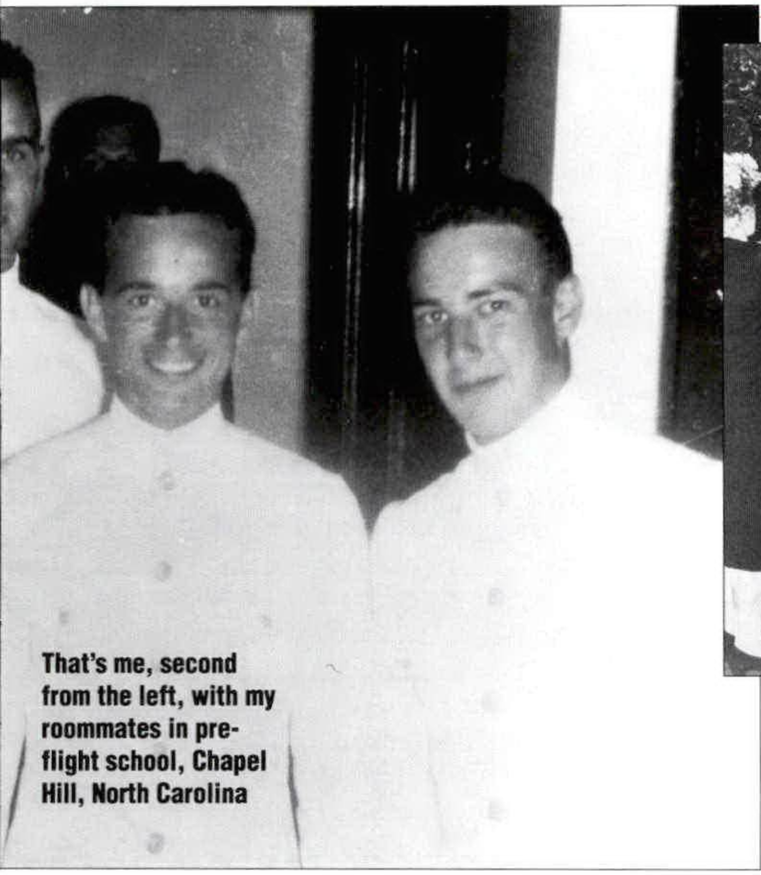


Here I am in elementary school.

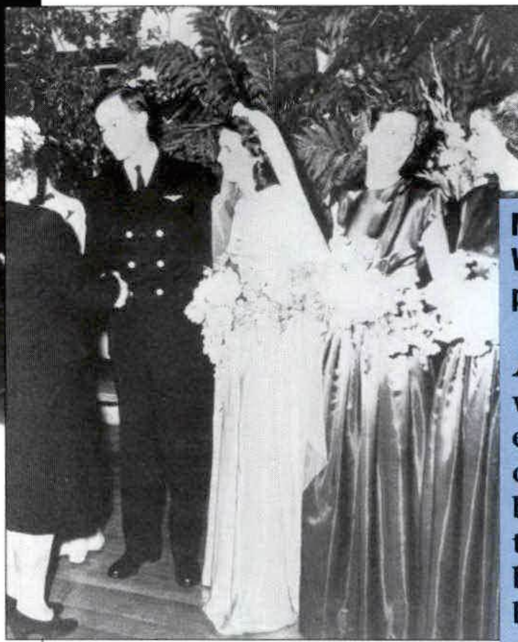
December 7, 1941, changed the lives of all Americans. Six months after the attack on Pearl Harbor, I received my diploma from Phillips Academy, Andover, Massachusetts. On my eighteenth birthday that June, I went to Boston, enlisted in the Navy, and was sworn in as a Seaman Second Class. After training in North Carolina, I received my wings and commission while still 18, the youngest pilot in the U.S. Navy, I was told.

Getting ready to take off, 1943

I served on active duty from August 1942 to September 1945, mostly in the Pacific. I flew torpedo bombers off the USS SAN JACINTO. Like most torpedo bomber pilots, I liked the teamwork and camaraderie of our three-man crew. I became attached to my plane, naming



That's me, second from the left, with my roommates in pre-flight school, Chapel Hill, North Carolina



One of our wedding photos

it "Barbara," after a girl I had met at a Christmas dance back home. Barbara Pierce lived in Rye, New York, and went to school in South Carolina.

After we met, she and I visited each other and our families often. After I got my wings and went into advanced flight training, we took the next important step. In August of 1943, she joined the Bush summer convocation in Maine where, between boating and fishing excursions, we were secretly engaged—secret, to the extent that the Japanese and German high commands weren't aware of it.

On September 2, 1944, during an air strike against the Bonin Islands, my plane was hit by flak. It was as if a massive fist had reached up and crunched the belly of the plane. After completing our bombing run, I ordered the crew to bail out and then I parachuted out. I could find no sign of my crewmates, Jack Delaney and Ted White, or their yellow rafts. I was rescued by the USS FINBACK, a submarine. Jack Delaney and Ted White did not survive. One went down with the plane; the other was seen jumping, but his parachute failed to open. The Navy later awarded me the Distinguished Flying Cross for knocking out the enemy communications center on the island. My month on the FINBACK gave me time to reflect, to go deep inside myself and search for answers as to why I survived and my crewmates were lost. I returned to the SAN JACINTO, and after completing 58 combat missions, I was ordered home. No reunion could have been more perfect, for I arrived on Christmas Eve. There were tears, laughs, hugs, and joy all around.

Barbara and I were married two weeks later on January 6, 1945, at the First Presbyterian Church in her hometown. After the war ended, I entered Yale University and earned a degree in economics. Our first son, George W., was born while we were at Yale. Like a lot of veterans, I was in a hurry to finish school so I doubled up and completed my courses in 2½ years. I also captained the varsity baseball team and played first base. One of my biggest moments came in my senior year, when baseball

Mr. President: What advice did your parents give you?

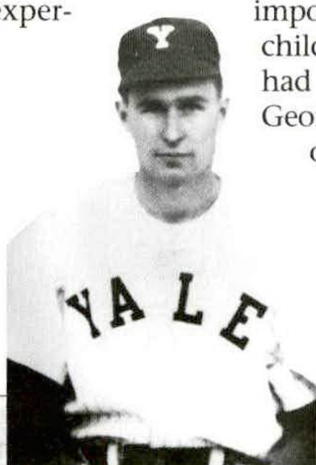
A: My parents were strong believers that each one of us had responsibilities as a citizen, the major one being: to do our best at whatever we did whether at home, school, in sports or community work. They both encouraged my brothers, sister and me to live up to our full potential by using our God-given talents and to share them generously. I have tried to instill in my children, and now my grandchildren, this same philosophy of life, as the promise of America — its potential and opportunity — is dependent on all of us. In so doing, we will help our Nation to live up to the hopes and dreams of our Founders.

great "Babe" Ruth visited Yale to present the school library with the original manuscript of his autobiography. I was honored to meet him on what was one of his last public appearances.

Barbara and me in 1947

After graduation, I took a job in Odessa, Texas, as a sales trainee and then as a supply salesman in West Texas and California from 1948 to 1950. With the help of some friends, I started a small royalty firm, Bush-Overby Oil Development Company. In 1953, we co-founded Zapata Petroleum Corporation. A short time later, in Midland, Texas, I set up the Zapata Off-Shore Company, a firm that pioneered in experimental offshore drilling equipment.

Q: How many years have the Bushes been married?



First baseman and captain of the Yale baseball team — 1948

Our family in 1960

In 1953, Barbara and I learned that a physical examination had shown that our young daughter, Robin, was very sick. She had leukemia. Barbara and I took her to specialists in New York to see if anything could be done. Summer passed into fall. I shuttled between Midland and New York City. Quietly, Robin slipped away. She was three years and ten months old. To this day, like all parents who have lost a child, we wonder why. Yet we know that, whatever the reason, she's in God's loving arms.

We had moved to Houston in 1958 to be closer to the action of the offshore drilling industry. In 1964, I was bitten by a bug — politics. As I saw it, money was not the ultimate measure of achievement. I concluded there were other, more important ways to contribute to our children's future. By now, Barbara and I had four sons and one daughter: George, Jeb, Neil, Marvin, and Dorothy, or "Doro" as we call her. Barbara shared my concern over the way things were going in the country and my feeling that we had an obligation to put something back into a society that had given us so many opportunities. Although Texas was a heavily Democratic state, I ran for the U.S. Senate in 1964. I lost. Two years later, I ran for Houston's Seventh District seat in the U.S. House of Representatives and was elected. I was reelected two years later without opposition. I served on the Ways and Means Committee and developed many friendships and a healthy respect for the workings of the Legislative Branch.

In 1971, President Nixon asked me to serve as the United States Ambassador to the United Nations in New York City, after having tried another Senate run in 1970. It was a great chance for Barbara and me to meet people from around the world and to learn about the issues that affected their countries and ours. I have seen the flaws of the U.N. up close, but I also know firsthand what the organization can accomplish in humanitarian, social, and peace-keeping assistance when ideological differences can be held to a minimum.

In January 1973, I got another call from the President — this time asking me to be Chairman of the Republican National Committee. After talking it over with Barbara and the kids, I called the next day to accept. I stayed at the RNC for 20 months and developed strong relations with leaders of our Party throughout the Nation.

In October 1974, President Ford, who had succeeded Mr. Nixon in office, gave me the opportunity to serve as Chief of the U.S. Liaison Office in the People's Republic of China. Beijing was a challenge, a journey into the unknown. We learned a lot about that vast nation of nearly one billion people; it was a fascinating experience.

Barbara and I were called back to Washington in 1975 by President Ford. I was pleased to be offered the post of Director of the Central Intelligence Agency. My diplomatic experience had made me aware of the role of intelligence operations in foreign affairs, and I was happy to be part of an agency I deeply respect, and also to do what I could to strengthen it.

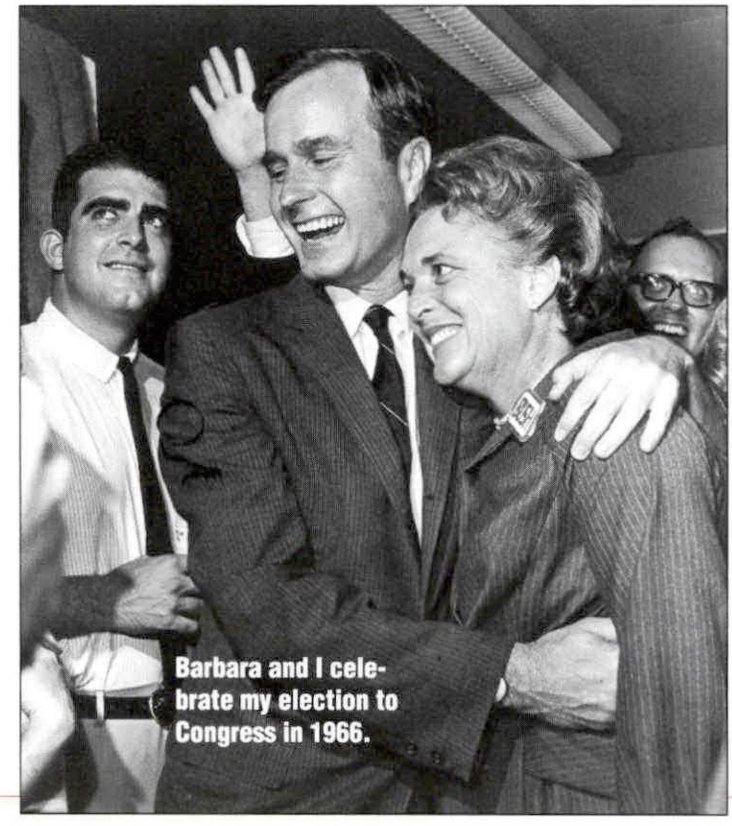
Although I campaigned hard for the Presidential nomination in 1980, I dropped out of the race in May. In July, Ronald Reagan asked me to be his running mate at the Republican National Convention in Detroit. On November 4 of that year, the Reagan-Bush ticket won the election. We were sworn in on January 21, 1981. President Reagan and I served together as a team. Our trust and friendship grew every day. I was honored to work at the President's side and to head up the Administration's anti-terrorism program, the Task Force on Regulatory Relief, and the National Narcotics Board Interdiction System. As part of my job, Barbara and I traveled to many countries to consult with world leaders on behalf of our government.

It came as no surprise to anyone when I decided to run for President in 1988. I was honored that the American people voted for the Bush-Quayle ticket and that we won the election. I intend to live up to the trust that was accorded me.

Q: What are the different jobs the President has held?

In China in 1974

Heading for the office as a new Congressman



Barbara and I celebrate my election to Congress in 1966.

MY LIFE AS PRESIDENT

By George Bush

Every four years our country celebrates an event called the Inauguration of a newly-elected President. It is an occasion to honor the swearing-in of the President who represents the voters' choice as the leader of our great Nation.

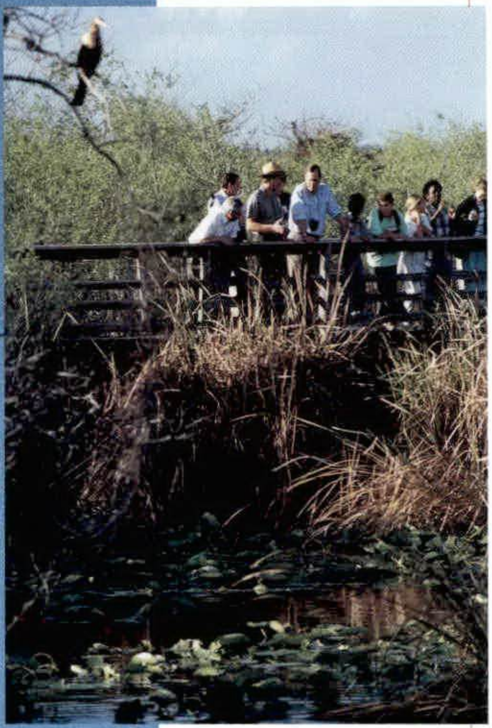
I was inaugurated on January 20, 1989, on the west side of the Capitol. Since placing my hand on the Bible that January day and promising, in my Oath of Office, to live up to the trust that was accorded me, my life has been very busy, indeed. It was an exciting and unforgettable experience for the entire Bush family, as well as a rich and historical moment for our Nation, because we celebrated the 200th Anniversary of the Inauguration of our first President, George Washington. Once again, we were reminded how blessed we are to live in a country where we transfer power through the orderly process of a public election. Believe me, the events of that day will always remain in my memory.

Meeting with my Chief-of-Staff, Governor Sununu

Marine One lifting off from the White House lawn

The new Air Force One

I love the job. Each day I am eager to address the challenges before us and seek solutions to problems facing us as a Nation. Each morning I walk from the residence to the Oval Office to meet with my staff and review plans for the day and weeks ahead. My schedule is filled with a variety of activities. I receive daily National Security briefings and meet regularly with my Cabinet; that is, the men and women who manage the various departments of the government. I receive reports and recommendations from commissions and



Learning more about one of our Nation's wetland preserves

committees that are examining some of the issues our Nation faces. I also meet with legislators from Capitol Hill and sign bills into law. When the weather permits this is done at special ceremonies in the Rose Garden.

Planning my day with the help of my staff

On occasion, we have welcoming ceremonies on the South Lawn of the White House for heads of state. At the conclusion of these greetings I have the opportunity to discuss matters of mutual concern with our guests. In the evening, Barbara and I host a State Dinner for the visiting dignitary. These functions are always exciting and elegant and of great value in fostering our diplomatic relations with other countries.

Some days I travel to other parts of our great country. I usually leave from the South Lawn of the White House on the helicopter, Marine One, and fly to Andrews Air Force Base to board Air Force One. On these trips, I am able to talk with other public officials about local and regional problems or meet with citizens to learn about their concerns. Sometimes I am able to

Presenting an award to an outstanding citizen speak with students at various schools and listen to their comments and ideas. I always look forward to these times spent "on the road."

There are many opportunities to travel to foreign countries. Before my departure, members of the White House Advance Office travel to the host country to work with various agencies in formulating the intinerary. It is determined ahead of time — the places to be visited, the meetings I'm to attend, and the ceremonies and social events that will be scheduled. We also have security personnel, a communications team, policy advisors, and other support staff who travel with us.

A secret just for me

Facing the press

Since my election, I've had the opportunity to travel to Germany, England, Columbia, Malta, Japan, China, Poland, Hungary, France, and Bermuda, to name a few countries.

As a result of face-to-face summits and meetings with leaders of various countries, I have been able to establish personal relationships.These, I believe, are important to enhancing our country's economic growth and security interests, as well as its leadership in the world community.

Wherever Barbara and I travel, we enjoy the opportunity to meet with the people of other countries and to represent the people of the United States.

A state arrival ceremony on the South Lawn

SEASONAL EVENTS

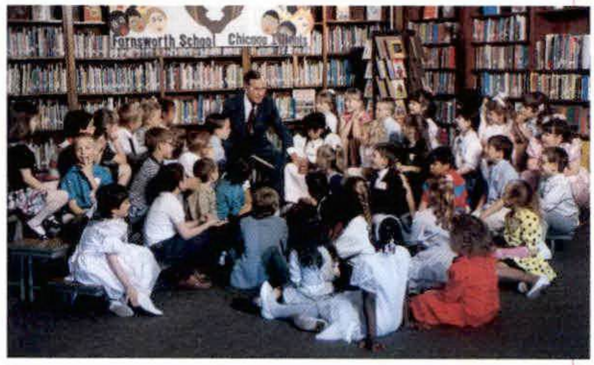
There are a few seasonal events that are regularly part of our schedule. In January, it is traditional for me, as the President, to make a formal address before a joint session of Congress to report to the Nation on the State of the Union. The requirement for this report is found in Section 3 of Article II of the United States Constitution.

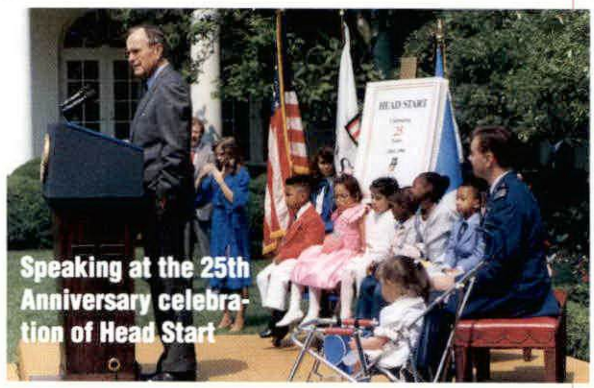
On Monday, the day after Easter, Barbara and I look forward to welcoming thousands of young children to the White House Egg Roll. This event was originally held at the Capitol, but was moved to the White House lawn by President Hayes in 1879. The children who attend this annual, fun-filled event

Congratulating the NCAA women's championship lacrosse team from Ursinus College

Congratulating the San Francisco Forty-Niners

Encouraging young citizens to do their best in school





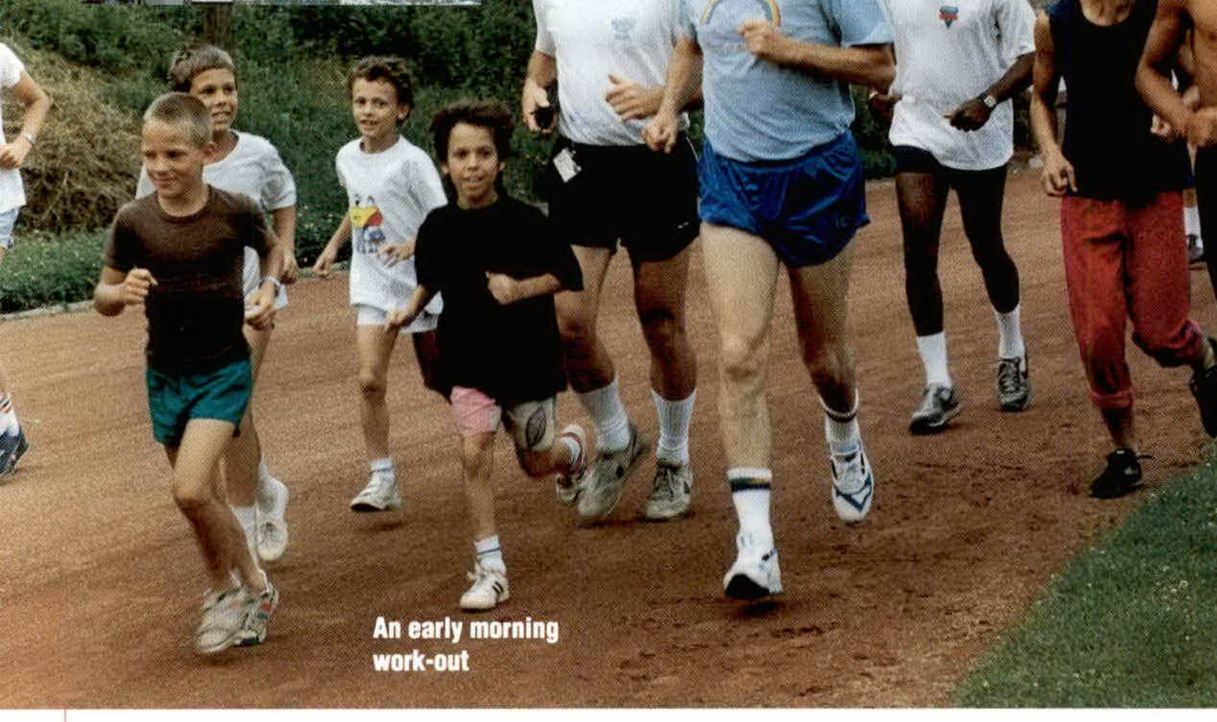
Speaking at the 25th Anniversary celebration of Head Start

Behind the scenes at an interview

are always treated to a variety of games and activities.

During the spring and fall, the grounds of the White House are open on particular days so the general public can enjoy the beauty of the gardens and grounds of the "President's Park." Thanks to the constant care and attention of the staff of the National Park Service, the trees, shrubs and flowers are kept in prime condition. The beauty

Still waiting . . .



An early morning work-out

The 18th hole . . . a birdie?

of the gardens always pleases visitors. To the east of the White House, the Jacqueline Kennedy Garden is a miniature delight. To the west of the mansion, there is an area tucked between the main body of the White House and the Oval Office that is the celebrated Rose Garden, where many of the ceremonial functions take place.

During the month of December, Barbara and I are pleased to light the National Christmas Tree on the Ellipse, south of the White House grounds. Shortly after that ceremony, the White House is opened to a variety of groups such as senior citizens' and children's organizations, children of foreign diplomats, families of staff members, and Members of Congress and the press to view the holiday decorations. Some of the nicest evenings during this season are when the White House is open to the general public for the Candlelight Tour and viewing of the Christmas decorations.

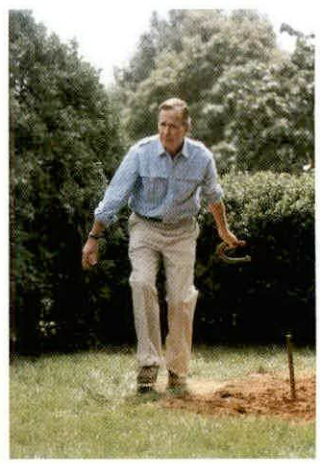
WE'RE GOOD SPORTS!

Barbara and I have always enjoyed regular, daily exercise. We're lucky enough to have a pool, a tennis court, and a horseshoe pit right here on the grounds of the White House, and we use them all. Each morning Barbara goes to the swimming pool and does laps for at least a mile. I try to go jogging as often as I can, whenever and wherever possible.

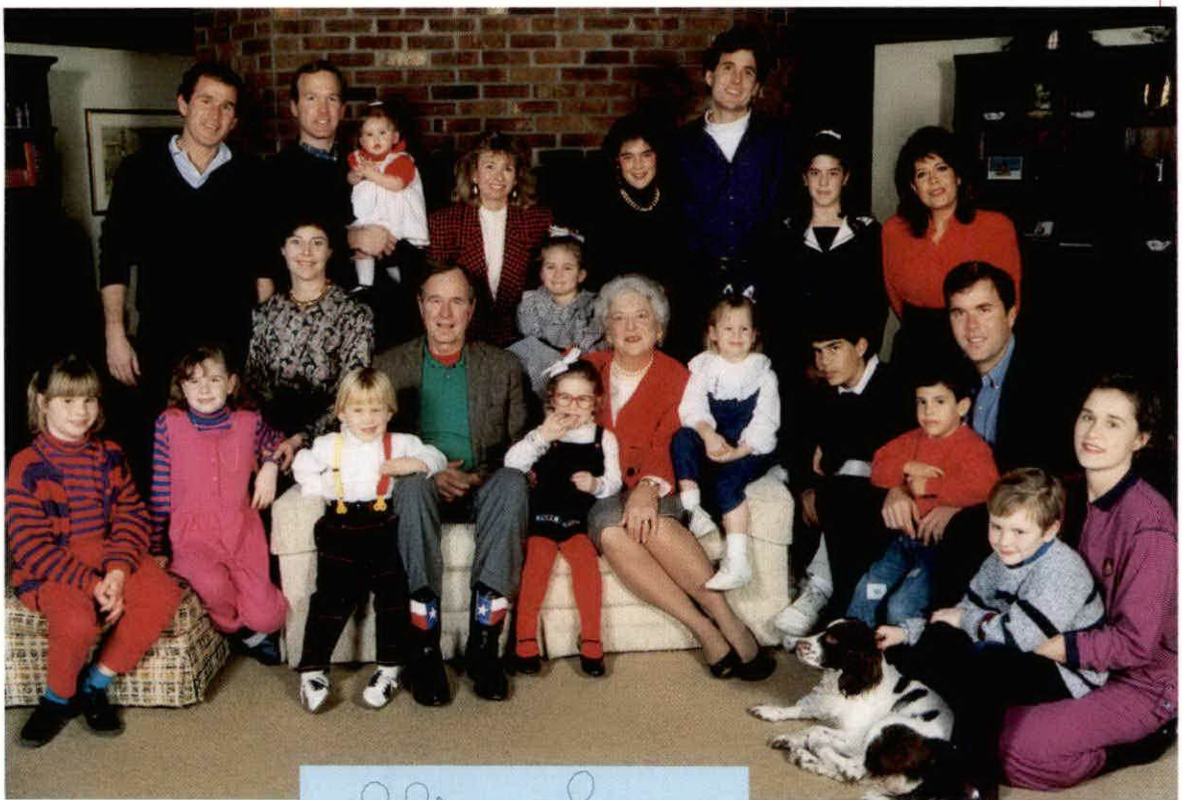
If I'm lucky, and can break away from the office, I love to try my luck with a rod and reel. When I'm in Maine, I use my boat, "Fidelity," to go fishing in the Atlantic Ocean. I also enjoy surf fishing or just relaxing in a boat on a calm, clear lake.

GETAWAYS

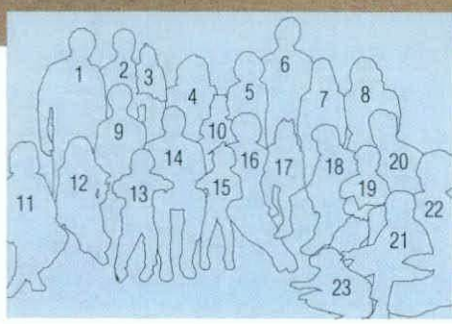
After a busy week, Barbara and I are always delighted to get away to one of our two favorite retreats: Camp David or Kennebunkport, Maine.



One of the President's favorite games — horseshoes



1 George W. Bush
2 Neil Bush
3 Ashley Bush (daughter of Neil and Sharon Bush)
4 Sharon Bush (wife of Neil Bush)
5 Margaret Bush (wife of Marvin Bush)
6 Marvin Bush
7 Noelle Bush (daughter of Jeb and Columba Bush)
8 Columba Bush (wife of Jeb Bush)
9 Laura Bush (wife of George W. Bush)
10 Lauren Bush (daughter of Neil and Sharon Bush)
11 Jenna Bush (daughter of George W. and Laura Bush)
12 Barbara Bush (daughter of George W. and Laura Bush)
13 Pierce Bush (son of Neil and Sharon Bush)
14 President Bush
15 Ellie (Nancy) LeBlond (daughter of Doro Bush LeBlond)
16 Mrs. Barbara Bush
17 Marshall Bush (daughter of Marvin and Margaret Bush)
18 George P. Bush (son of Jeb and Columba Bush)
19 Jebbie (John Ellis) Bush (son of Jeb and Columba Bush)
20 Jeb (John Ellis) Bush
21 Samuel LeBlond (son of Doro Bush LeBlond)
22 Doro Bush LeBlond
23 Millie (dog)



The Bush Family at Camp David

Franklin D. Roosevelt was the first President to select a regular "Presidential retreat" site which he called Shangri-La. President Eisenhower renamed it Camp David, in honor of his grandson. It is located at Thurmont, Maryland, in the beautiful Catoctin Mountains and is only a short helicopter ride from Washington. What an ideal place for a weekend.

While away from the hectic schedule, I am always in touch with the Vice President and the staff. Thanks to an intricate communications system, we stay in contact wherever I may be.

Q: Camp David: What was its original name?

Each August, and some long weekends, our family looks forward to spending time at our vacation home in Kennebunkport. It's a tradition that was started by my grandfather and passed along to me and my children and grandchildren. Here, Barbara and I and the family can enjoy the cool salt air, roam freely on the rocks, go fishing, or relax and enjoy reading a good book. Barbara loves having the opportunity to work in her garden while I'm happy to grab my golf clubs and find the nearest golf course. We all catch up on our tennis and try our hand at horseshoes.

Like all family vacations — the best part is just being together, laughing and catching up on what is new in everyone's life.

After a long day— time to relax

I could not be happier with my life, which is such a wonderful thing to be able to say! I have many caring friends. I have five wonderful children, four lovely daughters-in-law and 12 precious grandchildren. And, I'm married to the finest man I know — who just happens to be President of the United States.

George Bush and I have been married since January 6, 1945, and there's never been a dull moment. Because of his varied careers in business and public service, our life has been filled with excitement and travel. We have lived in 17 cities and in 29 different homes. Since my husband became Vice President in 1981 and President in 1989, we have made over 90 visits to foreign countries. Throughout these years and many miles, I've taken great pleasure in raising the children, helping my husband in any way I could, and helping others.

The President's career in politics has given me a unique opportunity to help by getting involved in various causes. Since 1980, my major focus has been literacy and reading. I have always loved books (*Little Women* was my favorite when I was growing up), and reading continues to be one of the great joys of my life. But far too many Americans have difficulty reading, writing, and computing, which is a tragedy.

I am convinced that poor reading skills are linked to so many of our other

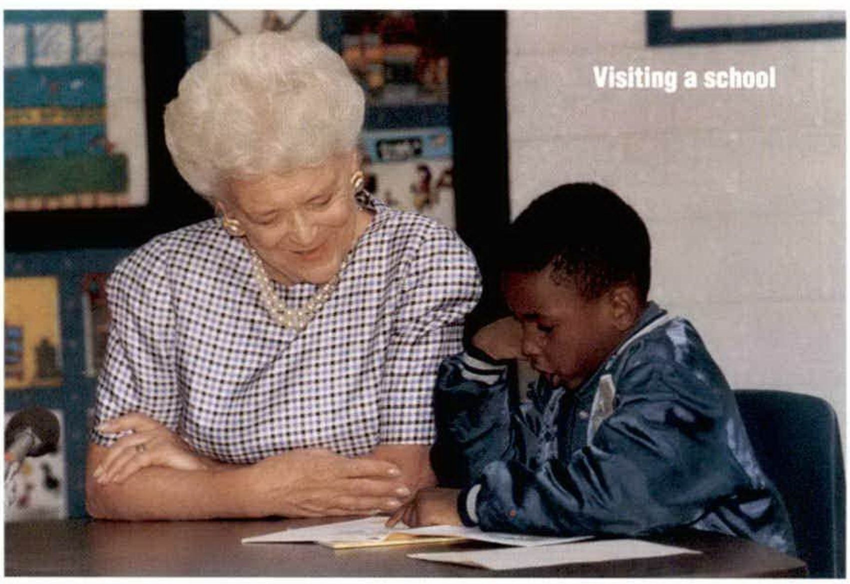
'AN HONOR AND A JOY'

By Barbara Bush

Enjoying the company of young people and their parents

social problems, such as drug abuse and unemployment. So I spend a good deal of my time calling attention to the need for greater literacy in our country and encouraging groups and individuals to get involved. I particularly like to stress the importance of parents and caregivers reading to children. This, and valuing education in the home, is the best way parents can assure their children's success in school.

I also encourage volunteerism by people of all ages whenever I can. It has always been inspiring to me to see people reaching out, helping others, and making a difference everywhere I travel.



Visiting a school

Visiting a senior center

Acknowledging adult literacy

Attending a Hearing and Speech Awareness Day program

Over the years I have met senior citizens helping parents care for acutely ill children, people of all ages visiting nursing homes, and volunteers in schools and mentors forming positive relationships with young people. I have seen compassionate people caring for babies with AIDS, and young people helping with hunger projects in their communities. I believe that everyone has something to give and there isn't a problem yet that I haven't seen made better by caring people.

The President and I also spend a great deal of time welcoming visitors to the White House, whether they're public officials or visiting heads of states or friends and family. We enjoy showing

Q: What are Mrs. Bush's primary interests?

A big hug for a little friend

Reading to school children

people around this wonderful house, not only because of its great beauty, but also because of the sense of history you feel in every room. I still get goose bumps when I walk into the Lincoln Bedroom where the Emancipation Proclamation was signed. I can dine off the china used by Woodrow Wilson or sit in a chair purchased by James Madison. It's an extraordinary feeling.

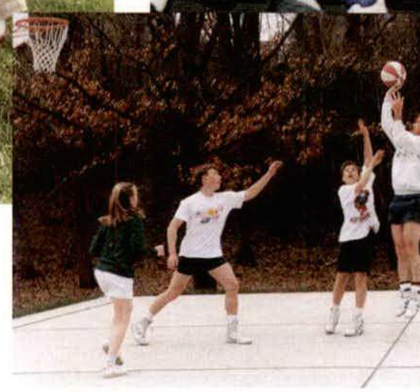
When I have free time — which isn't very often — I enjoy staying in touch with family and friends, playing tennis, swimming, taking walks with our English Springer Spaniel, "Millie," or opening up a good book.

Living in the White House is an honor and a joy. I feel very lucky indeed.

It is a privilege to serve the American people as their Vice President. Each day's work is both challenging and rewarding.

The Vice Presidency is a unique position: it is part of both the Legislative Branch (the Congress), and the Executive Branch (the Administration) of our government. As President of the United States Senate, I may vote to break a tie, and I work closely with Members of Congress. When I'm not travelling, I try to work out of my office in the Capitol two days a week.

My family: Ben, me, Tucker, Corinne, and Marilyn



Corinne, Tucker, Ben and me in a pick-up basketball game

Most of my time, however, is spent at the White House, where my desk is only a few yards away from the Oval Office. Daily I meet with the President and his Chief of Staff. The Vice President has to be informed about, and involved in, all important decisions.

As a member of the National Security Council and the Domestic Council, I may be called upon to formulate policy recommendations for the President. Besides participating in official occasions and diplomatic meetings, I chair the National Space Council, which develops plans for America's future in space, and head the Council on Competitiveness to strengthen our country's role in the emerging world economy.

THE VICE PRESIDENCY . . . A UNIQUE POSITION

By Dan Quayle

The Quayles "take off" in the *Race for the Cure . . .* to benefit the fight against breast cancer

Addressing a conference on space exploration as Chairman of the National Space Council

It's a big job, and you can only do it as part of the President's team. An essential part of my team is my wife, Marilyn. We've always been partners, personally and professionally, first in our law firm and then during my 12 years of service in the Congress.

Marilyn works hard to help people deal with natural disasters. Every scout knows that the best way to handle an emergency is to be prepared, and Marilyn has been educating communities here at home — and even in foreign countries — about disaster preparedness.

Several years ago, Marilyn's mother died from breast cancer. Now Marilyn works tirelessly to combat that disease. She led our family in a "Race for the Cure" marathon to raise funds for cancer research and treatment. Somehow, she also finds time to work with the hearing impaired and with the Mentor Program, placing high school students in law firms to educate young people about our legal system.

Our family is close. Although my official duties keep me busy, I spend as much time as possible with Marilyn and our three children. Tucker, Ben and Corinne all attend school in the area and keep us proud of them. Together, we're an active household. We run, play basketball and lacrosse, and enjoy tennis, golf, and horseback riding. We also have two dogs that keep things lively around the house. By the way, there's no television watching at our home on school nights.

With Prime Minister Margaret Thatcher of Great Britain

Our roots — and our hearts — are in Indiana, but the Vice Presidency has brought us friends in every State of the Union. That is the best part of my job: working with our fellow Americans to make this country an even better place for families to grow and to build their future.

SEAL OF THE PRESIDENT OF THE UNITED STATES

E PLURIBUS UNUM

MATERIALS FORWARDED TO THE PRESIDENT
January 15, 1993

ACTION

1. Evaluation Reports for Senior Military Unit commanders in the White House Military Office.

2. Thank you for service letters to Josh Bolten, John Keller, and William Sittmann.

3. Section 201 Case Concerning Extruded Rubber Thread Imports from Malaysia.

4. Letters of Appreciation for the START II Treaty.

5. Thank you for Service Letters to Rose Zamaria, Patty Presock, Kathy Super, Phil Brady, Tom Scully, Jay Lefkowitz, Walter Kansteiner, French Hill, Allan Bromley, Cliff Alderman, Eric Thiessen.

6. Delegation of Authority for ACDA Annual Report.

7. Supplemental Appropriation.

8. Executive Clemency Grant for Joseph Occhipinti.

9. Executive Order Entitled "Additional Measures with Respect to the Federal Republic of Yugoslavia (Serbia and Montenego)."

10. Response to Heinz Prechter re the President's Export Council's position paper.

11. Thank you for Service Letters to Steve Hart, Asst. Sec. of Transportation; Diane Morales, Dep. Asst. Sec of Defense; Jacqueline Phillips Federal Co-Chairman, Appalachian Regional Comm.; Lewis Libby Deputy Under Sec. of Defense.

12. S.J. Res. 2 -- Continued Secret Service Protection of the Outgoing Vice President or his Spouse (via car to Camp David).

13. Memo for the Secretary of the Treasury re Continuing Protection of Vice President Quayle (via car to Camp David).

CLASSIFIED

INFORMATION

1. Annual Correspondence Report.

REQUEST FOR PHOTO/MAILING

(PLEASE TYPE) July 10, 1991

(Date)

TO: **MARY INGALS**
CORRESPONDENCE OFFICE, Room 94, OEOB, Ext. 7610

FROM: Katie Baur **Room** 112 EW **Ext.** 6620

Description of photograph or photo number Dec 10 90 P18297-25

ATTACH PHOTO IF OTHER THAN OFFICIAL PORTRAIT

TO: **CORRESPONDENCE REVIEW SECTION, Room 76, Ext. 2916**

PHOTO TO BE SIGNED BY: George and Barbara Bush AP.

xxx ☐ Return to originating office. Type name & address of recipient below

☐ Photograph is to be mailed.
Attach mailing label, any correspondence and include typed address here:

NAME:
ORGANIZATION: Gary J. Andres
STREET:
CITY/STATE:

INSCRIBE TO: Nick and Lydia Calio

MESSAGE SHOULD READ:

xxx ☐ With best wishes ☐ Congratulations and best wishes

DO NOT PACKAGE PHOTO. DO NOT SEND IT TO THE MAIL ROOM.

THE WHITE HOUSE

WASHINGTON

July 10, 1991

MEMORANDUM FOR MARY INGALLS

FROM: KATIE BAUR

RE: Copy of a photograph to be inscribed

Mary, I am sorry to ask you to do this, but Nick wanted another copy of his Christmas picture inscribed this time with "Nick and Lydia Calio". Apparently the other one has "Nicholas Calio" and that is not the way he wanted it. That was my fault. I am sorry for the inconvenience. If you have any questions please call me at 6620. Again, THANK YOU!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!

The Photo Number is Dec 10 90 P18297-25

REQUEST FOR PHOTO/MAILING

(PLEASE TYPE) July 10, 1991

(Date)

TO: MARY INGALS
CORRESPONDENCE OFFICE, Room 94, OEOB, Ext. 7610

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Attach mailing label, any correspondence and include typed address here:

NAME:
ORGANIZATION: Gary J. Andres
STREET:
CITY/STATE:

INSCRIBE TO: Nick and Lydia Calio

MESSAGE SHOULD READ:

x☒x With best wishes ☐ Congratulations and best wishes

DO NOT PACKAGE PHOTO. DO NOT SEND IT TO THE MAIL ROOM.

To Lydia and Nick Calio
With best wishes,

George Bush Barbara Bush

FRIDAY REPORT

EXPEDITE /__/ REGULAR HANDLING /__/ FYI /X/

MEMO TO: ________________ DATE: 1/15/93

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EXECUTIVE ASSOCIATE DIRECTOR
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J. FRENCH HILL - WH Policy Coordinating Group, Room 228 /X/
WILLIAM KRISTOL - VP's Office, Room 274 /X/
DAVID BECKWITH - VP's Press Office, Room 280 /X/

OTHER: /__/

FROM: AHMAD AL-SAMARRIE, Ext. 5873

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

3 JAN 15 P5:35

DATE: 1/15/93

TO: ~~Jim Murr~~ Phil Brady

FROM: ASSOCIATE DIRECTOR
FOR ECONOMIC POLICY

Attached is a copy of the Friday Report for Phillip Brady.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

January 15, 1993

MEMORANDUM FOR THE DIRECTOR

FROM: Ahmad Al-Samarrie Ahmad

SUBJECT: Friday Economic and Financial Report

Foreign Sector Drag on U.S. Growth

The foreign sector is likely to depress the domestic economy in 1993 as it did last year. While U.S. economic growth appears to be gathering momentum after an atypically weak cyclical upturn, several other major industrial nations are in recessions. The adverse implications of the slowdown abroad on U.S. trade will be mitigated by the continuing strong economic performance in Mexico and other developing countries.

Further stimulative policies may have to be put in place in Germany and Japan to pull the industrial countries out of their doldrums. The required policy changes might be achieved by unilateral actions or through coordination at a G-7 summit.

G-6 Recession

After growing more rapidly than the U.S. in 1991, the Japanese and European economies have underperformed since the second quarter of 1992. Most have experienced contracting industrial production and at least one or two quarters of negative GDP growth, while the U.S. recovery is firming.

- Japan's industrial production has declined by 6.4 percent over the past 12 months, and the country is in its first full-fledged recession since the 1973-74 oil price shock. Private investment has declined as business sentiment has fallen to its lowest level since 1975. A survey estimates a further decline of 4.7 percent in investment in the current fiscal year.

- Conditions are also poor in Germany, with GDP declining since the first quarter. German stagnation and high interest rates have had depressing effects on the French and Italian economies.

Real GDP (percent change, annual rate)				
	1991	1992		
	Q4/Q4	Q1	Q2	Q3
United States	0.1	2.9	1.5	3.4
Japan	3.2	4.1	-0.9	-1.5
Germany	1.3	7.8	-0.7	-0.4
France	1.9	3.3	0.9	1.9
Italy	1.7	2.3	0.8	NA
United Kingdom	-1.1	-1.7	-0.5	0.4
Canada	0	1.0	0.4	1.4

- The U.K. has shown only minimal signs of recovery following 2-1/2 years of contraction. Depreciating the British pound and lowering interest rates have yet to buoy the economy.

- Canadian economic growth, while positive, is less than half the rate in the U.S.

The above trends reflect two major developments, discussed in detail below. First, the German fiscal/monetary policy combination adopted to finance reunification spawned high interest rates. The monetary linkages between Germany and other European countries spread this pain to its neighbors. Second, Japan is suffering from a set of structural imbalances similar in nature, but worse than those that plagued the U.S. economy in recent years. Although the Japanese government has shifted monetary and fiscal policies toward stimulus in an attempt to offset the effects of the necessary restructuring, it has not been able to prevent an overall decline in the economy.

<u>Prospects for 1993</u> -- <u>Most forecasters expect another quarter or two of flat or negative growth in Europe and Japan, with a modest rebound in the second half of the year</u>. On a Q4/Q4 basis, Japanese growth should be about 2 percent, and European growth only about 1-1/2 percent. The average rate for major industrial countries is expected to be a percentage point slower than U.S. growth of about 3 percent.

<u>The near-term risks are mainly on the downside</u>. Further weakness in the Japanese private sector and sustained higher German interest rates could knock nearly one percentage point off each country's prospective growth this year.

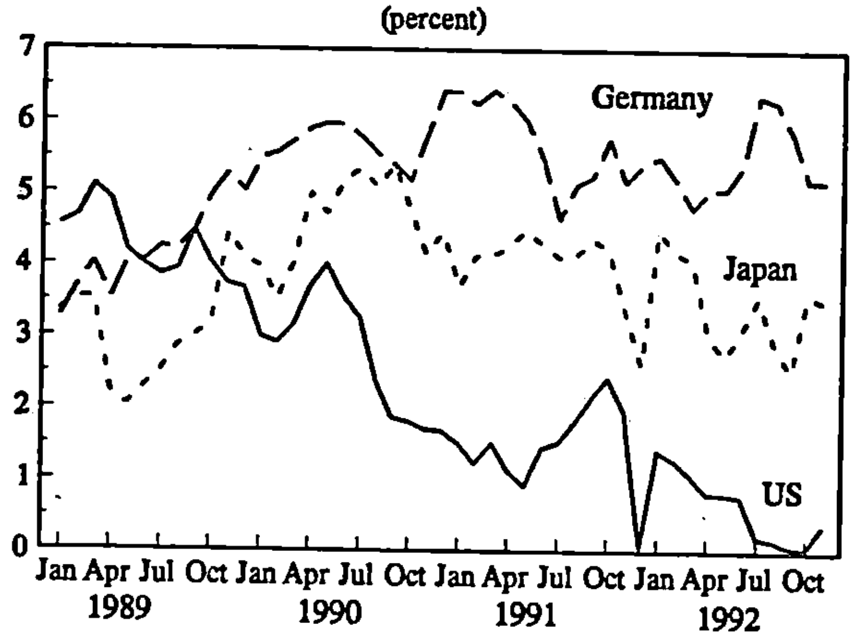
Policy Paralysis in Germany

German reunification has proven much more costly and protracted than expected two years ago. Privatizing the East German economy has been especially difficult, and the financial burden placed on the West German populace has been larger than expected. In smoothing the transition, the German government has incurred a rapid increase in government expenditures, new taxes, large budget deficits, and high interest rates. The large German trade surplus has shifted into deficit.

The first stage of reunification led to an acceleration of German GDP growth to 5 percent in 1990. Massive transfers to the East led to strong consumer demand and a shift in the general government budget from a slight surplus in 1989 to a 3-1/2 percent of GDP deficit in 1991. Unwilling to let the higher fiscal deficits lead to higher inflation, the Bundesbank tightened monetary policy to neutralize the fiscal stimulus.

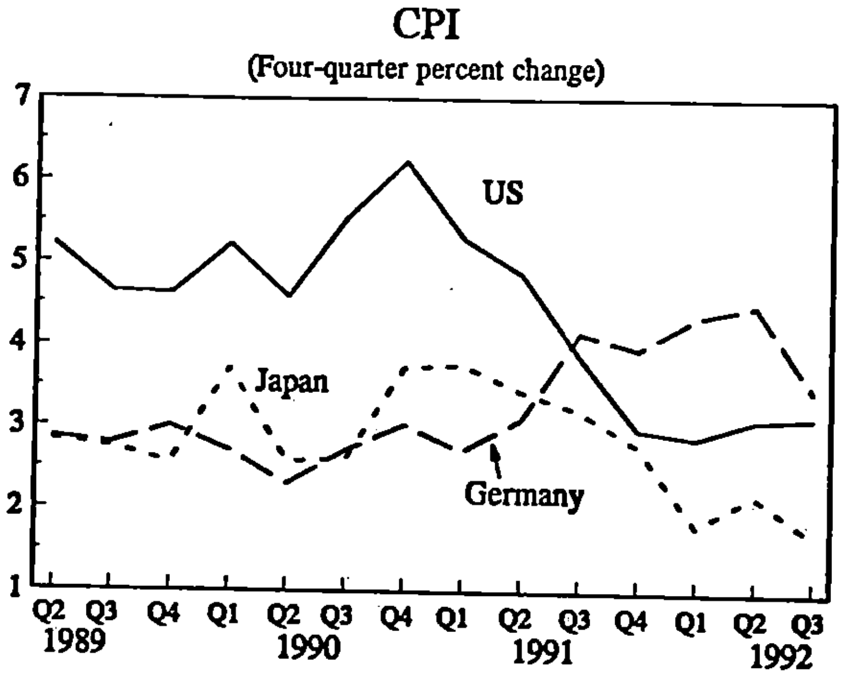
Since last summer, the Bundesbank has lowered rates modestly, including a 15 basis point decline last week. Real short-term interest rates are currently about 5-1/4 percent, well over the 3-1/2 percent rate in Japan and the less than 1 percent rate in the U.S. These interest rate differentials have attracted capital flows to Germany and placed upward pressure on the German mark, particularly versus its European neighbors.

Real Short-Term Interest Rates
(percent)



As a result of the Bundesbank's tight monetary policies:

- o There has been a reduction in the core inflation from a peak of 4-1/2 percent last year to about 3-1/2 percent at present.



- France and other European countries with exchange rates linked to the German mark have had to maintain high interest rates, leading to spreading economic stagnation.

- The U.K. and Italy depreciated their currencies, lowered interest rates, and dropped out of their exchange rate pegs within the European Monetary System. The future of the monetary and political union agreed to at Maastricht in 1991 is in doubt.

Will the Bundesbank Shift Gears? Internal and external political pressures on the central bank to ease policy further are intense. With visible signs of decelerating inflation and an actual contraction of the domestic economy, further interest rate reductions are likely. Central bank officials, however, still express concerns about monetary growth that is well above its target ceiling of 6-1/2 percent, and about the government's failure to reduce its deficit.

The Bundesbank is now in a similar position to the Federal Reserve in the summer of 1982. By that time, record high interest rates in the U.S. had produced a deep recession, hurt neighboring countries, and sparked the LDC debt crisis. In response, the Fed broke with monetary targeting and sharply lower interest rates. An equally dramatic shift by the Bundesbank could reduce German interest rates by two to three percentage points in 1993 and set the stage for a 1994 European recovery.

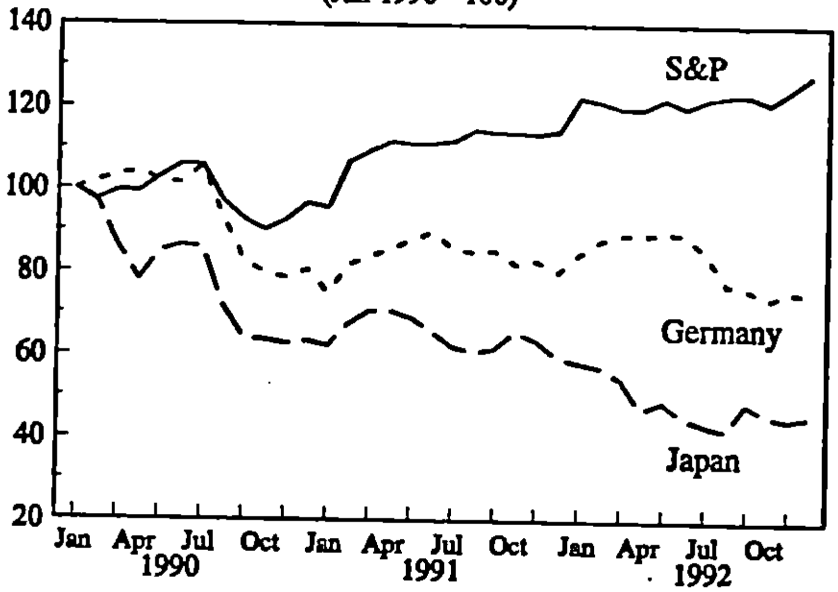
Restructuring in Japan

During the 1987-1990 period, the Japanese economy outpaced the rest of the world with average real GDP growth exceeding 5-1/4 percent per year. This boom in output was driven by real private investment in plant and equipment averaging over 10 percent per year. Between 1986 and 1990, the Nikkei stock average exploded at an annual average rate of over 30 percent. Total property values in Japan reached a level estimated to be four times that in the U.S.

Unfortunately for Japan, the boom was fueled in part by an unsustainable rise is asset prices that allowed firms to finance investment cheaply by issuing bonds and equity with extremely low interest and dividend payouts. The bubble in stock and land prices finally burst as the Bank of Japan moved to contain inflationary pressures in 1990. The Nikkei average has since fallen by more than 50 percent from its peak. In contrast, U.S. equity prices have been buoyant, and European markets, while weak, have only declined modestly.

International Stock Prices

(Jan 1990=100)



Property values are estimated to have fallen 20 percent over the past year, dropping more in areas like Osaka that were centers of the property boom of the late 1980s. The decline in asset prices has put a capital squeeze on financial institutions. Japanese banks are now shouldering bad debt expenses as high as 8 to 16 percent of total loans, with private estimates of total losses in the hundreds of billions of dollars. With these banks struggling to meet risk-adjusted capital requirements, most will be forced to restrict lending and increase the rate charged borrowers for money.

The structural weaknesses evident in the collapse of the bubble economy have led to a sharp decline in business investment and, finally, a contraction in the overall economy in the second half of 1992. The government has responded to the weakness in two ways:

- The Bank of Japan shifted to an easier monetary policy in 1991, and has since lowered short-term rates by 2-1/4 points.

- The government announced an emergency set of fiscal policy measures last August amounting to $87 billion. Net of land purchases which do not directly affect economic activity, the boost to public investment is estimated to be about 1-1/2 percent of GDP over five quarters.

- Next year's budget (April 1993-March 1994), however, proposes only a 0.2 percent increase in public outlays.

Even with the latest stimulative fiscal actions, Japan's overall budget deficit still remains in surplus, allowing further scope for tax cuts or expenditure increases. The OECD projects that the general government surplus of 1.3 percent of GDP in 1992 should shrink to 0.5 percent in 1994. In contrast, the other G-7 countries are experiencing budget deficits ranging from 3 to 10 percent of GDP.

Too Little, Too Late? The Japanese stimulative measures have been too mild to avoid an economic recession, and may be insufficient to boost growth to a more normal rate of 3 to 4 percent before at least 1994. With a total government budget still in surplus, and real interest rates still high for a declining economy, more fiscal and monetary actions may be necessary. Japanese policy-makers have persistently underestimated the adverse real consequences of the plunge in asset prices, and are likely to take bolder actions only if there are further signs of a protracted recession.

Implications for U.S. Trade

Stagnation in Europe and Japan will slow the growth of merchandise exports this year. Some offset will occur from increased exports to Mexico and Canada. An expansion of service sector exports abroad will also mitigate the deterioration in the U.S. net exports. Overall, there could be a decline of $20 billion or more in U.S. net exports in 1993, subtracting up to 1/2 percentage point from overall U.S. GDP growth.

Western Hemisphere Support for U.S. Exports -- The effect of contractions in Europe and Japan would be much more severe on U.S. exports were it not for the growing importance of Canadian and Latin American trade. Combined U.S. exports to Mexico and Canada total $132 billion annually, almost as much as the $151 billion exported to Japan and the EC. Moreover, U.S. exports have been shifting increasingly toward our neighbors, and this should accelerate with enactment of the NAFTA reforms.

U.S. Exports

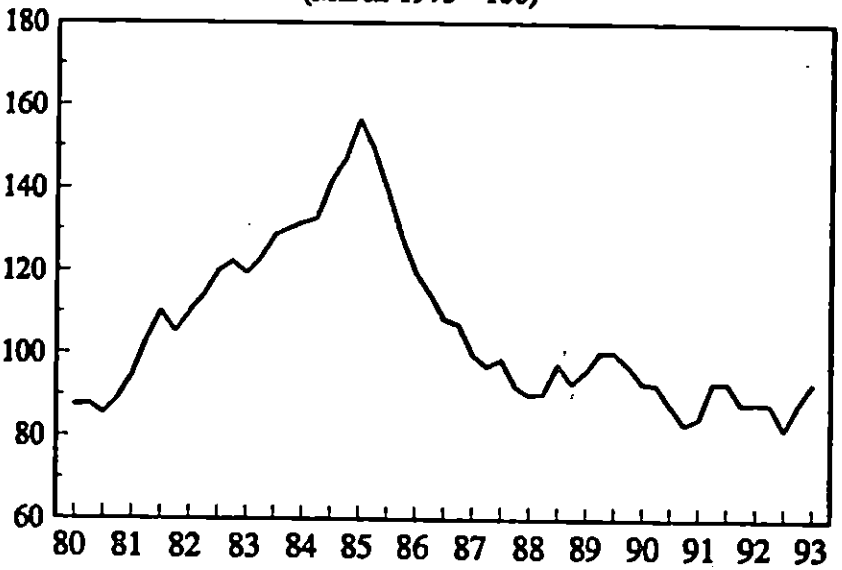
	1986-91 percent change	1992 $ billions
Mexico	265	41
Canada	114	91
EEC	96	103
Japan	79	48
Total Exports	104	447

- Mexico's internal and external reforms over the past several years have resulted in real growth of about 3 percent last year, and this pace is expected to continue in 1993. This should provide the basis for a continued strong rise in its imports from the U.S.

- Canada has suffered a more severe recession than the U.S., with output in the third quarter of 1992 still 1.6 percent below its 1990 cyclical peak. A moderate acceleration to about 2 to 3 percent growth is expected over 1993-94.

Exchange Rates -- Unlike slow growth abroad, exchange rate changes will not be a significant factor in U.S. exports this year. The dollar has been relatively stable against foreign currencies during the past few years, following the large up-and-down cycle in the 1980s. During 1992, the dollar depreciated to record lows against the German mark and Japanese yen, but rebounded during the turmoil in the European Monetary System. It is presently near the middle of its five-year trading range on a weighted average basis. Some forecasters expect the dollar to firm in 1993 if European interest rates are significantly lowered. A sustained dollar appreciation resulting from foreign monetary easing could offset part of the stimulus to U.S. exports from higher growth abroad.

US Dollar Trade-Weighted Exchange Rate
(March 1973=100)



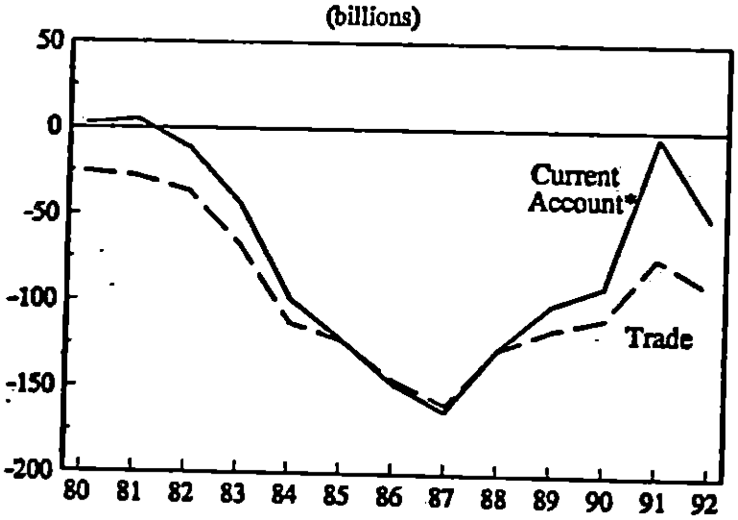
Higher Deficit -- A widening U.S. trade deficit will mean a somewhat larger inflow of foreign capital into the U.S., but it would still be less than half of the 1987 peak.

- The trade deficit narrowed sharply from $160 billion in 1987 to $73 billion in 1991. In the first three quarters of 1992, it increased to $91 billion (annual rate).

- In addition to the narrowing of the trade deficit since 1987, there has been a surge in the net export of services. The surplus in services has climbed from $18 billion in 1987 to $56 billion annual rate in 1992.

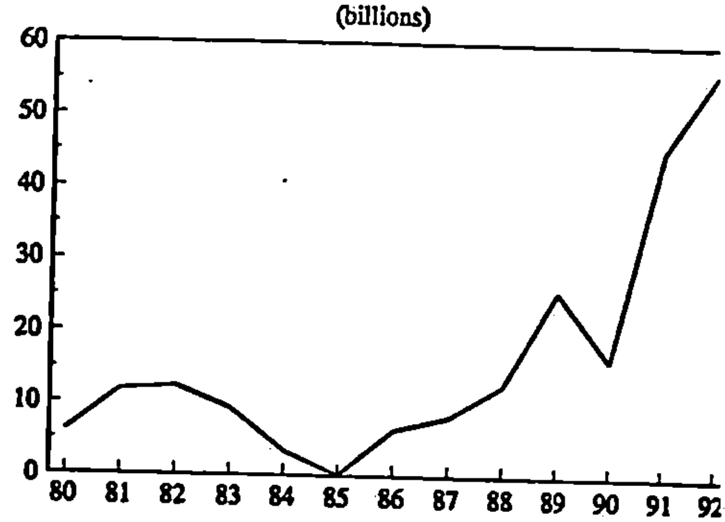
- The overall current account deficit -- which includes trade, services and investment income -- should climb to about $90 billion in 1993, or about 1-1/2 percent of GDP compared to 3-1/2 percent of GDP in 1987.

Merchandise Trade & Current Account Deficits
(billions)



*Unilateral transfers smoothed in 1990-91 to account for Desert Shield/Storm contributions.

U.S. Surplus in Services
(billions)



Conclusion

After several years of positive contributions to U.S. growth, the trade sector has shifted to being a modest drag on the economy. The trade deterioration is not the result of exchange rate mis-alignment or a change in U.S. competitiveness. It is cyclical, reflecting an accelerating economy at home and stagnation in several foreign economies.

For some time, U.S. officials have been warning their Japanese and German counterparts that they needed to undertake more stimulative policies to prevent worldwide slowdown. These warnings were often ignored, in part because the U.S. had failed to put its own fiscal house in order, adding to the upward pressure on worldwide interest rates. A coordinated effort to accelerate world growth would place the burden of short-run stimulus on the Germans and Japanese, while the U.S. would emphasize reducing its long-term budget deficit.

RECENT ECONOMIC INDICATORS AS OF JANUARY 15, 1993
(S.A. OR AS INDICATED)

	Dec-91	Jan-92	Feb-92	Mar-92	Apr-92	May-92	Jun-92	Jul-92	Aug-92	Sep-92	Oct-92	Nov-92	Dec-92
GDP (Quarterly Series, % A.R.)													
Nominal GDP	2.8			6.2			4.3			5.3			
Real GDP	0.6			2.9			1.5			3.4			
Implicit Price Deflator	2.4			3.1			2.7			2.0			
Fixed-Weight Price Index	2.4			3.7			3.0			2.0			
CYCLICAL INDICATORS													
Leading Index, Percent	-0.1	1.1	0.7	0.4	0.3	0.6	-0.3	0.1	-0.3	-0.1	0.5	0.8	NA
Coincident Index, Percent	-0.3	-0.4	0.5	0.0	0.0	0.0	-0.1	0.4	-0.5	-0.1	0.3	0.2	NA
Purchasing Managers' Diffusion Index	47.4	47.4	52.4	54.1	51.3	56.3	52.8	54.2	53.7	49.0	50.6	55.0	55.9
Percent	-5.8	0.0	10.5	3.2	-5.2	9.7	-6.2	2.7	-0.9	-8.8	3.3	8.7	1.6
Industrial Production	107.4	106.6	107.2	107.6	108.1	108.9	108.5	109.4	109.1	108.9	109.7	110.1	110.5
Percent	-0.65	-0.74	0.56	0.37	0.46	0.74	-0.37	0.83	-0.27	-0.27	0.46	0.37	0.36
Capacity Utilization, Manufacturing	77.7	77.0	77.4	77.5	77.7	78.2	77.8	78.1	77.9	77.5	77.9	78.2	78.4
EMPLOYMENT INDICATORS													
Civilian Employment, Million	116.8	117.0	117.0	117.3	117.5	117.6	117.5	117.7	117.8	117.7	117.7	118.1	118.3
Nonfarm Payroll Employment, Million	108.2	108.1	108.1	108.2	108.4	108.5	108.4	108.6	108.5	108.5	108.6	108.6	108.7
Civilian Unemployment Rate, Percent	7.1	7.1	7.3	7.3	7.3	7.4	7.7	7.6	7.6	7.5	7.4	7.3	7.3
Employment/Population Ratio	61.3	61.4	61.3	61.4	61.5	61.5	61.4	61.4	61.4	61.3	61.3	61.4	61.5
Average Weekly Hours, Manufacturing	41.0	40.9	41.1	41.1	41.1	41.3	41.0	41.0	41.0	40.9	41.1	41.2	41.3
CONSUMER SECTOR													
Retail Sales, Billion $	154.4	157.8	159.8	157.9	158.4	159.1	159.0	160.8	161.0	162.2	165.6	164.8	166.8
Percent	0.1	2.2	1.2	-1.2	0.3	0.5	-0.1	1.1	0.1	0.7	2.1	-0.5	1.2
Total Auto Sales, Milion Units, A.R.	8.1	8.1	8.5	8.3	8.2	8.4	8.9	8.3	7.9	8.3	8.3	8.2	8.7
Domestic Auto Sales, Million Units, A.R.	6.0	6.0	6.2	6.0	6.0	6.3	6.7	6.4	6.0	6.3	6.3	6.2	6.7
Personal Income, Billion $, A.R.	4944.9	4943.2	4988.7	5009.6	5015.4	5032.7	5038.5	5048.7	5056.4	5080.9	5139.2	5149.9	NA
Percent	1.2	-0.0	0.9	0.4	0.1	0.3	0.1	0.2	0.2	0.5	1.1	0.2	NA
Disposable Personal Income, Billion $, A.R.	4320.9	4321.4	4360.8	4400.6	4400.7	4415.1	4419.5	4424.6	4426.3	4448.7	4501.1	4505.7	NA
Savings Rate, Percent	4.8	4.9	4.9	5.3	5.5	5.3	5	4.8	4.6	4.6	4.4	NA	NA
Real Personal Income, Billion 87$, A.R.	4066.5	4058.5	4079.1	4076.2	4070.9	4078.4	4076.5	4078.1	4094.3	4090.9	4121.3	4119.9	NA
Percent	1.0	-0.2	0.5	-0.1	-0.1	0.2	-0.0	0.0	0.4	-0.1	0.7	-0.0	NA
Real Disposable Personal Income, Billion 87$, A.R.	3552.5	3549.3	3565.9	3581.9	3573.3	3578.6	3576.1	3574.4	3585.5	3581.7	3609.2	3604.9	NA
Percent	1.1	-0.1	0.5	0.4	-0.2	0.1	-0.1	-0.0	0.3	-0.1	0.8	-0.1	NA
Consumer Sentiment Index, U of Michigan	68.2	67.5	68.8	76.0	77.2	79.2	80.4	76.6	76.1	75.6	73.3	85.3	NA
Percent	-1.3	-1.0	1.9	10.5	1.6	2.6	1.5	-4.7	-0.7	-0.7	-3.0	16.4	NA
HOUSING SECTOR													
Housing Starts, Thousand Units, A.R.	1118	1180	1257	1340	1086	1196	1147	1100	1233	1222	1224	1242	NA
Single-Family Starts	972	989	1109	1068	933	1019	999	956	1042	1051	1086	1100	NA

	Dec−91	Jan−92	Feb−92	Mar−92	Apr−92	May−92	Jun−92	Jul−92	Aug−92	Sep−92	Oct−92	Nov−92	Dec−92
BUSINESS SECTOR													
Nondefense Capital Goods Orders, Billion $	27.0	30.1	29.5	32.2	29.9	30.5	31.0	29.3	28.2	30.6	31.7	28.7	NA
Percent	−18.4	11.6	−2.1	9.2	−7.0	1.9	1.6	−5.4	−3.9	8.6	3.6	−9.5	NA
Nonresidential Construction Put in Place, Billion $	123.3	123.0	125.0	128.5	127.2	124.1	127.6	124.7	117.8	122.5	123.7	126.2	NA
Inventory Change Book Value, Billion $, A.R.	47.3	−48.4	5.5	19.1	29.1	−7.2	46.1	42.0	19.2	−18.2	16.0	16.5	NA
Inventory/Sales Ratio, Total Business	1.56	1.53	1.52	1.51	1.51	1.52	1.50	1.49	1.51	1.50	1.49	1.49	NA
INFLATION INDICATORS													
CPI, Percent	0.2	0.1	0.3	0.5	0.2	0.1	0.3	0.1	0.3	0.2	0.4	0.2	0.1
CPI Less Food and Energy, Percent	0.2	0.3	0.4	0.5	0.3	0.2	0.2	0.2	0.2	0.2	0.5	0.3	0.1
PPI Finished Goods, Percent	−0.1	−0.2	0.2	0.2	0.3	0.2	0.2	0.0	0.1	0.3	0.1	−0.2	0.2
PPI Less Food and Energy, Percent	0.2	0.5	0.1	0.3	0.4	0.3	−0.2	0.1	−0.1	0.2	−0.1	0.1	0.3
Gold, $ per ounce	360.4	354.4	353.8	343.8	338.2	337.3	341.3	353.2	344.6	345.3	344.0	334.4	334.0
W. Texas Spot Oil Price, $/bbl	19.5	18.8	19.0	18.9	20.2	20.9	22.4	21.8	21.4	21.9	21.7	20.3	19.4
MERCHANDISE TRADE													
Exports, Billion $, A.R.	432.6	425.6	451.9	445.0	436.9	428.6	458.0	453.7	429.6	454.6	468.9	455.6	NA
Imports, Billion $, A.R.	500.1	495.8	491.7	512.4	521.9	514.8	539.5	541.5	537.6	557.5	555.5	546.7	NA
Deficit, Billion $, A.R.	−67.5	−70.2	−39.9	−67.3	−85.1	−86.2	−81.5	−87.9	−108.0	−102.9	−86.6	−91.1	NA
U.S. EXCHANGE RATE													
Multilateral	85.7	86.1	88.0	90.4	89.8	88.3	85.9	82.6	81.0	82.0	85.0	90.0	90.5
Percent	−2.6	0.5	2.3	2.7	−0.7	−1.7	−2.7	−3.9	−1.9	1.2	3.7	5.9	0.5
Yen/$	128.0	125.5	127.7	132.9	133.5	130.8	126.8	125.9	126.2	122.6	121.2	123.9	124.0
DM/$	1.56	1.58	1.62	1.66	1.65	1.62	1.57	1.49	1.45	1.45	1.49	1.59	1.58
$/Pound	1.83	1.81	1.78	1.72	1.76	1.81	1.86	1.92	1.94	1.85	1.65	1.53	1.55
MONEY AND CREDIT													
M2, Billion $	3439.8	3447.5	3474.4	3475.7	3471.5	3473.0	3464.1	3461.6	3471.2	3481.9	3497.2	3507.4	3504.3
Percent	2.9	2.7	9.8	0.4	−1.4	0.5	−3.0	−0.9	3.4	3.8	5.4	3.6	−1.1
M3, Billion $	4171.0	4173.7	4198.7	4191.8	4179.4	4178.7	4166.7	4162.9	4176.3	4183.0	4184.7	4191.0	4175.9
Percent	1.2	0.8	7.4	−2.0	−3.5	−0.2	−3.4	−1.1	3.9	1.9	0.5	1.8	−4.2
C&I Loans & Commercial Paper, Billion $, N.S.A.	993.8	988.4	994.9	1000	996.8	1000	996.8	991.5	986.8	982.123	991.569	988.19	NA
Percent, A.R.	−7.1	−6.3	8.2	6.3	−3.8	3.9	−3.8	−6.2	−5.5	−5.5	12.2	−4.0	NA
C&I Loans, Billion $	457	455.2	455.5	454.3	452.3	454.3	452.3	448	443.6	440.087	439.913	440.317	NA
Commercial Paper, Billion $	536.8	533.2	539.4	545.7	544.5	545.7	544.5	543.5	543.2	542.036	551.656	547.873	NA
INTEREST RATES													
Federal Funds Rate	4.4	4.0	4.1	4.0	3.7	3.8	3.8	3.3	3.3	3.2	3.1	3.1	2.9
T−Bill, 3 Month	4.1	3.8	3.8	4.0	3.8	3.6	3.7	3.2	3.1	2.9	2.9	3.1	3.2
T−Bond, 30 Year	7.7	7.6	7.9	8.0	8.0	7.9	7.8	7.6	7.4	7.3	7.5	7.6	7.4
Corporate AAA Bonds	8.3	8.2	8.3	8.4	8.3	8.3	8.2	8.1	8.0	7.9	8.0	8.1	8.0
Mortgage Commitment Rate	8.7	8.5	8.4	8.8	8.9	8.9	8.7	8.5	8.1	8.0	7.9	8.1	NA
STOCK MARKET													
Dow Jones 30 Industrials	2958.6	3227.1	3257.3	3247.4	3294.1	3376.8	3337.8	3329.4	3307.5	3293.9	3198.7	3238.5	3303.2
Standard & Poor's 500	388.5	416.1	412.6	407.4	407.4	414.8	408.3	415.1	417.9	418.5	412.5	422.8	435.6

FRIDAY REPORT

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FROM: AHMAD AL-SAMARRIE, Ext. 5873

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

January 15, 1993

MEMORANDUM FOR THE DIRECTOR

FROM: Ahmad Al-Samarrie Ahmad

SUBJECT: Friday Economic and Financial Report

Foreign Sector Drag on U.S. Growth

The foreign sector is likely to depress the domestic economy in 1993 as it did last year. While U.S. economic growth appears to be gathering momentum after an atypically weak cyclical upturn, several other major industrial nations are in recessions. The adverse implications of the slowdown abroad on U.S. trade will be mitigated by the continuing strong economic performance in Mexico and other developing countries.

Further stimulative policies may have to be put in place in Germany and Japan to pull the industrial countries out of their doldrums. The required policy changes might be achieved by unilateral actions or through coordination at a G-7 summit.

G-6 Recession

After growing more rapidly than the U.S. in 1991, the Japanese and European economies have underperformed since the second quarter of 1992. Most have experienced contracting industrial production and at least one or two quarters of negative GDP growth, while the U.S. recovery is firming.

- Japan's industrial production has declined by 6.4 percent over the past 12 months, and the country is in its first full-fledged recession since the 1973-74 oil price shock. Private investment has declined as business sentiment has fallen to its lowest level since 1975. A survey estimates a further decline of 4.7 percent in investment in the current fiscal year.

- Conditions are also poor in Germany, with GDP declining since the first quarter. German stagnation and high interest rates have had depressing effects on the French and Italian economies.

Real GDP
(percent change, annual rate)

	1991	1992		
	Q4/Q4	Q1	Q2	Q3
United States	0.1	2.9	1.5	3.4
Japan	3.2	4.1	-0.9	-1.5
Germany	1.3	7.8	-0.7	-0.4
France	1.9	3.3	0.9	1.9
Italy	1.7	2.3	0.8	NA
United Kingdom	-1.1	-1.7	-0.5	0.4
Canada	0	1.0	0.4	1.4

- The U.K. has shown only minimal signs of recovery following 2-1/2 years of contraction. Depreciating the British pound and lowering interest rates have yet to buoy the economy.

- Canadian economic growth, while positive, is less than half the rate in the U.S.

The above trends reflect two major developments, discussed in detail below. First, the German fiscal/monetary policy combination adopted to finance reunification spawned high interest rates. The monetary linkages between Germany and other European countries spread this pain to its neighbors. Second, Japan is suffering from a set of structural imbalances similar in nature, but worse than those that plagued the U.S. economy in recent years. Although the Japanese government has shifted monetary and fiscal policies toward stimulus in an attempt to offset the effects of the necessary restructuring, it has not been able to prevent an overall decline in the economy.

Prospects for 1993 -- Most forecasters expect another quarter or two of flat or negative growth in Europe and Japan, with a modest rebound in the second half of the year. On a Q4/Q4 basis, Japanese growth should be about 2 percent, and European growth only about 1-1/2 percent. The average rate for major industrial countries is expected to be a percentage point slower than U.S. growth of about 3 percent.

The near-term risks are mainly on the downside. Further weakness in the Japanese private sector and sustained higher German interest rates could knock nearly one percentage point off each country's prospective growth this year.

Policy Paralysis in Germany

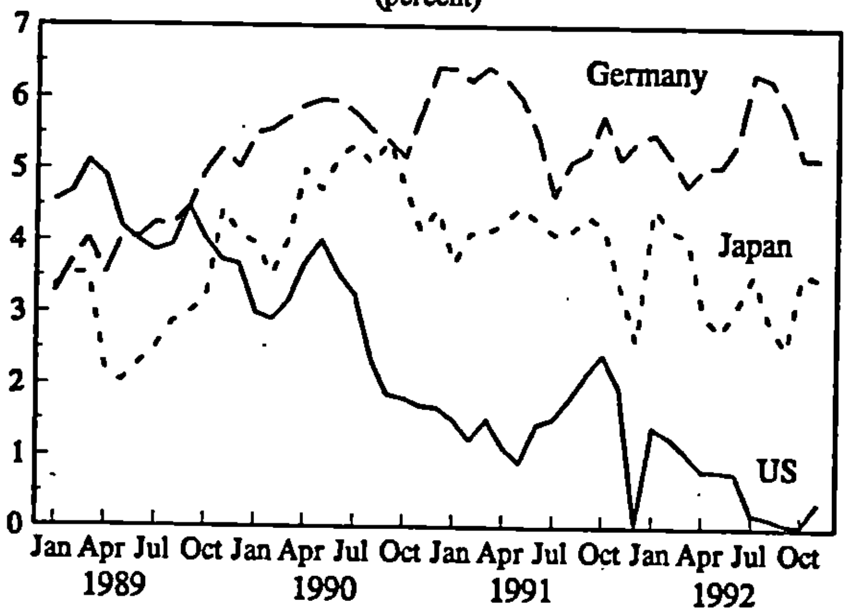
German reunification has proven much more costly and protracted than expected two years ago. Privatizing the East German economy has been especially difficult, and the financial burden placed on the West German populace has been larger than expected. In smoothing the transition, the German government has incurred a rapid increase in government expenditures, new taxes, large budget deficits, and high interest rates. The large German trade surplus has shifted into deficit.

The first stage of reunification led to an acceleration of German GDP growth to 5 percent in 1990. Massive transfers to the East led to strong consumer demand and a shift in the general government budget from a slight surplus in 1989 to a 3-1/2 percent of GDP deficit in 1991. Unwilling to let the higher fiscal deficits lead to higher inflation, the Bundesbank tightened monetary policy to neutralize the fiscal stimulus.

Since last summer, the Bundesbank has lowered rates modestly, including a 15 basis point decline last week. Real short-term interest rates are currently about 5-1/4 percent, well over the 3-1/2 percent rate in Japan and the less than 1 percent rate in the U.S. These interest rate differentials have attracted capital flows to Germany and placed upward pressure on the German mark, particularly versus its European neighbors.

Real Short-Term Interest Rates

(percent)

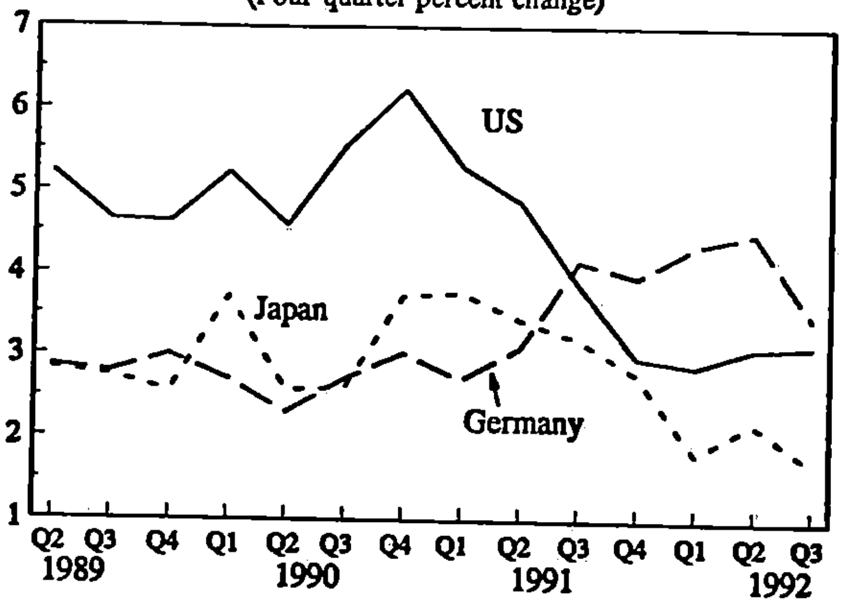


As a result of the Bundesbank's tight monetary policies:

- o There has been a reduction in the core inflation from a peak of 4-1/2 percent last year to about 3-1/2 percent at present.

CPI

(Four-quarter percent change)



- France and other European countries with exchange rates linked to the German mark have had to maintain high interest rates, leading to spreading economic stagnation.

- The U.K. and Italy depreciated their currencies, lowered interest rates, and dropped out of their exchange rate pegs within the European Monetary System. The future of the monetary and political union agreed to at Maastricht in 1991 is in doubt.

Will the Bundesbank Shift Gears? Internal and external political pressures on the central bank to ease policy further are intense. With visible signs of decelerating inflation and an actual contraction of the domestic economy, further interest rate reductions are likely. Central bank officials, however, still express concerns about monetary growth that is well above its target ceiling of 6-1/2 percent, and about the government's failure to reduce its deficit.

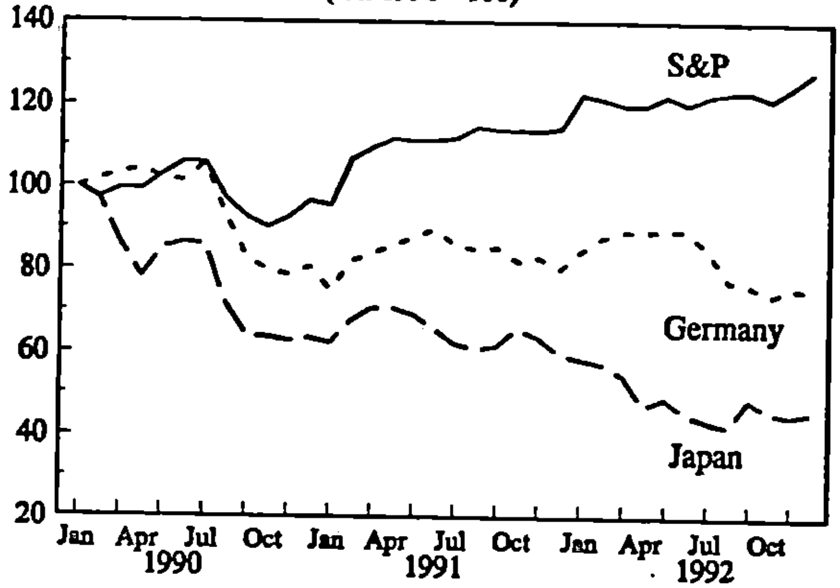
The Bundesbank is now in a similar position to the Federal Reserve in the summer of 1982. By that time, record high interest rates in the U.S. had produced a deep recession, hurt neighboring countries, and sparked the LDC debt crisis. In response, the Fed broke with monetary targeting and sharply lower interest rates. An equally dramatic shift by the Bundesbank could reduce German interest rates by two to three percentage points in 1993 and set the stage for a 1994 European recovery.

Restructuring in Japan

During the 1987-1990 period, the Japanese economy outpaced the rest of the world with average real GDP growth exceeding 5-1/4 percent per year. This boom in output was driven by real private investment in plant and equipment averaging over 10 percent per year. Between 1986 and 1990, the Nikkei stock average exploded at an annual average rate of over 30 percent. Total property values in Japan reached a level estimated to be four times that in the U.S.

Unfortunately for Japan, the boom was fueled in part by an unsustainable rise is asset prices that allowed firms to finance investment cheaply by issuing bonds and equity with extremely low interest and dividend payouts. The bubble in stock and land prices finally burst as the Bank of Japan moved to contain inflationary pressures in 1990. The Nikkei average has since fallen by more than 50 percent from its peak. In contrast, U.S. equity prices have been buoyant, and European markets, while weak, have only declined modestly.

International Stock Prices
(Jan 1990=100)



Property values are estimated to have fallen 20 percent over the past year, dropping more in areas like Osaka that were centers of the property boom of the late 1980s. The decline in asset prices has put a capital squeeze on financial institutions. Japanese banks are now shouldering bad debt expenses as high as 8 to 16 percent of total loans, with private estimates of total losses in the hundreds of billions of dollars. With these banks struggling to meet risk-adjusted capital requirements, most will be forced to restrict lending and increase the rate charged borrowers for money.

The structural weaknesses evident in the collapse of the bubble economy have led to a sharp decline in business investment and, finally, a contraction in the overall economy in the second half of 1992. The government has responded to the weakness in two ways:

- The Bank of Japan shifted to an easier monetary policy in 1991, and has since lowered short-term rates by 2-1/4 points.

- The government announced an emergency set of fiscal policy measures last August amounting to $87 billion. Net of land purchases which do not directly affect economic activity, the boost to public investment is estimated to be about 1-1/2 percent of GDP over five quarters.

o Next year's budget (April 1993-March 1994), however, proposes only a 0.2 percent increase in public outlays.

Even with the latest stimulative fiscal actions, Japan's overall budget deficit still remains in surplus, allowing further scope for tax cuts or expenditure increases. The OECD projects that the general government surplus of 1.3 percent of GDP in 1992 should shrink to 0.5 percent in 1994. In contrast, the other G-7 countries are experiencing budget deficits ranging from 3 to 10 percent of GDP.

Too Little, Too Late? The Japanese stimulative measures have been too mild to avoid an economic recession, and may be insufficient to boost growth to a more normal rate of 3 to 4 percent before at least 1994. With a total government budget still in surplus, and real interest rates still high for a declining economy, more fiscal and monetary actions may be necessary. Japanese policy-makers have persistently underestimated the adverse real consequences of the plunge in asset prices, and are likely to take bolder actions only if there are further signs of a protracted recession.

Implications for U.S. Trade

Stagnation in Europe and Japan will slow the growth of merchandise exports this year. Some offset will occur from increased exports to Mexico and Canada. An expansion of service sector exports abroad will also mitigate the deterioration in the U.S. net exports. Overall, there could be a decline of $20 billion or more in U.S. net exports in 1993, subtracting up to 1/2 percentage point from overall U.S. GDP growth.

Western Hemisphere Support for U.S. Exports -- The effect of contractions in Europe and Japan would be much more severe on U.S. exports were it not for the growing importance of Canadian and Latin American trade. Combined U.S. exports to Mexico and Canada total $132 billion annually, almost as much as the $151 billion exported to Japan and the EC. Moreover, U.S. exports have been shifting increasingly toward our neighbors, and this should accelerate with enactment of the NAFTA reforms.

U.S. Exports

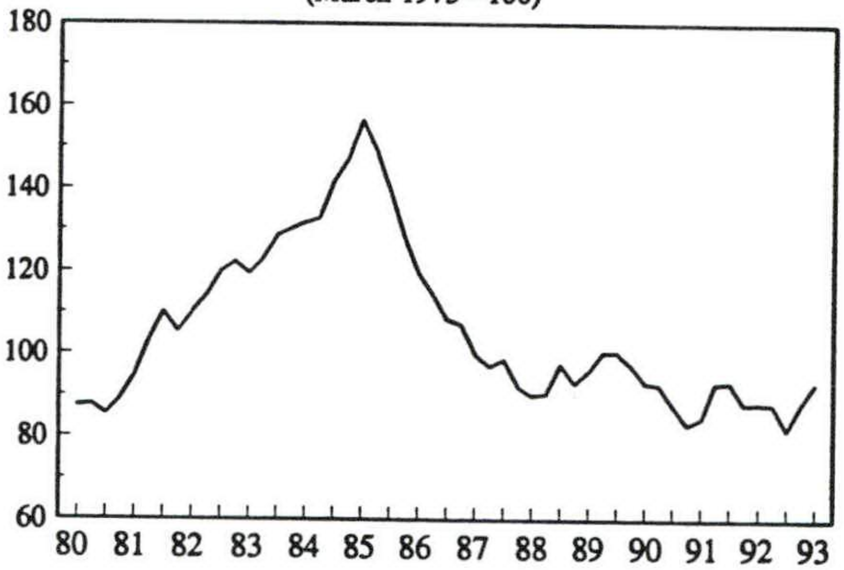
	1986-91 percent change	1992 $ billions
Mexico	265	41
Canada	114	91
EEC	96	103
Japan	79	48
Total Exports	104	447

- Mexico's internal and external reforms over the past several years have resulted in real growth of about 3 percent last year, and this pace is expected to continue in 1993. This should provide the basis for a continued strong rise in its imports from the U.S.

- Canada has suffered a more severe recession than the U.S., with output in the third quarter of 1992 still 1.6 percent below its 1990 cyclical peak. A moderate acceleration to about 2 to 3 percent growth is expected over 1993-94.

Exchange Rates -- Unlike slow growth abroad, exchange rate changes will not be a significant factor in U.S. exports this year. The dollar has been relatively stable against foreign currencies during the past few years, following the large up-and-down cycle in the 1980s. During 1992, the dollar depreciated to record lows against the German mark and Japanese yen, but rebounded during the turmoil in the European Monetary System. It is presently near the middle of its five-year trading range on a weighted average basis. Some forecasters expect the dollar to firm in 1993 if European interest rates are significantly lowered. A sustained dollar appreciation resulting from foreign monetary easing could offset part of the stimulus to U.S. exports from higher growth abroad.

US Dollar Trade-Weighted Exchange Rate
(March 1973=100)



Higher Deficit -- A widening U.S. trade deficit will mean a somewhat larger inflow of foreign capital into the U.S., but it would still be less than half of the 1987 peak.

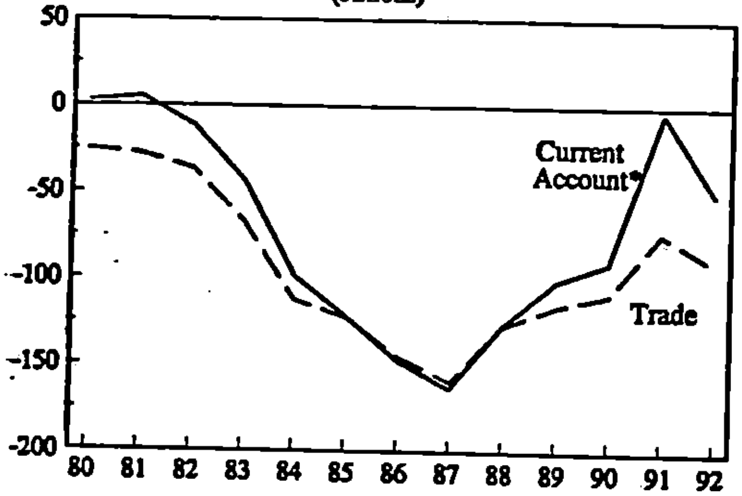
- The trade deficit narrowed sharply from $160 billion in 1987 to $73 billion in 1991. In the first three quarters of 1992, it increased to $91 billion (annual rate).

- In addition to the narrowing of the trade deficit since 1987, there has been a surge in the net export of services. The surplus in services has climbed from $18 billion in 1987 to $56 billion annual rate in 1992.

o The overall current account deficit -- which includes trade, services and investment income -- should climb to about $90 billion in 1993, or about 1-1/2 percent of GDP compared to 3-1/2 percent of GDP in 1987.

Merchandise Trade & Current Account Deficits

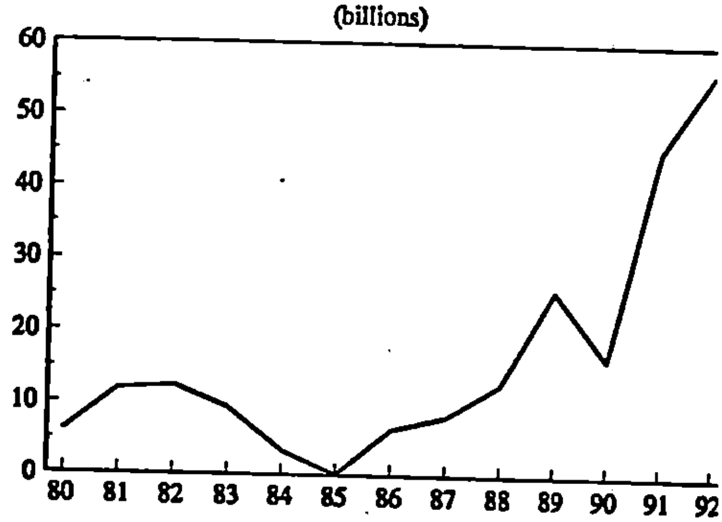
(billions)



*Unilateral transfers smoothed in 1990-91 to account for Desert Shield/Storm contributions.

U.S. Surplus in Services

(billions)



Conclusion

After several years of positive contributions to U.S. growth, the trade sector has shifted to being a modest drag on the economy. The trade deterioration is not the result of exchange rate misalignment or a change in U.S. competitiveness. It is cyclical, reflecting an accelerating economy at home and stagnation in several foreign economies.

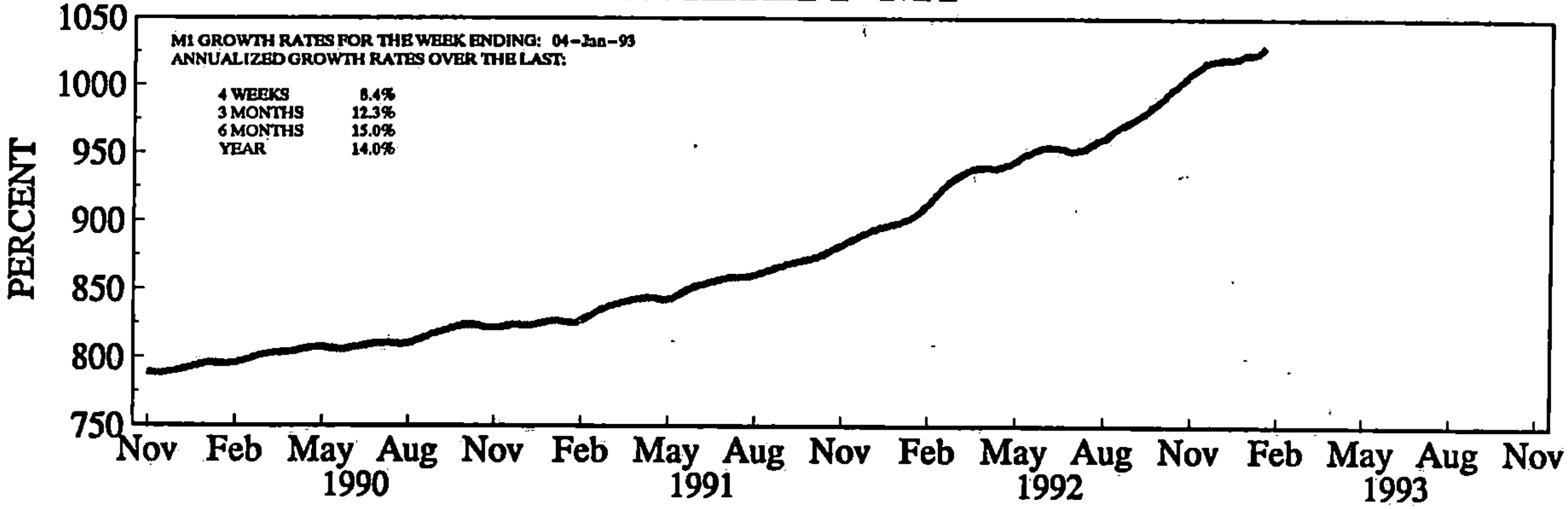
For some time, U.S. officials have been warning their Japanese and German counterparts that they needed to undertake more stimulative policies to prevent worldwide slowdown. These warnings were often ignored, in part because the U.S. had failed to put its own fiscal house in order, adding to the upward pressure on worldwide interest rates. A coordinated effort to accelerate world growth would place the burden of short-run stimulus on the Germans and Japanese, while the U.S. would emphasize reducing its long-term budget deficit.

RECENT ECONOMIC INDICATORS AS OF JANUARY 15, 1993
(S.A. OR AS INDICATED)

	Dec–91	Jan–92	Feb–92	Mar–92	Apr–92	May–92	Jun–92	Jul–92	Aug–92	Sep–92	Oct–92	Nov–92	Dec–92
GDP (Quarterly Series, % A.R.)													
Nominal GDP	2.8			6.2			4.3			5.3			
Real GDP	0.6			2.9			1.5			3.4			
Implicit Price Deflator	2.4			3.1			2.7			2.0			
Fixed–Weight Price Index	2.4			3.7			3.0			2.0			
CYCLICAL INDICATORS													
Leading Index, Percent	–0.1	1.1	0.7	0.4	0.3	0.6	–0.3	0.1	–0.3	–0.1	0.5	0.8	NA
Coincident Index, Percent	–0.3	–0.4	0.5	0.0	0.0	0.0	–0.1	0.4	–0.5	–0.1	0.3	0.2	NA
Purchasing Managers' Diffusion Index	47.4	47.4	52.4	54.1	51.3	56.3	52.8	54.2	53.7	49.0	50.6	55.0	55.9
Percent	–5.8	0.0	10.5	3.2	–5.2	9.7	–6.2	2.7	–0.9	–8.8	3.3	8.7	1.6
Industrial Production	107.4	106.6	107.2	107.6	108.1	108.9	108.5	109.4	109.1	108.9	109.7	110.1	110.5
Percent	–0.65	–0.74	0.56	0.37	0.46	0.74	–0.37	0.83	–0.27	–0.27	0.46	0.37	0.36
Capacity Utilization, Manufacturing	77.7	77.0	77.4	77.5	77.7	78.2	77.8	78.1	77.9	77.5	77.9	78.2	78.4
EMPLOYMENT INDICATORS													
Civilian Employment, Million	116.8	117.0	117.0	117.3	117.5	117.6	117.5	117.7	117.8	117.7	117.7	118.1	118.3
Nonfarm Payroll Employment, Million	108.2	108.1	108.1	108.2	108.4	108.5	108.4	108.6	108.5	108.5	108.6	108.6	108.7
Civilian Unemployment Rate, Percent	7.1	7.1	7.3	7.3	7.3	7.4	7.7	7.6	7.6	7.5	7.4	7.3	7.3
Employment/Population Ratio	61.3	61.4	61.3	61.4	61.5	61.5	61.4	61.4	61.4	61.3	61.3	61.4	61.5
Average Weekly Hours, Manufacturing	41.0	40.9	41.1	41.1	41.1	41.3	41.0	41.0	41.0	40.9	41.1	41.2	41.3
CONSUMER SECTOR													
Retail Sales, Billion $	154.4	157.8	159.8	157.9	158.4	159.1	159.0	160.8	161.0	162.2	165.6	164.8	166.8
Percent	0.1	2.2	1.2	–1.2	0.3	0.5	–0.1	1.1	0.1	0.7	2.1	–0.5	1.2
Total Auto Sales, Milion Units, A.R.	8.1	8.1	8.5	8.3	8.2	8.4	8.9	8.3	7.9	8.3	8.3	8.2	8.7
Domestic Auto Sales, Million Units, A.R.	6.0	6.0	6.2	6.0	6.0	6.3	6.7	6.4	6.0	6.3	6.3	6.2	6.7
Personal Income, Billion $, A.R.	4944.9	4943.2	4988.7	5009.6	5015.4	5032.7	5038.5	5048.7	5056.4	5080.9	5139.2	5149.9	NA
Percent	1.2	–0.0	0.9	0.4	0.1	0.3	0.1	0.2	0.2	0.5	1.1	0.2	NA
Disposable Personal Income, Billion $, A.R.	4320.9	4321.4	4360.8	4400.6	4400.7	4415.1	4419.5	4424.6	4426.3	4448.7	4501.1	4505.7	NA
Savings Rate, Percent	4.8	4.9	4.9	5.3	5.5	5.3	5	4.8	4.6	4.6	4.4	NA	NA
Real Personal Income, Billion 87$, A.R.	4066.5	4058.5	4079.1	4076.2	4070.9	4078.4	4076.5	4078.1	4094.3	4090.9	4121.3	4119.9	NA
Percent	1.0	–0.2	0.5	–0.1	–0.1	0.2	–0.0	0.0	0.4	–0.1	0.7	–0.0	NA
Real Disposable Personal Income, Billion 87$, A.R.	3552.5	3549.3	3565.9	3581.9	3573.3	3578.6	3576.1	3574.4	3585.5	3581.7	3609.2	3604.9	NA
Percent	1.1	–0.1	0.5	0.4	–0.2	0.1	–0.1	–0.0	0.3	–0.1	0.8	–0.1	NA
Consumer Sentiment Index, U of Michigan	68.2	67.5	68.8	76.0	77.2	79.2	80.4	76.6	76.1	75.6	73.3	85.3	NA
Percent	–1.3	–1.0	1.9	10.5	1.6	2.6	1.5	–4.7	–0.7	–0.7	–3.0	16.4	NA
HOUSING SECTOR													
Housing Starts, Thousand Units, A.R.	1118	1180	1257	1340	1086	1196	1147	1100	1233	1222	1224	1242	NA
Single–Family Starts	972	989	1109	1068	933	1019	999	956	1042	1051	1086	1100	NA

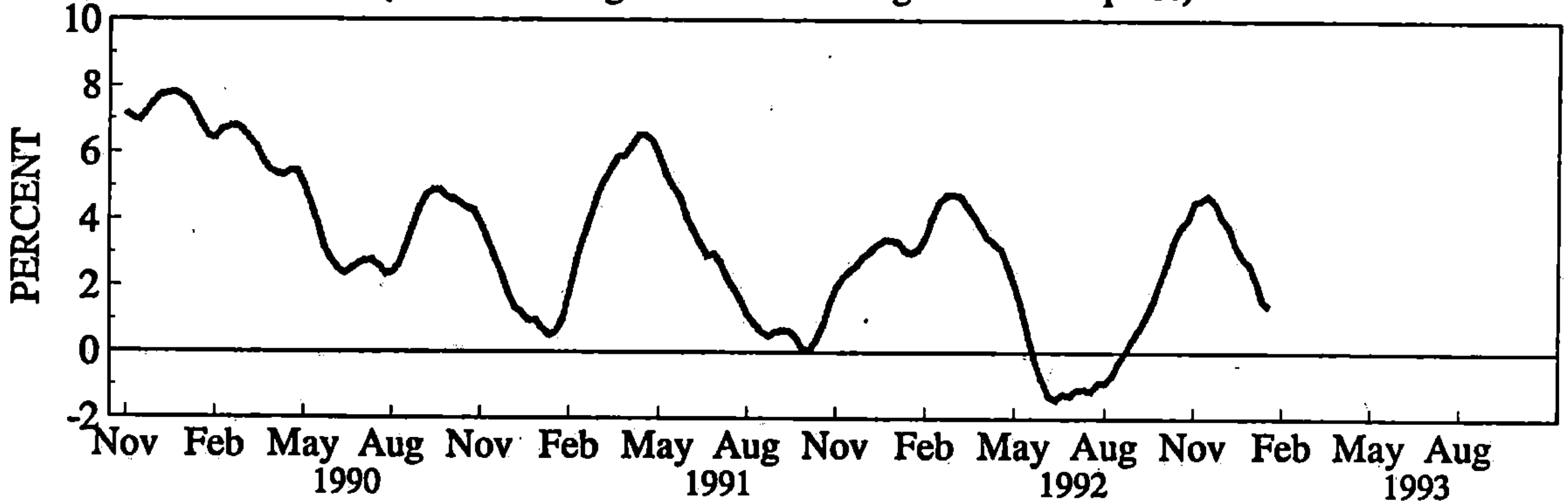
	Dec-91	Jan-92	Feb-92	Mar-92	Apr-92	May-92	Jun-92	Jul-92	Aug-92	Sep-92	Oct-92	Nov-92	Dec-92
BUSINESS SECTOR													
Nondefense Capital Goods Orders, Billion $	27.0	30.1	29.5	32.2	29.9	30.5	31.0	29.3	28.2	30.6	31.7	28.7	NA
Percent	−18.4	11.6	−2.1	9.2	−7.0	1.9	1.6	−5.4	−3.9	8.6	3.6	−9.5	NA
Nonresidential Construction Put in Place, Billion $	123.3	123.0	125.0	128.5	127.2	124.1	127.6	124.7	117.8	122.5	123.7	126.2	NA
Inventory Change Book Value, Billion $, A.R.	47.3	−48.4	5.5	19.1	29.1	−7.2	46.1	42.0	19.2	−18.2	16.0	16.5	NA
Inventory/Sales Ratio, Total Business	1.56	1.53	1.52	1.51	1.51	1.52	1.50	1.49	1.51	1.50	1.49	1.49	NA
INFLATION INDICATORS													
CPI, Percent	0.2	0.1	0.3	0.5	0.2	0.1	0.3	0.1	0.3	0.2	0.4	0.2	0.1
CPI Less Food and Energy, Percent	0.2	0.3	0.4	0.5	0.3	0.2	0.2	0.2	0.2	0.2	0.5	0.3	0.1
PPI Finished Goods, Percent	−0.1	−0.2	0.2	0.2	0.3	0.2	0.2	0.0	0.1	0.3	0.1	−0.2	0.2
PPI Less Food and Energy, Percent	0.2	0.5	0.1	0.3	0.4	0.3	−0.2	0.1	−0.1	0.2	−0.1	0.1	0.3
Gold, $ per ounce	360.4	354.4	353.8	343.8	338.2	337.3	341.3	353.2	344.6	345.3	344.0	334.4	334.0
W. Texas Spot Oil Price, $/bbl	19.5	18.8	19.0	18.9	20.2	20.9	22.4	21.8	21.4	21.9	21.7	20.3	19.4
MERCHANDISE TRADE													
Exports, Billion $, A.R.	432.6	425.6	451.9	445.0	436.9	428.6	458.0	453.7	429.6	454.6	468.9	455.6	NA
Imports, Billion $, A.R.	500.1	495.8	491.7	512.4	521.9	514.8	539.5	541.5	537.6	557.5	555.5	546.7	NA
Deficit, Billion $, A.R.	−67.5	−70.2	−39.9	−67.3	−85.1	−86.2	−81.5	−87.9	−108.0	−102.9	−86.6	−91.1	NA
U.S. EXCHANGE RATE													
Multilateral	85.7	86.1	88.0	90.4	89.8	88.3	85.9	82.6	81.0	82.0	85.0	90.0	90.5
Percent	−2.6	0.5	2.3	2.7	−0.7	−1.7	−2.7	−3.9	−1.9	1.2	3.7	5.9	0.5
Yen/$	128.0	125.5	127.7	132.9	133.5	130.8	126.8	125.9	126.2	122.6	121.2	123.9	124.0
DM/$	1.56	1.58	1.62	1.66	1.65	1.62	1.57	1.49	1.45	1.45	1.49	1.59	1.58
$/Pound	1.83	1.81	1.78	1.72	1.76	1.81	1.86	1.92	1.94	1.85	1.65	1.53	1.55
MONEY AND CREDIT													
M2, Billion $	3439.8	3447.5	3474.4	3475.7	3471.5	3473.0	3464.1	3461.6	3471.2	3481.9	3497.2	3507.4	3504.3
Percent	2.9	2.7	9.8	0.4	−1.4	0.5	−3.0	−0.9	3.4	3.8	5.4	3.6	−1.1
M3, Billion $	4171.0	4173.7	4198.7	4191.8	4179.4	4178.7	4166.7	4162.9	4176.3	4183.0	4184.7	4191.0	4175.9
Percent	1.2	0.8	7.4	−2.0	−3.5	−0.2	−3.4	−1.1	3.9	1.9	0.5	1.8	−4.2
C&I Loans & Commercial Paper, Billion $, N.S.A.	993.8	988.4	994.9	1000	996.8	1000	996.8	991.5	986.8	982.123	991.569	988.19	NA
Percent, A.R.	−7.1	−6.3	8.2	6.3	−3.8	3.9	−3.8	−6.2	−5.5	−5.5	12.2	−4.0	NA
C&I Loans, Billion $	457	455.2	455.5	454.3	452.3	454.3	452.3	448	443.6	440.087	439.913	440.317	NA
Commercial Paper, Billion $	536.8	533.2	539.4	545.7	544.5	545.7	544.5	543.5	543.2	542.036	551.656	547.873	NA
INTEREST RATES													
Federal Funds Rate	4.4	4.0	4.1	4.0	3.7	3.8	3.8	3.3	3.3	3.2	3.1	3.1	2.9
T-Bill, 3 Month	4.1	3.8	3.8	4.0	3.8	3.6	3.7	3.2	3.1	2.9	2.9	3.1	3.2
T-Bond, 30 Year	7.7	7.6	7.9	8.0	8.0	7.9	7.8	7.6	7.4	7.3	7.5	7.6	7.4
Corporate AAA Bonds	8.3	8.2	8.3	8.4	8.3	8.3	8.2	8.1	8.0	7.9	8.0	8.1	8.0
Mortgage Commitment Rate	8.7	8.5	8.4	8.8	8.9	8.9	8.7	8.5	8.1	8.0	7.9	8.1	NA
STOCK MARKET													
Dow Jones 30 Industrials	2958.6	3227.1	3257.3	3247.4	3294.1	3376.8	3337.8	3329.4	3307.5	3293.9	3198.7	3238.5	3303.2
Standard & Poor's 500	388.5	416.1	412.6	407.4	407.4	414.8	408.3	415.1	417.9	418.5	412.5	422.8	435.6

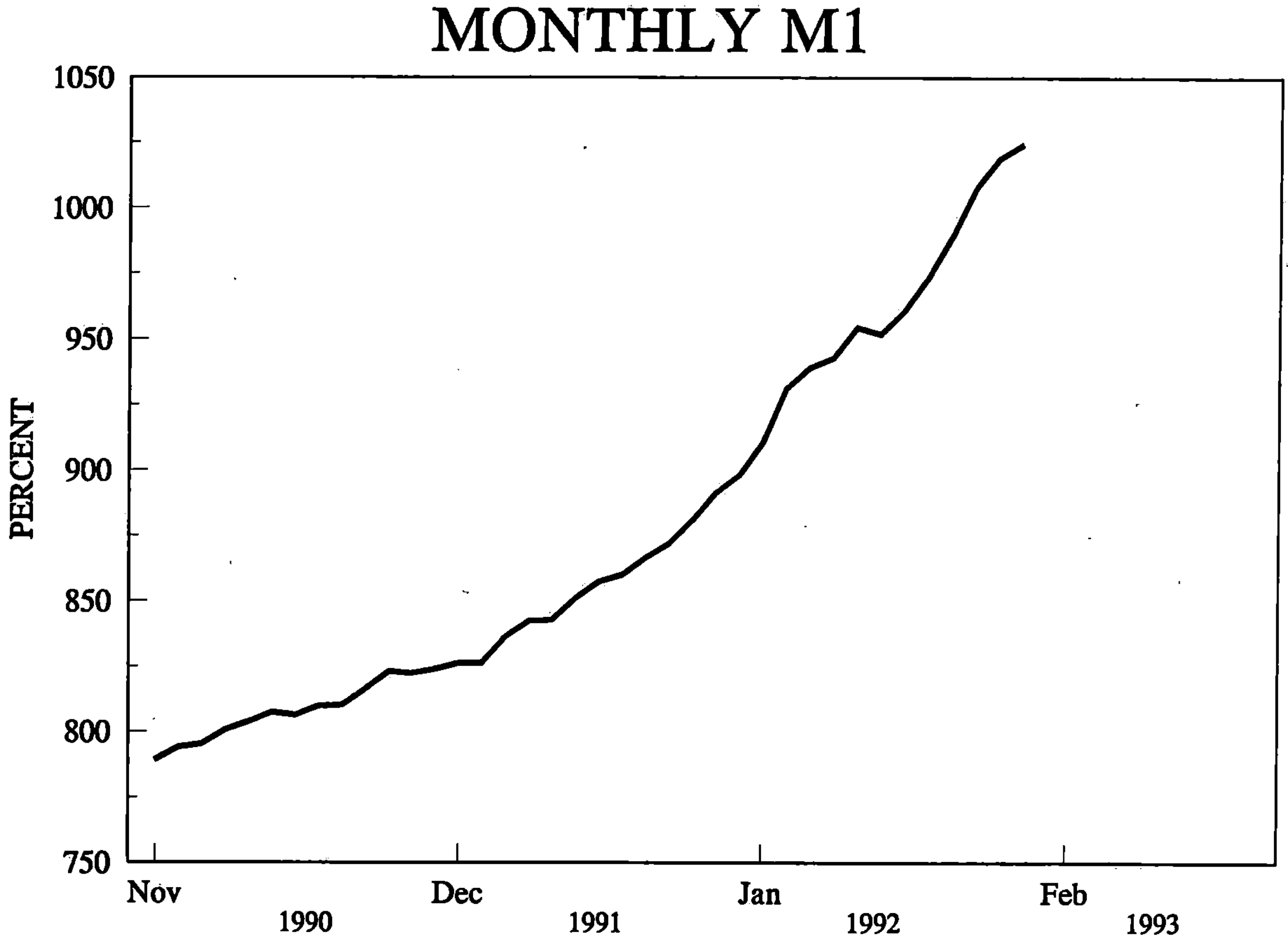
WEEKLY M1



M1 QUARTERLY GROWTH RATE

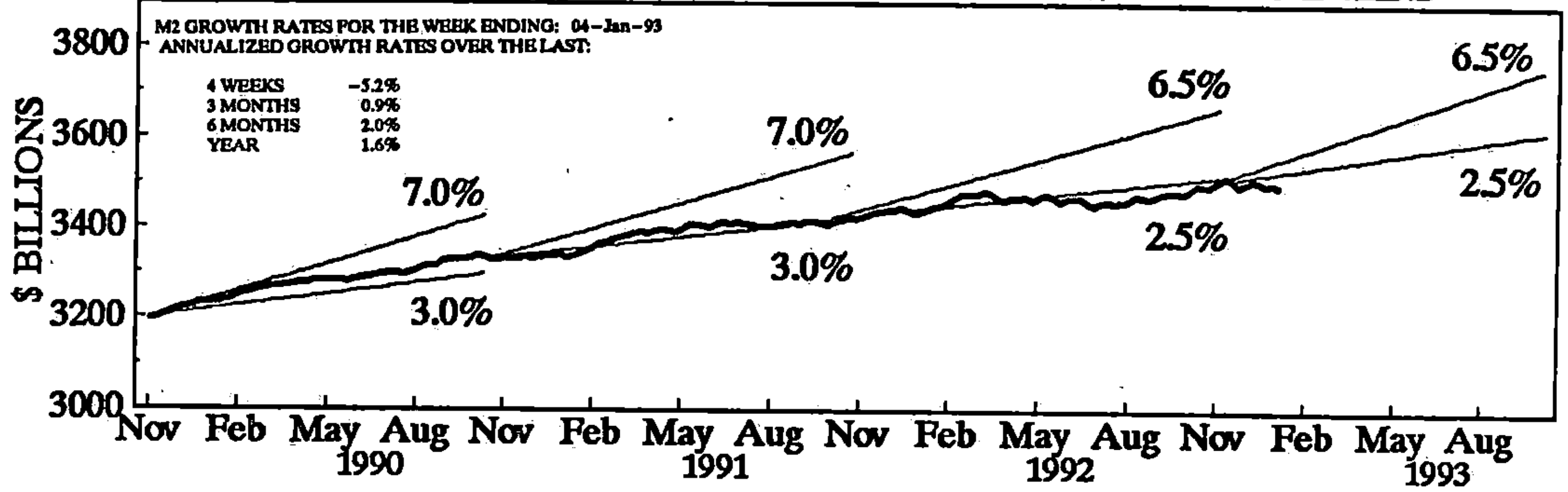
(4-week average / 4-week average 13 weeks prior)





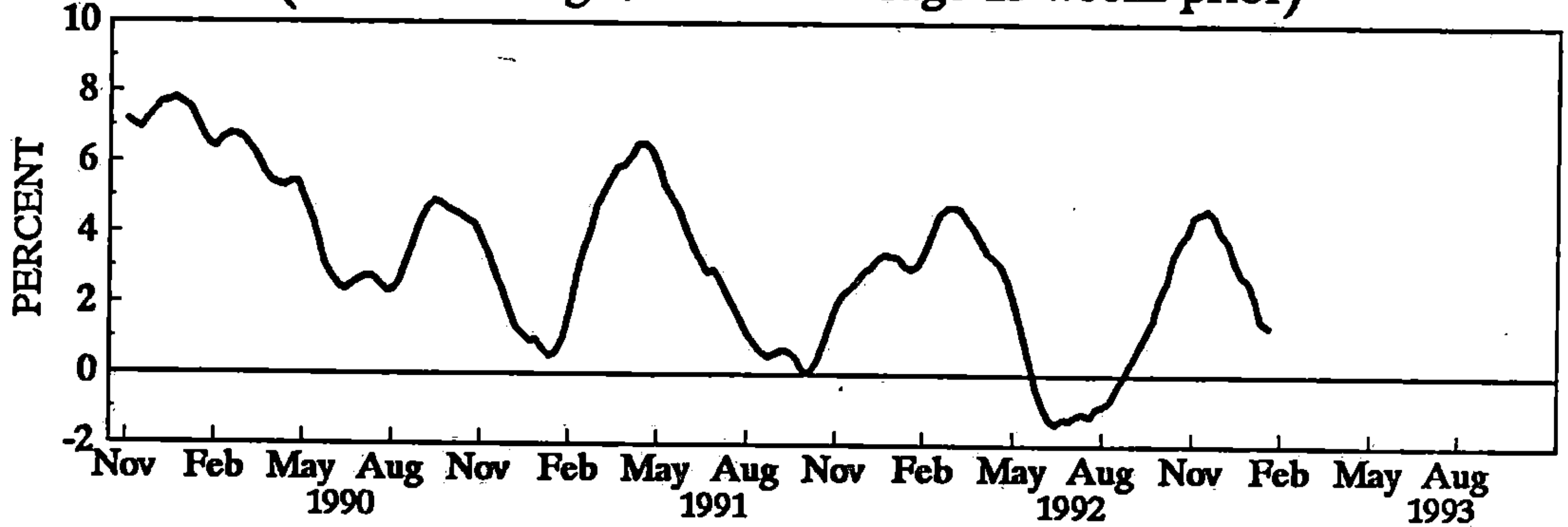
MONTHLY M1
PERCENT
1050
1000
950
900
850
800
750
Nov
1990
Dec
1991
Jan
1992
Feb
1993

WEEKLY M2 AND TARGET CONES

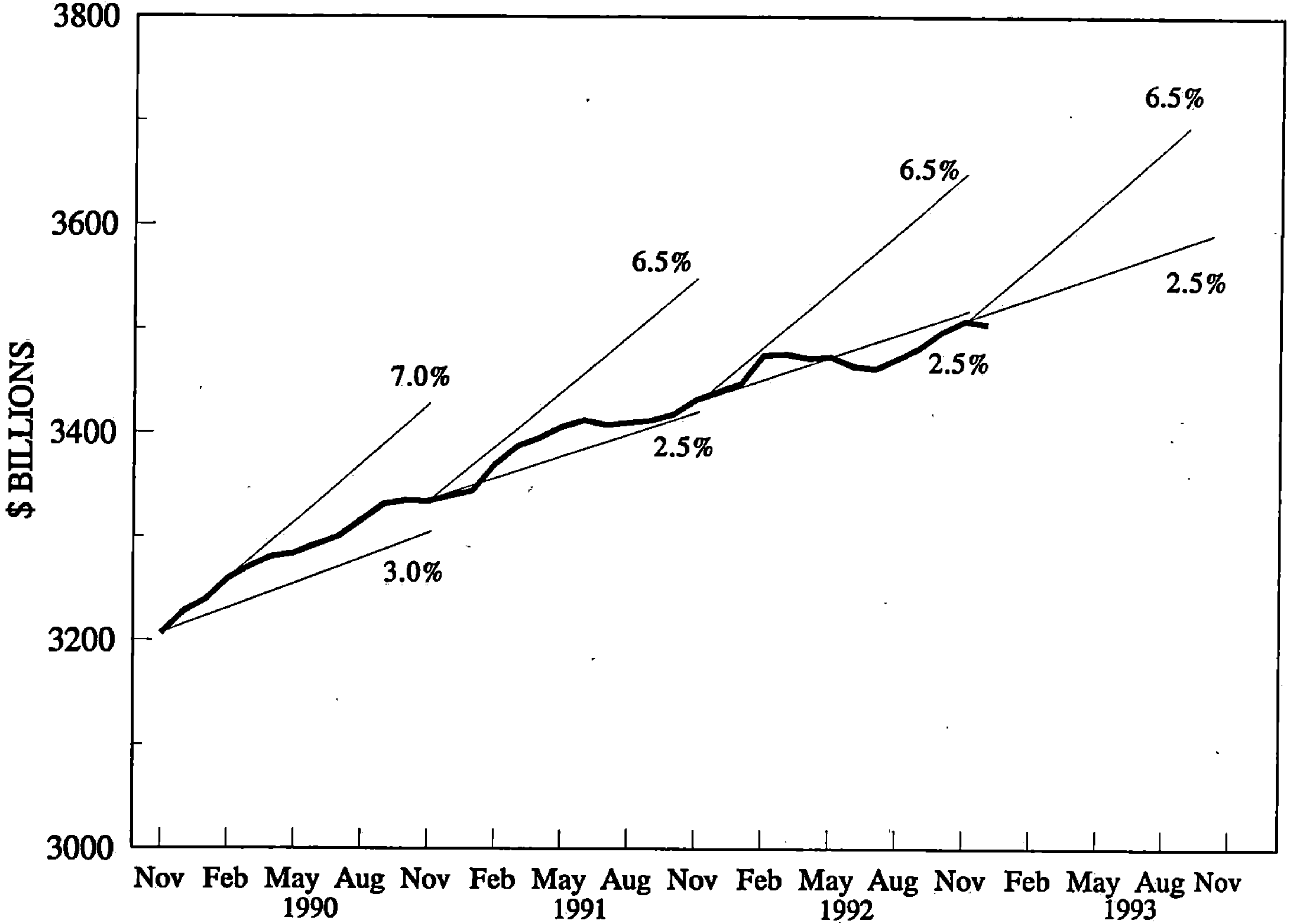


M2 QUARTERLY GROWTH RATE

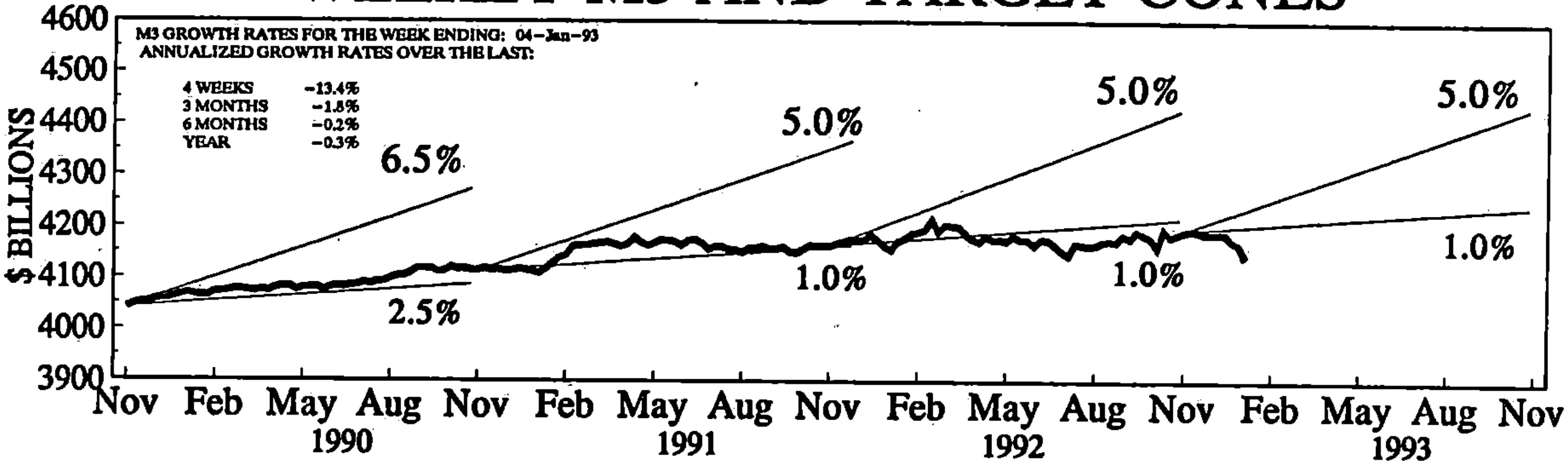
(4-week average / 4-week average 13 weeks prior)



MONTHLY M2 AND TARGET CONES

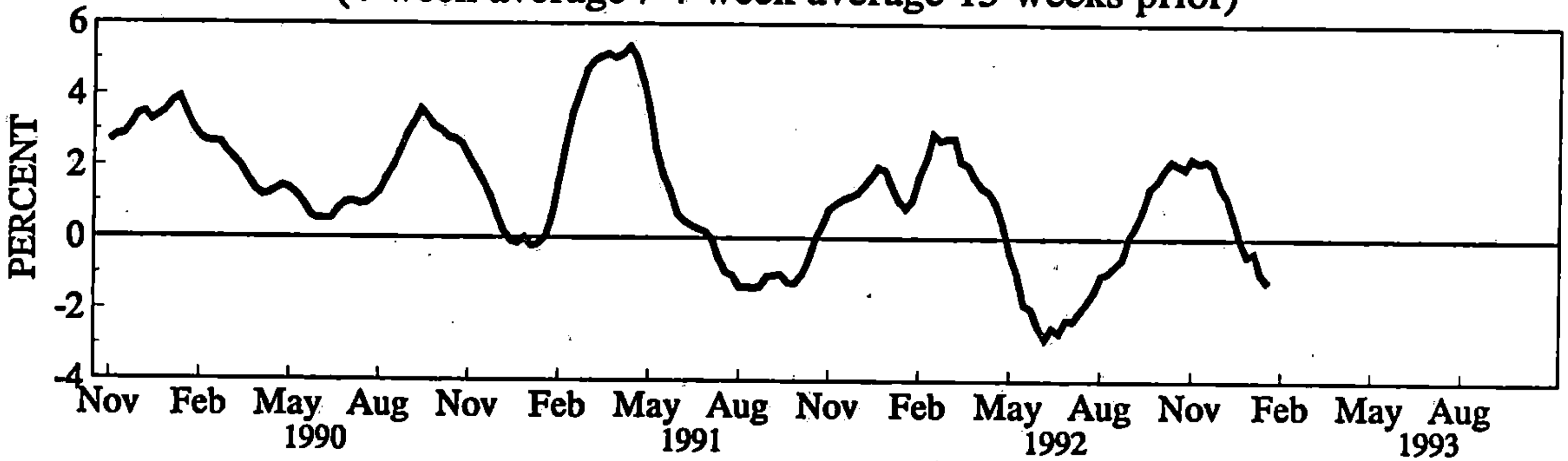


WEEKLY M3 AND TARGET CONES

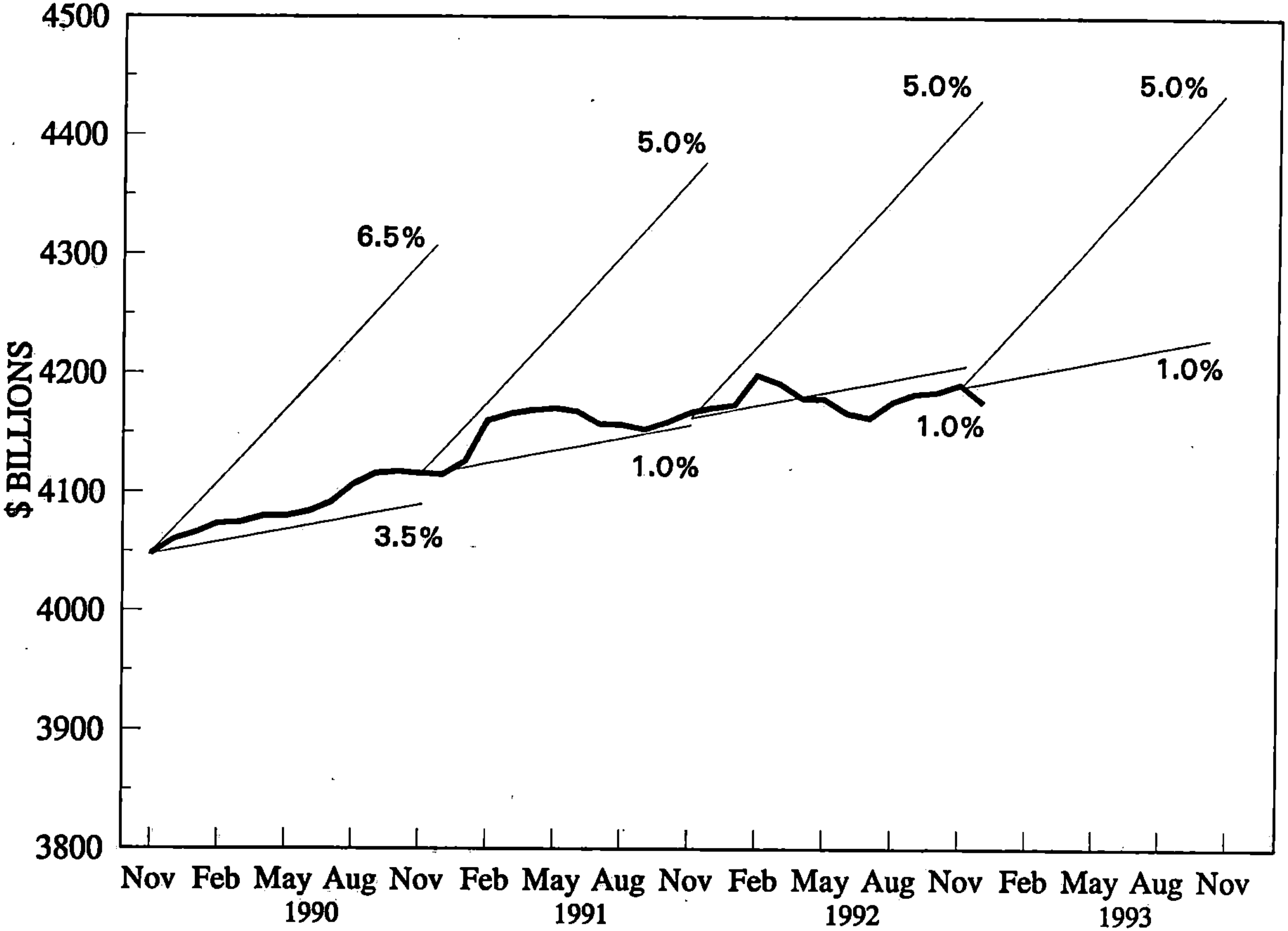


M3 QUARTERLY GROWTH RATE

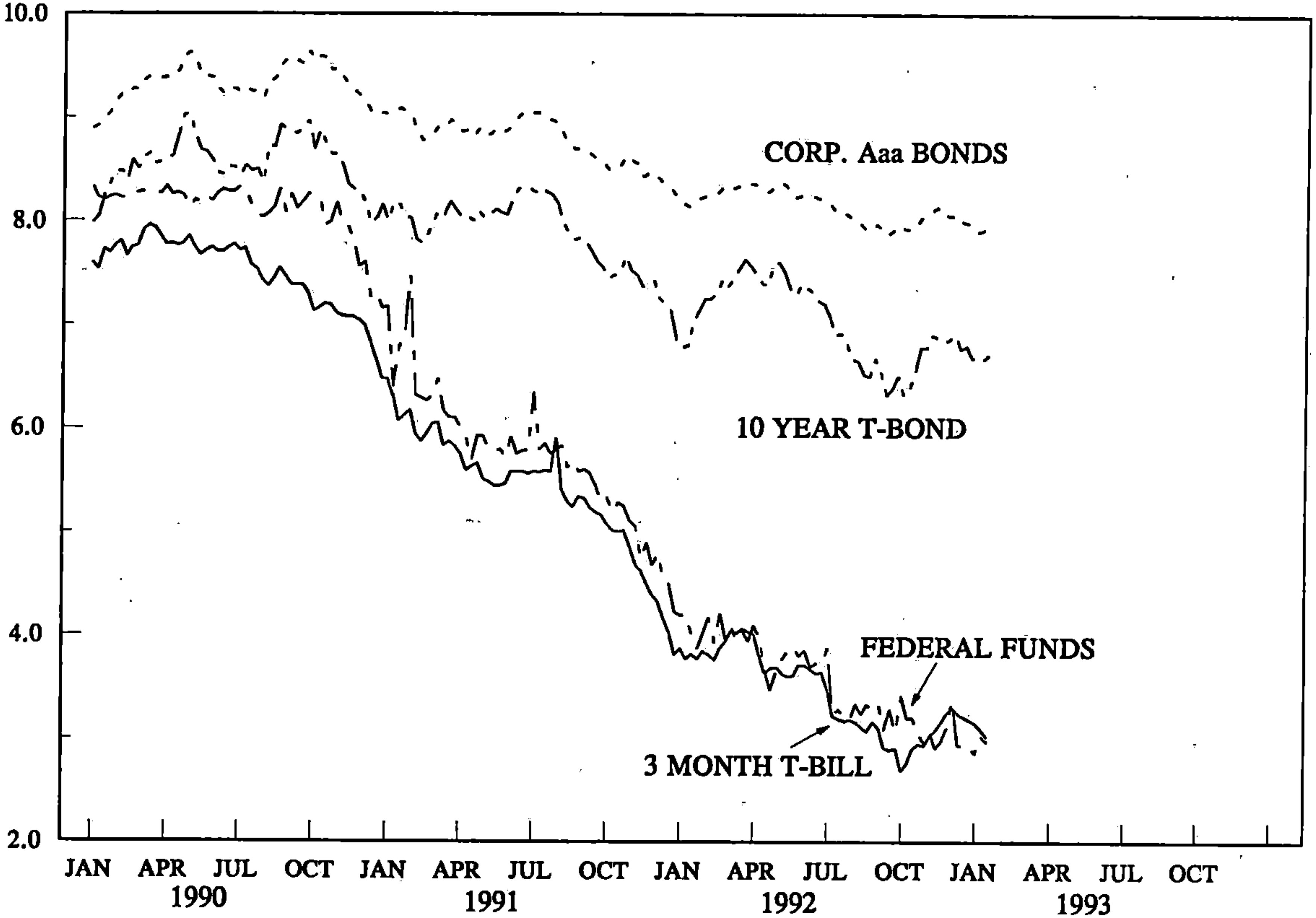
(4-week average / 4-week average 13 weeks prior)

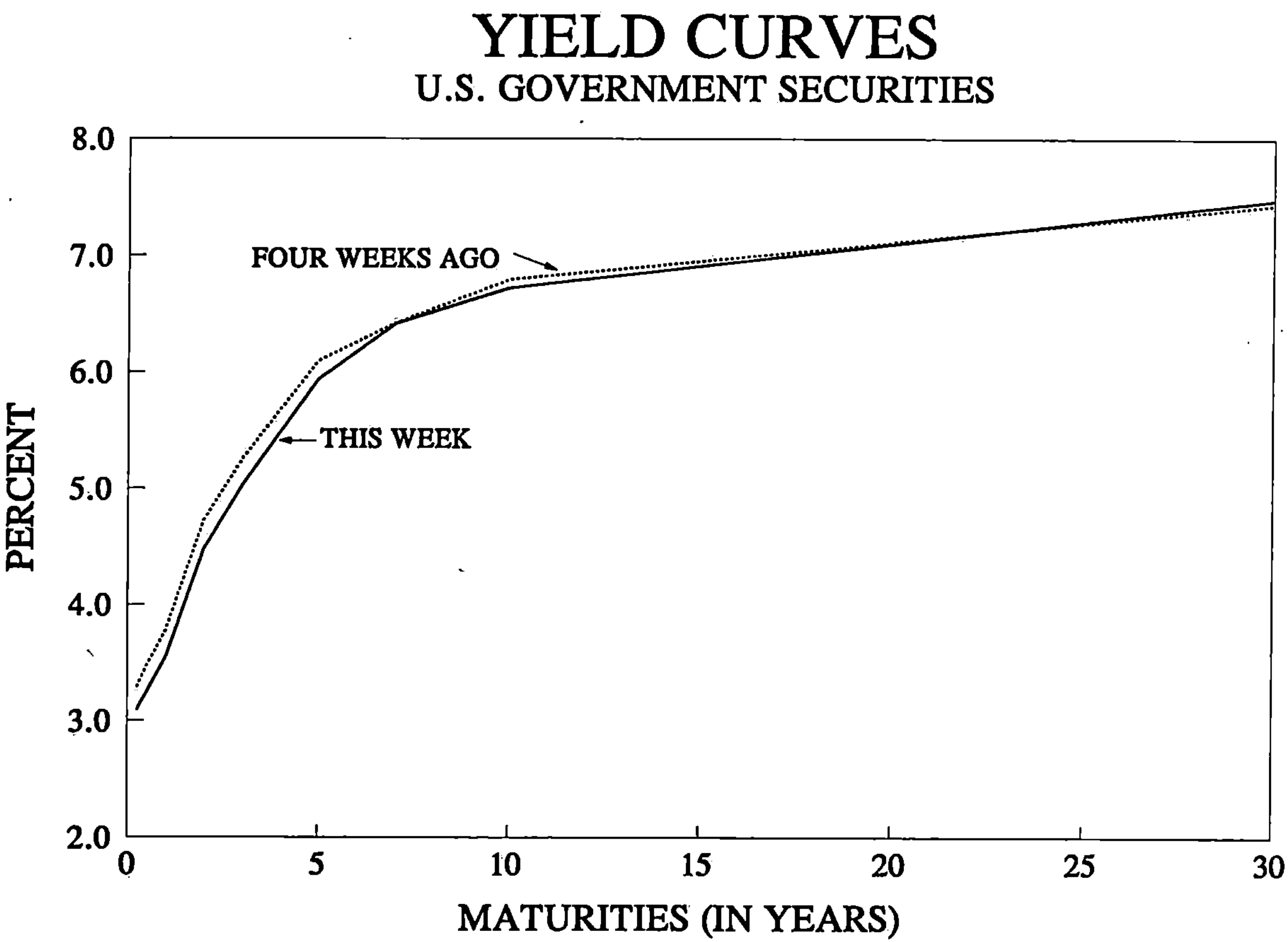


MONTHLY M3 AND TARGET CONES



INTEREST RATES
(WEEKLY AVERAGE, PERCENT PER ANNUM)





YIELD CURVES
U.S. GOVERNMENT SECURITIES
8.0
7.0
6.0
5.0
4.0
3.0
2.0
PERCENT
FOUR WEEKS AGO
THIS WEEK
0
5
10
15
20
25
30
MATURITIES (IN YEARS)

Interest Rates, Stock Prices, and Mortgage Rates--January 1993
(Percent per annum, except as noted)

Period	Federal funds 1/	Discount rate FRB-NY 2/	Prime rate 2/	3-month: Commercial paper 3/	3-month: CDs (secondary mkt)	3-month: Treas. bills, (sec. mkt) 3/	Corporate Aaa bonds (Moody's)	U.S. Treasury constant maturities: 3 year	U.S. Treasury constant maturities: 10 year	U.S. Treasury constant maturities: 30 year	High-grade municipal bonds (S&P) 4/	Dow-Jones industrials: Level	Dow-Jones industrials: Point change	Dow-Jones industrials: Percent change	Volume NYSE (mill. shares)	Mortgage commitment rate (FHLMC) 5/
Jan 1	2.66	3.00	6.00	---------	Holiday	---------	---------	---------	---------	---------		---------	---------	---------	---------	
Week	2.88	3.00	6.00	3.51	3.34	3.15	7.90	5.13	6.70	7.39	6.20	3318.58				8.14
Jan 4	3.60	3.00	6.00	3.37	3.28	3.08	7.87	5.03	6.60	7.33		3309.22	8.11	0.25	199.7	
5	3.33	3.00	6.00	3.36	3.28	3.11	7.88	5.00	6.61	7.33		3307.87	-1.35	-0.04	240.3	
6 6/	3.62	3.00	6.00	3.35	3.28	3.10	7.93	5.06	6.63	7.34		3305.16	-2.71	-0.08	288.5	
7	3.25	3.00	6.00	3.36	3.28	3.12	7.98	5.17	6.76	7.45		3268.96	-36.20	-1.10	303.1	
8	2.93	3.00	6.00	3.31	3.28	3.08	7.97	5.08	6.75	7.47		3251.67	-17.29	-0.53	262.6	
Week	3.03	3.00	6.00	3.35	3.27	3.09	7.92	5.06	6.67	7.38	6.18	3288.58				8.07
Jan 11	3.08	3.00	6.00	3.30	3.22	3.05	7.98	5.01	6.71	7.47		3262.75	11.08	0.34	217.2	
12	2.91	3.00	6.00	3.27	3.22	3.02	7.99	5.03	6.72	7.48		3264.64	1.89	0.06	239.3	
13	2.81	3.00	6.00	3.25	3.22	3.00		5.02	6.71	7.45		3263.56	-1.08	-0.03	247.0	
14																
15																
Week	2.97															
Jan 18				---------	Holiday	---------		---------	---------	---------						
19																
20 6/																
21																
22																
Week																
Jan 25																
26																
27																
28																
29																
Week																

1/Weekly data are for 7-day week ended Wednesday. 2/Weekly data are for end of week. 3/Bank-discount basis. 4/Data are for Wednesday.
5/Commitment rate on 80 percent, 30-year, fixed rate conventional mortgages on new and used homes. 6/End of reserve settlement period.

Foreign Exchange Rates-- JANUARY 1993
(Spot selling prices at 2 p.m. E.T., in units of foreign currency per U.S. dollar 1/)

Period 1992	U.S. dollar Percent change multilateral	U.S. dollar Multilateral (Mar 73 = 100)	Belgium (Franc)	Canada (Dollar)	France (Franc)	Germany (D.Mark)	Italy (Lira)	Japan (Yen)	Netherlands (Guilder)	Sweden (Krona)	Switzerland (Franc)	U.K. (Pound)	London Gold (p.m. fix)
Jan 1	Closed												
		92.26	33.20	78.92	5.5070	1.6159	1466.13	124.74	1.8158	7.0876	1.4630	150.79	332.60
Jan 4	1.2	93.49	33.69	78.16	5.5935	1.6378	1519.75	125.37	1.8409	7.1825	1.4800	150.15	328.25
5	-0.7	92.79	33.50	78.35	5.5450	1.6253	1529.00	124.80	1.8281	7.2325	1.4715	154.80	328.60
6	0.4	93.20	33.65	78.19	5.5715	1.6360	1529.25	125.00	1.8382	7.2620	1.4905	153.98	329.60
7	0.0	93.20	33.67	78.19	5.5615	1.6360	1512.00	125.15	1.8395	7.3595	1.4925	153.40	329.15
8	0.2	93.35	33.76	78.00	5.5845	1.6410	1502.25	125.32	1.8440	7.4235	1.4950	153.70	329.10
		93.21	33.65	78.18	5.5712	1.6352	1518.45	125.13	1.8381	7.2920	1.4859	153.21	328.94
Jan 11	-0.5	92.75	33.61	78.32	5.5465	1.6315	1480.25	125.05	1.8338	7.3865	1.4902	155.37	328.40
12	0.0	92.78	33.50	78.37	5.5180	1.6270	1495.00	125.12	1.8291	7.4295	1.4947	154.40	329.20
13	0.2	92.96	33.53	78.05	5.5185	1.6285	1505.25	125.80	1.8312	7.4270	1.4895	154.35	327.55
14													
15													
Jan 18													
19													
20													
21													
22													
Jan 25													
26													
27													
28													
29													

1/ Except Canada and U.K. in U.S. cents per unit of foreign currency, and gold in U.S. dollars per ounce.

WEEK OF:	THREE MONTH INTEREST RATES * U.S. CD'S	JAPANESE CD'S	GERMAN INTERBANK	U.K INTERBANK	LONG-TERM GOVERNMENT BOND YIELDS * U.S.	JAPAN	GERMANY	U.K	INDUSTRIAL STOCK INDICES S&P 500 (U.S.)	NIKKEI DOW (JAPAN)	COMMERZBANK (GERMANY)	FINANCIAL TIMES 100 (U.K)
17-Jan-92	4.03	5.29	9.45	10.59	6.93	5.47	7.94	9.56	418.5	21,601.4	1,889.1	2,524.4
24-Jan-92	4.07	5.18	9.44	10.56	7.09	5.44	7.88	9.46	415.5	21,191.8	1,927.1	2,529.2
31-Jan-92	4.07	5.05	9.40	10.55	7.22	5.37	7.89	9.48	412.1	21,468.1	1,930.3	2,552.1
07-Feb-92	4.06	5.14	9.46	10.56	7.30	5.51	7.90	9.41	412.4	22,057.5	1,944.1	2,543.1
14-Feb-92	3.94	5.24	9.49	10.41	7.23	5.56	7.87	9.35	414.2	21,409.0	1,942.4	2,527.1
21-Feb-92	4.07	5.22	9.54	10.28	7.43	5.53	7.89	9.35	410.3	20,975.8	1,957.2	2,543.9
28-Feb-92	4.18	5.15	9.50	10.19	7.42	5.52	7.91	9.34	412.9	21,207.2	1,998.3	2,559.1
06-Mar-92	4.16	5.13	9.51	10.29	7.37	5.53	7.84	9.33	409.1	21,100.5	2,020.3	2,549.9
13-Mar-92	4.24	4.98	9.54	10.35	7.54	5.54	7.89	9.55	405.2	20,652.5	2,003.8	2,523.4
20-Mar-92	4.30	4.94	9.59	10.64	7.65	5.54	7.93	9.75	409.2	19,926.0	1,988.1	2,470.2
27-Mar-92	4.27	4.89	9.63	10.73	7.58	5.47	8.00	9.81	407.5	19,976.1	1,972.3	2,456.9
03-Apr-92	4.21	4.88	9.65	10.83	7.53	5.45	8.02	9.92	402.6	18,888.6	1,977.4	2,417.9
10-Apr-92	4.14	4.74	9.65	10.93	7.43	5.67	7.97	9.98	399.9	17,320.0	1,983.8	2,414.2
17-Apr-92	3.95	4.69	9.60	10.38	7.35	5.63	7.89	9.28	412.7	17,632.9	1,995.8	2,617.6
24-Apr-92	3.97	4.72	9.60	10.33	7.55	5.69	7.92	9.17	410.2	17,128.5	2,009.4	2,621.6
01-May-92	3.93	4.71	9.65	10.44	7.58	5.75	7.97	9.19	411.4	17,418.0	1,984.7	2,657.6
08-May-92	3.89	4.75	9.69	10.25	7.55	5.77	8.01	9.17	416.5	18,221.8	1,979.7	2,697.1
15-May-92	3.79	4.72	9.69	10.05	7.41	5.67	7.97	9.13	414.9	18,552.8	1,985.7	2,711.6
22-May-92	3.76	4.72	9.73	9.95	7.27	5.58	7.96	9.04	414.0	18,650.9	2,014.3	2,704.0
29-May-92	3.85	4.72	9.69	9.88	7.41	5.62	7.94	8.96	413.9	18,076.6	2,037.2	2,701.3
05-Jun-92	3.91	4.70	9.66	9.95	7.35	5.62	7.95	8.96	414.4	18,014.5	2,022.1	2,687.0
12-Jun-92	3.86	4.67	9.64	9.86	7.33	5.60	7.95	9.15	409.9	17,670.2	2,006.0	2,627.0
19-Jun-92	3.83	4.62	9.67	9.96	7.27	5.59	7.96	9.14	405.1	16,583.6	1,996.6	2,591.2
26-Jun-92	3.84	4.53	9.65	9.95	7.22	5.50	8.02	9.19	403.8	15,960.6	1,989.6	2,547.8
03-Jul-92	3.75	4.51	9.69	10.03	7.14	5.41	8.03	9.16	410.4	16,298.7	1,971.4	2,500.8
10-Jul-92	3.42	4.42	9.67	9.92	6.95	5.35	7.96	9.09	411.9	16,641.4	1,969.6	2,483.3
17-Jul-92	3.35	4.42	9.67	9.92	6.94	5.35	7.98	9.01	416.6	16,983.8	1,939.7	2,472.8
24-Jul-92	3.32	4.42	9.70	10.19	6.88	5.28	8.04	9.10	412.4	15,793.3	1,842.8	2,396.8
31-Jul-92	3.32	4.14	9.70	10.20	6.67	5.12	8.04	9.09	419.9	15,472.4	1,808.8	2,391.2
07-Aug-92	3.33	4.01	9.75	10.24	6.69	5.11	8.10	9.27	422.2	15,766.1	1,799.3	2,389.6
14-Aug-92	3.29	4.00	9.75	10.16	6.54	5.16	8.06	9.32	418.7	15,074.9	1,712.1	2,363.9
21-Aug-92	3.28	3.87	9.80	10.16	6.52	4.96	8.00	9.29	412.6	16,932.1	1,651.4	2,300.1
28-Aug-92	3.32	3.73	9.81	10.43	6.62	4.87	7.91	9.38	412.8	17,015.2	1,664.8	2,300.3
04-Sep-92	3.33	3.80	9.84	10.50	6.60	5.05	7.90	9.60	416.6	18,066.1	1,711.2	2,362.2
11-Sep-92	3.15	3.84	9.79	10.29	6.39	4.95	7.83	9.30	417.6	18,522.8	1,705.1	2,349.8
18-Sep-92	3.07	3.90	9.52	10.51	6.36	4.94	7.66	9.19	421.6	18,174.9	1,755.1	2,444.3
25-Sep-92	3.12	3.96	9.08	9.36	6.45	4.97	7.50	9.11	417.9	18,338.4	1,721.7	2,586.9
02-Oct-92	3.13	3.88	8.92	9.01	6.40	4.89	7.52	9.04	415.6	17,562.8	1,649.5	2,560.1
09-Oct-92	3.07	3.86	8.94	9.01	6.30	4.88	7.40	9.26	405.9	17,175.3	1,611.1	2,506.4
16-Oct-92	3.19	3.91	8.89	8.66	6.48	4.93	7.44	9.12	409.5	17,427.0	1,624.4	2,565.4
23-Oct-92	3.34	3.86	8.82	7.96	6.70	4.92	7.34	8.73	415.0	17,032.7	1,676.5	2,630.5
30-Oct-92	3.39	3.81	8.75	7.63	6.79	4.87	7.31	8.43	419.3	16,994.0	1,692.9	2,656.5
06-Nov-92	3.40	3.77	8.82	7.43	6.83	4.80	7.34	8.39	419.1	16,955.0	1,660.3	2,700.0
13-Nov-92	3.47	3.79	8.86	7.06	6.94	4.77	7.31	8.28	420.9	16,376.0	1,699.5	2,706.1
20-Nov-92	3.63	3.76	8.85	7.10	6.83	4.73	7.34	8.39	422.6	16,568.0	1,724.3	2,700.3
27-Nov-92	3.66	3.75	8.83	7.13	6.83	4.73	7.29	8.51	428.0	17,336.9	1,699.7	2,732.3
04-Dec-92	3.75	3.78	8.85	7.24	6.94	4.72	7.34	8.48	430.8	17,389.2	1,710.7	2,773.1
11-Dec-92	3.60	3.71	8.92	7.05	6.80	4.71	7.35	8.30	435.3	17,367.5	1,676.9	2,743.5
18-Dec-92	3.50	3.77	8.96	7.09	6.80	4.73	7.36	8.30	434.7	17,431.6	1,647.0	2,740.5
25-Dec-92	3.36	3.78	8.99	7.20	6.71	4.71	7.28	8.29	440.0	17,631.1	1,686.4	2,826.2
01-Jan-93	3.34	3.76	8.80	7.04	6.70	4.65	7.19	8.18	437.9	17,133.1	1,708.1	2,842.3
08-Jan-93	3.28	3.76	8.68	7.03	6.64	4.64	7.14	8.18	433.7	16,850.1	1,718.6	2,834.4
15-Jan-93	3.24	3.75	8.54	7.12	6.73	4.59	7.09	NA	433.7	16,850.1	1,718.6	2,834.4

* Week ending Wednesday, except Japan long-term bond (Tuesday).

GROWTH SIGNS

MODERATE GROWTH
(2-1/2% or Higher)

1. New claims for unemployment insurance, including both emergency and regular programs, rose to 363,000 in the week ending Jan. 2, but the 4-week average fell slightly to 352,000, its lowest point in 2 years. (1/15)

2. Industrial production was up 0.3% in Dec. Over the last 3 months, it has increased 1.5% (1/15).

3. The University of Michigan Index of Consumer Sentiment for Jan. held at 90%, down very slightly from Dec., but up from 73% in Oct. [NOT FOR PUBLIC RELEASE] (1/15)

4. Existing home sales reached their highest level in almost 16 years in Nov., at 3.85 million units. (1/8)

5. Real GDP growth for Q3 was 3.4% at an annual rate in the final revision. (1/8)

SLUGGISH GROWTH
(0 to 2-1/2%)

1. The weekly average of the S&P 500 was steady this week. It is down about 1% from its high point two weeks ago. (1/15)

2. Retail sales rose 1.2% in Dec. after falling a revised -0.5% in Nov. (1/15)

3. The merchandise trade deficit was -$7.6 bil. in Nov., down from -$7.2 bil. in Oct., but an improvement compared with Aug.-Sep. (1/15)

4. Payroll employment rose 64,000 in Dec. Private employment was up 86,000 and the unemployment rate was unchanged at 7.3% (1/8)

5. The index of leading indicators increased 0.8% in Nov., the 2nd increase in a row following 3 monthly declines. The index of coincident indicators also increased 0.2% in Nov. (1/8)

6. The Purchasing Managers' index was 55.9% in Dec., its highest reading since May. A reading above 50% signals an improving manufacturing sector. (1/8)

7. New orders for nondefense capital goods fell 9.5% in Nov., following 2 straight monthly increases. Excluding aircraft and parts, orders rose 0.4%. (1/8)

NEGATIVE GROWTH

1. Both M2 and M3 fell sharply in the last reporting week. Their annualized growth rates over the last 3 months have been 0.9% and -1.8%, respectively. Both aggregates are below the lower limits of their new target ranges. (1/15)

1/15/93

GROWTH SIGNS

MODERATE GROWTH
(2-1/2% or higher)

SLUGGISH GROWTH
(0 to 2-1/2%)

8. Personal income rose 0.2% in Nov., and personal consumption expenditures increased 0.5%. (1/8)

9. New home sales fell in Nov. to their lowest level since May, 565,000 houses. (1/8)

10. Housing starts rose a modest 1.5% in November. They are at their highest level since March. (12/18)

NEGATIVE GROWTH

1/15/93

INFLATION SIGNS

DECELERATION

1. The spot price of West Texas intermediate crude oil fell again this week. At $18.60/bbl, the weekly average of the spot price is near its lowest point in 9 months. (1/15)

2. The PPI for finished goods, excluding volatile food and energy prices, rose at an annual rate of 3.6% in Dec., but since last Dec., it has risen only 1.9% compared with 3.1% in 1991. (1/15)

3. The CPI excluding food and energy increased 0.8% at an annual rate in Dec. The 3.3% advance during 1992 was lower than the 4.4% increase in 1991. (1/15)

4. The fixed weight GDP price index rose a revised 2.5% at an annual rate in the 3rd quarter, compared with 3.0% over the previous 4 quarters. (1/8)

5. The GDP implicit price deflator rose at a revised annual rate of 1.8% in the 3rd quarter, compared with 2.7% over the previous four quarters. (1/8)

INDETERMINATE

1. The CPI rose at an annual rate of 0.8% in Dec. Since last Dec., it has risen 2.9%, compared with 3.1% in 1991. (1/15)

2. The PPI for finished goods rose 2.0% at an annual rate in Dec. Since last Dec., the index has risen 1.6%, compared with -0.1% in 1991. (1/15)

ACCELERATION

15-Jan-93

INFLATION

(percent change, annual rate)

	1991 (Dec./Dec.)	1992 (Dec./Dec.)	1992 Q2	1992 Q3	1992 Q4	1992 Oct	1992 Nov	1992 Dec
P.P.I.	−0.1	1.5	3.0	2.0	0.0	1.0	−2.9	2.0
Energy	−9.6	0.1	16.1	1.0	−7.8	18.0	−16.5	−20.5
Food	−1.5	1.5	−1.6	4.3	3.3	1.0	−5.7	15.6
Underlying*	3.1	1.9	1.8	1.2	0.9	−1.8	0.9	3.6
C.P.I.	3.1	2.9	2.6	2.6	2.9	5.2	2.6	0.8
Energy	−7.4	2.0	12.5	0.4	2.7	5.9	9.6	−6.7
Food	1.9	1.5	−1.2	4.7	0.9	0.0	0.0	2.6
Underlying*	4.4	3.3	2.8	2.5	3.3	5.8	3.3	0.8

* Total Excluding Food and Energy