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Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Chief of Staff, White House Office of
Series: Zoellick, Robert, Files
Subseries: Chronological Files

OA/ID Number: 93002
Folder ID Number: 93002-003

Folder Title:
[Chron File: August to December 1992] [2]

Stack:	Row:	Section:	Shelf:	Position:
G	15	26	2	

NAME: Mr. Jonker
DATE: 10/12
TIME: 10:40A
PHONE: 202/966-8829

I sent him the Agenda and your note; he has it. That is fine but -- it is not being distributed; the press is not using it; no one is paying attention. Time is short; the Pres is going to lose the election. He still feels he has something he has come up with that will help. He wants to meet/talk w/you.

Thank him again for his interest/concern; note that we feel comfortable with the program we are proceeding with, tho we do appreciate his offer of help

Try to find someone who will talk to him

I will talk to him by phone
(I don't recommend this;
he is quite persistent & I don't think
a call from you will stop his requests) CDJ

*Ask one of Edie's people,
or get Dennis to
someone from UPN
to talk to him plz*
assign

NAME:
DATE:
TIME:
PHONE:

Ede - RBZ wd like one of your folks to handle this. If that is not appropriate, then pass on to Dennis to see what can be done in his office. Thanks Cozetta
I've attached background 10/12 Mon

NAME:
DATE:
TIME:
PHONE:

*Jay Lefkowitz
we jonker 10/14 AM.
cdj per jay*

NAME:
DATE:
TIME:
PHONE:

*Jay Lefkowitz met
with Mr. Jonker.*

*per
cdj/johnson/jay*

~~1. LRT~~

2. RBZ

RBZ, you asked that I do a brief response to Mr. Jonker, which is attached.

Mr. Jonker has called me daily this week, wanting to make an appointment to get to see you -- the situation for the President is now almost completely hopeless, and you must meet with him to get his plan that will save the President....

I suggest you sign this letter, I will send it to him with the Agenda, ask that he look at it and realize we are moving in the direction he feels we should...

Good idea

Cozetta 10/7

See edit pl

THE WHITE HOUSE

WASHINGTON

October 9, 1992

Dear Mr. Jonker:

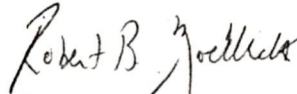
I have received your letters and appreciate your concern about conveying effectively the President's intent to establish a healthier economy. We share your belief in the importance of this message.

A key part of this communication is the President's Agenda for American Renewal; I have enclosed a copy for you.

Thank you again for your letters and calls offering your assistance.

With best regards,

Sincerely,

A handwritten signature in dark ink, appearing to read "Robert B. Zoellick". The signature is fluid and cursive, with the first name "Robert" and last name "Zoellick" clearly legible.

Robert B. Zoellick
Deputy Chief of Staff

Mr. Frederick Jonker
3939 Legation Street, N.W.
Washington, D.C. 20015

I.C. - DYNAMICS Inc.

OF CRUCIAL IMPORTANCE. PLEASE PASS ON TO MR. ZOELLICK AT ONCE.

September 21, 1992

The Hon. Robert Zoellick
The White House

Dear Mr. Zoellick:

You may remember my letter to Secr. Baker on a SPECIAL PRESIDENTIAL DEMOCRATIC INITIATIVE, which was delivered to you at State, and which I hope you passed on to Secr. Baker.

I followed up with another letter to you on a SPECIAL PRESIDENTIAL ECONOMIC INITIATIVE, which I hope you received and read.

You have given Pres. Bush a coherent message! Unfortunately it is not going to make the difference. The Candidates give opposite messages. The people just take these messages as just so much empty campaign rhetoric that will not solve anything.

Further revelations of Gov. Clinton's character defects, may not make the difference either. These defects have already been discounted.

This is not an ordinary election. People have totally lost belief in "The system". The President must make clear that he understands that. He must announce a program that will go to the root causes of all of our many, many problems.

Though it is almost too late, my work done in the past could still serve as a basis upon which such a program can be announced. Goals can be announced with confidence because we already have much of the answers.

THE PRESIDENT HAS NOTHING TO LOSE BY ANNOUNCING SUCH A PROGRAM AND EVERYTHING TO GAIN. HE CAN NOT AFFORD TO LEAVE A SINGLE STONE UNTURNED.

The Hon. Robert Zoellick
September 21, 1992
Pasge -2-

If my letters or the enclosed papers are lost, call me and I will send copies.

Better still let's get together without losing a day!

(202) 966-8829 !!

Sincerely yours,



Frederick Jonker

Enclosure: Resume of study work in national and international affairs

P.S.: I will vote for Pres. Bush, but when I listen to Pres. Bush and Gov. Clinton on T.V., I can not help feel that no matter how wrongly -- Clinton is going to win! Apparently others feel the same way. Unless the President comes up with a radically new approach for the future, he will lose. If he does accept a program as proposed, his second Presidency may yet become a turning point for the nation.

"Politics" as usual will no longer work; it only will backfire. People want real answers to the future.

Frederick Jonker
3939 Legation Street, N.W.
Washington, D. C. 20015
Phone (202) 966-8829

RESUME OF STUDY WORK IN THE FIELD OF NAT. AND INTERNAT. AFFAIRS, PERFORMED DURING
THE LAST 20 YEARS

OUTLINE OF THE MANUSCRIPTS CREATED DURING THIS PERIOD OF TIME

I. My quest started with an updating of the late J. Arnold Toynbee's "Laws of the rise and decline of nations and Civilizations", to adapt them to the complexities of the present world. My aim was to determine where we, the USA, the Soviet Union and the Third World, are on that curve of rise and decline -- and where all will be going in the future.

According to these laws and beyond any doubt, the USA is destined to eventually become the shaper and "core-nation" of a new World Order; at present still unwilling, History will simply force the USA into this role.

In this light, the manuscript takes the reader through the history of the West up to the present -- providing essentially an "interpretation". In this interpretation it analyzes the factors in our national make up, that have set us apart as the predestined creator of a "Neo-Western Order". It likewise examines those essential attributes which are still missing. It details the challenges which as a result still lie ahead of us and outlines the shape of that new order, which "Historic necessity" will one day force us to create.

The title of this manuscript is THE QUEST FOR A NEW MILLENNIAL GLOBAL ORDER; the subtitle is "Rise America, rise ... to what History intended us to be".

II. Meanwhile, various Third World leaders with whom I discussed my findings, pointed out that our present form of democracy simply does not work in the Third World. Meanwhile even here in the USA our present system is beginning to show signs of faltering.

As a result, I undertook a study of the history of democracy in Greece and Rome and the causes of their failings and ultimate collapse. Also I studied the history of our own democracy and the various forms of deterioration which crept in over time. Out of this analysis emerged a new -- and yet old -- definition of democracy, as well as an outline plan for a step-by-step implementation of that definition of democracy into the ultimate ideal of rule of the people, so we may avoid the fate that befell Greece and Rome.

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WORLD ORDER

META-DEMOCRACY

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Lt. Col. Oliver North attempted to take that plan to President Reagan to serve as the basis of his plan "to leave Marxism-Leninism on the ash heap of History". Ollie North, however, was stopped on the basis that the White House had no time to listen to outsiders. Sen. Richard Stone -- the President's special envoy to Central America -- intended to do the same thing. He too was prevented from doing so.

III. Meanwhile, there appeared to be a large gap in that the plans for "The ideological Counterforce to Marxism-Leninism", namely a better system to control the free economy than we have now.

As far as greater economic stability and greater productivity are concerned, a study undertaken with the help of two economics professors of Georgetown University, soon yielded remarkable results -- again much of it based on re-invention of forgotten wisdom never understood by the politicians. The results -- which apply to all forms of free economy -- were laid down in a manuscript titled: "WEALTH AND NATIONAL DESTINY". The system code-named "Model Free Economy" would combine a new method of inflation control with permanent full employment. A new -- and yet old -- form of monetary system would permit stimulation of continued automation, and defense against predatory assaults by foreign competition against our industries. It would be a real super supply side system!

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Meanwhile, Adolfo Calero became interested in the concept of "Ideological Counterforce to Marxism-Leninism in the Third World". The aim was to develop a complete plan for a free and democratic Nicaragua with a new realistic strategy for victory based on the development of people power, instead of military force. It was also intended to make the Contras more acceptable to the public and Congress. Unfortunately, due to the many flip flops of the Administration and Congress, the plan never received a chance.

As the 1988 Presidential election season started I was able to interest Sen. Paul Laxalt in the IDEOLOGICAL COUNTERFORCE project; if he had decided to run for the Presidency, these plans would have become part of his political "Agenda"

03/14/90 027

I.C. - DYNAMICS Inc.

OF CRUCIAL IMPORTANCE. PLEASE FORWARD TO MR. ZOELICK AT THE WHITE HOUSE.

August 18, 1992

Mr. Robert B. Zoelick
Counselor and Undersecr. for Economic Affairs

~~Dept. of State~~
~~2201 C St., N.W.~~
~~Washington, D.C. 20520~~

WHITE HOUSE

*Cor: Pls draft
bring reply*

Dear Mr. Zoelick:

First of all my very best wishes regarding your new responsibilities at the White House.

I refer to my letter of July 30 addressed to Secr. Baker which was passed on to you. Coretta tells me that you read it and passed it on to Secr. Baker's office.

I hope it will not get lost there and that someone will give me a hearing. Perhaps you could check to see what is happening to it. I would greatly appreciate your help in this.

The newspaper mentioned that you also are Undersecretary for Economic Affairs. As a result, I enclose a very brief Abstract of Study Manuscript III dealing with a "Model Free Economy".

I worked on it with 2 conservative professors of economics at Georgetown University. It was read by several other economists who all concurred. The program was intended for use as a "Special Presidential Economic Initiative". It would, however, still require a great deal of professional work before it could be officially launched. It is too late now!

What could perhaps be done is for the President to announce a research project, to come up with answers during the second term. He could even hint at the anticipated outcome. If you would want to give it some thought I would be delighted to get together on it with you. If not now, perhaps we could work on this together after the election.

The proposed Special Presidential Democratic Initiative, however, could still be a viable project for this election if acted on immediately.

Mr. Robert B. Zoelick
August 18, 1992
Page -2-

Wishing you the best of luck and thanking you for your help.

Sincerely yours,



Frederick Jonker

Enclosures: -- Resume nat. and internat. study work
-- Abstract Model Free Economy

P.S.: I know what one must do to win, using conventional strategies and tactics.

But this is no ordinary election. The public wants at least a vision of radical and far reaching changes for the future; it wants a vision!

If Secr. Baker is interested in considering "vision elements" -- just to cover all bets -- let's get together on this.

There are various ways of doing this, we can look at together. As a matter of fact I am now finishing a paper linking the following elements together in such a vision of a better future. "Meta democracy" as the foundation of a new world order; elements of the "Model Free Economy" as a new Economic Order; as well as a vision of an (inevitable) form of new Global Order derived from the "laws of History".

(IF YOU WOULD LIKE I COULD SEND YOU
A COPY.)

F.J.

Frederick Jonker
3939 Legation Street, N.W.
Washington, D. C. 20015
Phone (202) 966-8829

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RBZ

What do you want
me to do with
Jason Alexander?

CDJ 10/3

10/5

Just Keep this
No reply from

CONFIDENTIAL
AND
PROPRIETARY

THREE PAGE SUMMARY OF
"WEALTH AND NATIONAL DESTINY"

Determined NOT to be
National Security Classified Marking
By rkj (NLGB) on 5/5/25

THE NEED FOR A BI-PARTISAN PROGRAM
TO FORMULATE A NEW FORM OF MONETARY SYSTEM
AND NOVEL ECONOMIC CONTROLS, TO ACHIEVE
FULL AND ABUNDANT EMPLOYMENT, WITHOUT
UNDUE INFLATION

Note: This program is not intended as a form of criticism of the present administration. It simply intends to pave the way for the development of better ways of solving the present problems than are available at this time.

The United States Government and the governments the world over, do at present not possess the necessary controls to adequately regulate their economies. A re-design of these control systems is long overdue.

The primary aim of the proposed economic controls should be to maintain a full and abundant employment and maximum productivity without "undue" inflation. The Economy will have to maintain this condition in the face of various shock-effects. These will include: slowdowns caused by fears and panics; the effects of sudden crippling foreign competition; sudden drastic regulations; raw-materials crises, as well as the effects of sudden increases in defense spending. Such controls will also be needed in case of mobilization, war, demobilization, etc.

The system should be designed specifically for the crisis economy into which the Western World has slipped during the past decade.

The proposed measure would greatly increase the GNP. Abundant employment would eventually make possible the elimination of ethnic ghettos, and help to bring crime and drug abuse, social unrest and welfare spending, under control. Furthermore, it would spur far going drastic automation.

OUTLINE OF PROPOSED REFORMS:

A number of reforms are proposed, which together should form the core of the new control system:

1. The first leg of the proposed system would be a series of measures, intended to forestall the inflationary wage-price spiral. The ultimate of these measures would be an "Average National Wage Act" designed to nullify the effect of undue wage increases resulting from Union pressures and a driving up of wages as a result of depletion of the idle labor pool. This measure would not impose wage controls upon Unions and employers, but it would have the practical effect of stabilizing the total (or aggregate) of wages and salaries paid out nationwide, thus preventing inflation. Monetary controls cannot curb the wage-price spiral except at a prohibitive cost in bankruptcies and unemployment.

2. The conversion of the Federal Reserve System (F.R.S.) to a Federal Credit System (F.C.S.). It would leave the private banking system virtually unchanged but all newly created "money supply" would be supplied by the FCS to the banks at a nominal or negative interest rate. This would provide better control of the money supply and interest rate; it would permit both to be controlled independently of each other -- something which is not possible now.

This in turn would permit "targeting" of credit and interest rates to particular industries to help the economy to absorb the shocks listed above. For example it will make it possible to maintain low mortgage rates for real estate and auto purchasing, while raising interest rates for other industries which are "overheating", and vice versa.

3. The conversion from FRS to FCS will make possible the gradual replacement of the present system of expansion of the money supply through the expansion of Bank credit, by expansion through issuance of fiduciary money.

THIS WILL PERMIT THE PRESENT NATIONAL DEBT AND FURTHER ACCUMULATIONS TO BE GRADUALLY "DISSOLVED" AT NO COST TO ANYONE.

4. The creation of a "Nat. Industrial Vitalization Council". Its primary task would be the restoration of the U.S.A. into the position of the world's leading nation in Research, Development and Productivity. This would also involve the development of policies to nullify the effect of predatory attacks upon our markets by low-wage areas; it would preserve essential industries to the extent needed for national security, while at the same time preserving the free-trade system.

The new tools provided by the Federal Credit System -- the ability to "target" credits and interest rates independent of each other at certain industries -- would be an indispensable tool in this Vitalization.

5. A foreign currency-exchange reform would have the effect of eliminating the periodic overvaluation or undervaluation of the dollar. Only this form of currency exchange stability will make international free-trade a viable proposition.
6. A drastic stock exchange reform which would virtually eliminate sudden speculative rises or precipitous drops; it would also virtually eliminate undesirable leveraged buyouts and take over threats. It would have an immense stabilizing effect and may well virtually eliminate serious depressions and recessions.

7. This far more stable and depression-proof economy in turn may make possible, a "Universal Investment-Retirement System", based on investment in stocks and bonds in industry, real estate and "government capital projects". It is intended to gradually phase-out the eventually doomed social security system over a long period of time and reduce it to a safety-net only.

As a by-product, this system will provide new and abundant sources of investment funds; it will be designed to help create new and more efficient forms of entrepreneurship, to make America truly the land of capitalism of the common man.

8. The proposed reforms would require the bringing together of what is now the Treasury Department, the Fed. Credit System, The Council of Economic Advisors, The Universal Investment Retirement system, and the National Industrial Vitalization Council, into a single new Department, the "Department of Economics and Finance" under a Secretary of Economics and Finance, who should perhaps be the third highest ranking Cabinet Member after State and Defense.

As shown in the attached diagram, all of the proposed reforms dovetail into an integrated economic "system" - a SUPER SUPPLY SIDE SYSTEM. This "Model Free Economy," will maximize industrial output, as well as human fulfillment.

PROPOSED ACTION:

It is proposed that funds be solicited to set up an economic research group to perform the needed detail research. It will explore the results with a younger generation of economists and politicians of both parties. The Institute would likewise educate the Congress, the Administration and the public regarding these matters.

The aim is to create a step-by-step program of gradual reform aimed at a total overhaul of our economic control system, in which all of the parts fit logically together and will eventually form an integrated whole.

If and when implementation has been decided upon, the Institute would assist the U.S. Govt. in all of the details of a gradual step by step execution of the plans.

If successful in the USA, the Institute would perform same services for overseas governments. These services could be performed for US Banks having large outstanding loans in the Third World; the services could help save these assets.

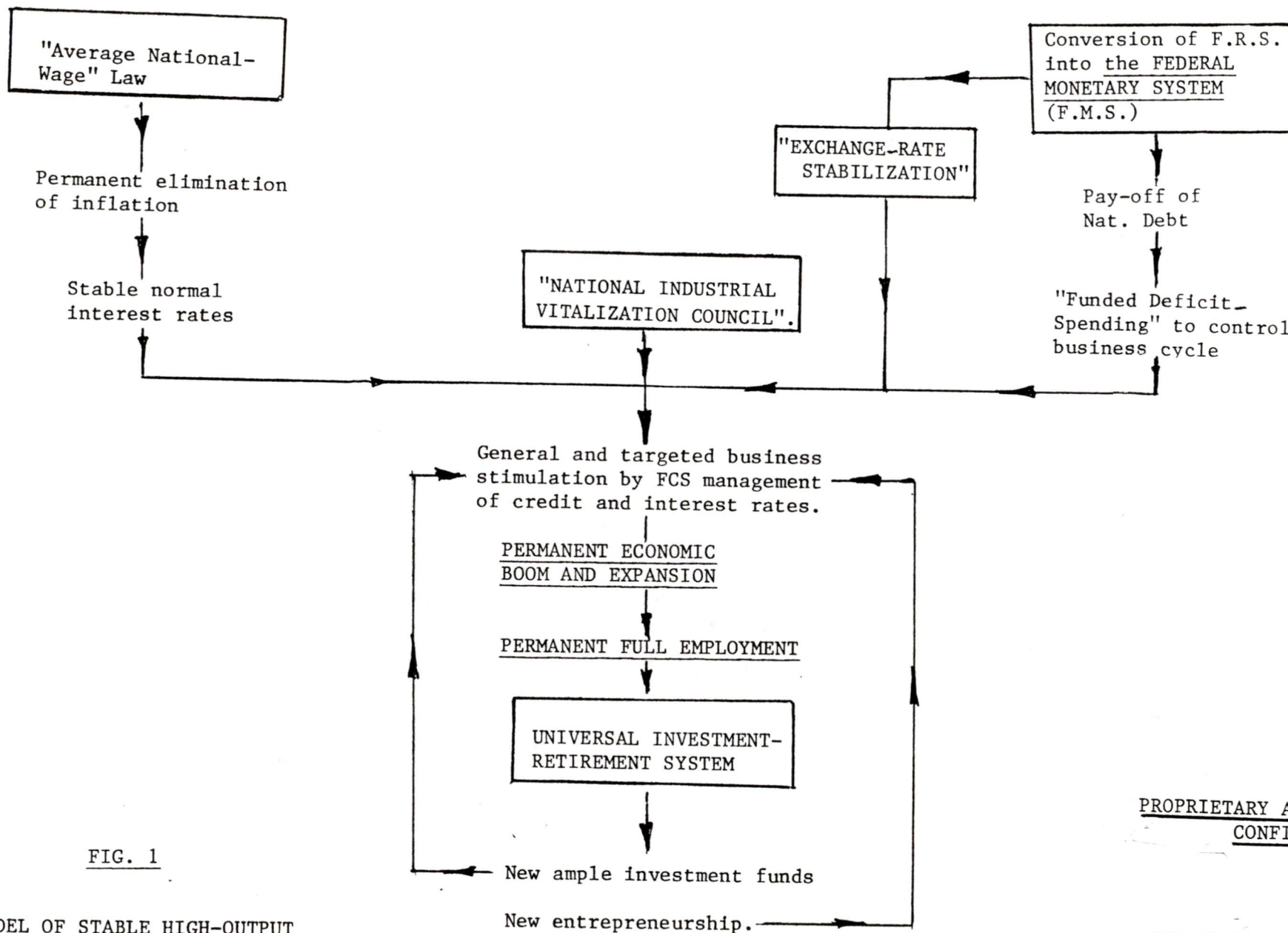


FIG. 1

MODEL OF STABLE HIGH-OUTPUT
FULL-EMPLOYMENT, RAPID-GROWTH,
FREE ECONOMY

© *Frederick F. Folsom* © '90

PROPRIETARY AND
CONFIDENTIAL

FOR EXPLANATION :

SEE PAGE (16)

FIG. 1

PROPRIETARY AND
CONFIDENTIAL

DEPARTMENT OF FINANCE AND ECONOMICS

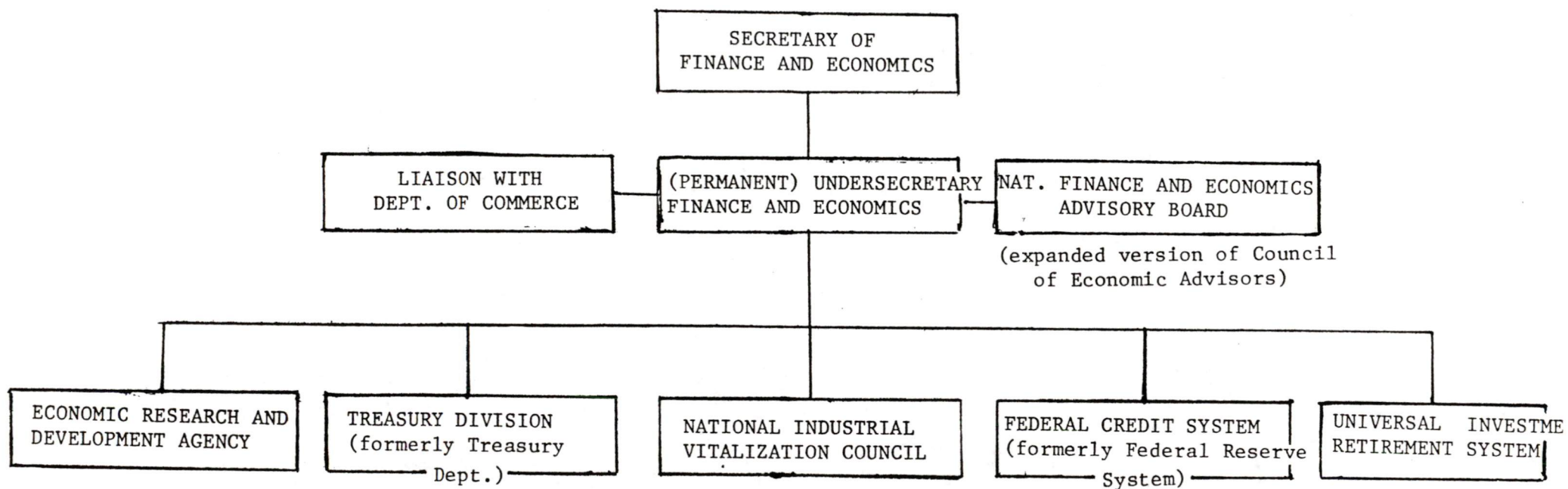
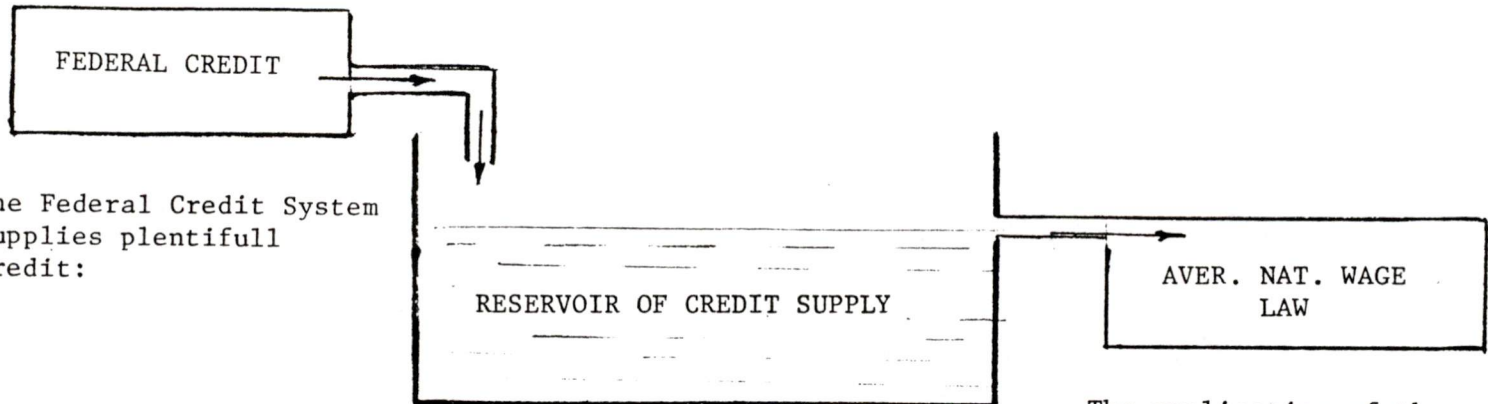


FIG. 2

PROPOSED REORGANIZATION OF MOST IMPORTANT RELATED INSTITUTIONS OF THE
FINANCIAL-ECONOMIC SECTOR

PROPRIETARY AND
CONFIDENTIAL



The application of the "Average National Wage Law" syphons off excess money supply; it acts as an overflow to prevent inflation.

FIG. 3

PRINCIPLE OF MAX. STIMULATION OF
ECONOMY, WHILE CONTROLLING INFLA-
TION ON THE BASIS OF THE OVERFLOW
PRINCIPLE

Sorry to take more than 24 hours to respond, but as I told Ms. Cozzetta yesterday, although I accept your challenge, it takes longer to write a short letter (that says something) than a long one.

The short of it is this: if you can hear what I'm saying, if you can hear the music if not the words, then the situation is not irreversible. As the first person in The White House to listen, you have elicited the "tactic/device" that could be the point about which this election turns. That possibility is the reason I indicated in the September 16th FAX that the vote that counts is yours.

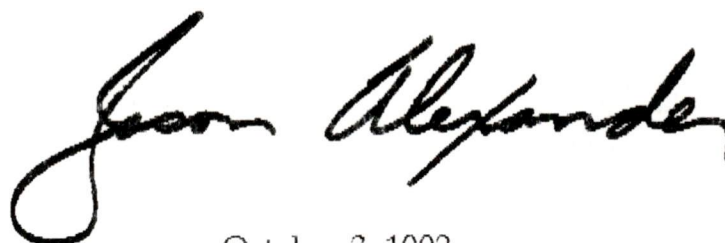
Your Ms. Cozzetta coaxed the c/o Sitnalta Press out of me. If you radar is working, you will discover that it's not an iceberg out there, but a continent. Sitnalta, is Atlantis backward, or civilization ascendant. The "tactic/device," If you make more money this year than last, the extra is yours—not subject to taxes, is more than a passport to the Presidency, it is the door to how to deliver afterward.

By the terms of your challenge of October 1st, a response or its absence, will dictate the course of the next four years.

Yours truly,

JA

Jason Alexander



October 3, 1992

Mr. Robert Zoellick
Deputy Chief of Staff
The White House
West Wing, First Floor
Washington, DC 20500

Dear Mr. Zoellick:

Okay, for all the marbles then.

Short Prologue:

When you're at the top of what you do, there aren't many people you can talk to. I must ask you momentarily to suspend, not judgment, but disbelief. What I'm about to propose will cause Beltway talking-heads to ricochet around the room—but one wins with the congregation, not the choir.

There are two ways of viewing things: top-down; and bottom-up. Please read this at least twice; and at least once from the view from the bottom, the congregation.

First I will state the "tactic/device"; then sketch some arguments—some context is required to understand anything, let alone something powerful enough to "change" loser to winner. (George Bush has a bigger vested interest in "change," than do the American people—their interests are not opposite.)

The urgency and immediacy of the situation does not allow me to outline the iceberg. Hell's bells, there's not even time to describe the tip of the iceberg. The arguments can only adumbrate a presence present. I must rely on your radar to sense "the mountain" of support that underlies, not the tip, but the point.

The Point:

The American economy will turn around and take-off when it is cut loose ("*laissez nous faire*"). Everybody understands this election is about the economy; economic talk is too general. Everybody understands the importance of jobs; job talk is too ad hoc. The one point that strikes home to everyone, and certainly to the majority (electoral), is: taxes. A turn around must pivot on the point of taxes.

- It benefits the needy; the biggest initial beneficiaries will be those who were recently out of work.
- It will not be inflationary. As to the poor, people can work for less, if they keep more. As to the rich, "making" reconnects goods to money; inflation occurs when money outruns reality.
- It reduces taxes without reducing taxes. The base is constant, but augmentation is two years out and real, rather than one year out and projected/prayed for.
- It out supplies, supply-siders.
- It out conservatives, conservatives.
- It reaches out to the best in people—and rewards them.

If you make more money this year than last, the extra is yours—not subject to taxes. This is the "magic bullet" referred to in the September 2nd FAX. It is the October Economic Surprise referred to in the September 16th FAX. It is the "tactic/device" of the September 30 FAX. It is not in itself a panacea, and although it is substantively a good first step, its power is as symbol and promise. It is symbolic of change—the second term will be different; and it encapsulates "the Vision" of unleashed growth, revitalization of the American Dream.

How powerful is it? It will elect the President of the United States. An army of S.O.S.-ers massaging wrinkles and exerting themselves to the utmost, might close the gap, but it will take something special to make the difference. The problem at this late date is: how to send the "we've listened" message implicitly; how to send the "second-term will be different" message implicitly; how to send "the Vision" message implicitly. "If you make more money this year than last, the extra is yours—not subject to taxes" is how to subliminally signal those messages.

At this late date no amount of reasoned argument on the underlying propositions will carry the day. Nobody will believe you. What can be done, and it's not negative campaigning, is to use the underlying propositions negatively by keeping the opponent on the defensive, off balance, and stumbling. I have consistently derided the yoyo's who squandered the Bush lead (campaign officials), but must admit they are among the best at what they do. The point is this: I cannot send an opponent reeling, but I can supply the underlying propositions, *a new one every day if need be*, by which the mechanics could; provided that is, that somebody (you) can hear what's being said in the first place.

If we want to revive the economy, if we want to fire up the engines of growth, if we want to get back "on track," we have to turn the people loose. Men and women are the engines of growth.

If you make more money this year than last, the extra is yours—not subject to taxes.

It is this making, this increase, this augmentation that must be put to work if our Nation is to be revitalized. For lasting success, the drive behind capitalism must be understood. I have done that by taking capitalism past its phenomenal How, it works stage to a causal Why, it works understanding. To do so I had to Split the Adam—to make the hand visible—but there is not time to have you read seven books; or to have those ideas debated in the marketplace. To quick-start the economy, it is necessary to turn loose the engines of growth.

The prescribed policy has many benefits. On the strategic level, it is self-selecting. There is no administration or overhead. Further, it is not experimental in that it applies only in cases of success.

Also of strategic importance is that it meets a back "on track" vs. "wrong track" Right/Left policy perception. It is the "none of the above" response to government management, whether the managers are trying to lever up or lever down. Further, it sends a signal to which the response will be: "At last, somebody is listening." Finally, it is the sort of "change" that links the first to the third century of America.

On the tactical level the benefits are even greater in number.

- It is intuitively obvious to a *majority* of Americans.
- It doesn't have to be "sold." The buyers will line up.
- It's "capital gains" for everybody; not just a perceived elite.
- It is the "percolate-up" answer to "trickle-down."
- It solves the problem of a divided government. Congress can't be dealt with or relied upon—cut them off at the knees, dry up their money by keeping it at home.
- It focuses on—whose money is it anyway. We'd rather make our own investments, thank you.
- It reverses the sapping of the vitality of America by reversing the drip, drip, drip taxation that we are told is necessary for transfusions.
- It exposes Congress as tax-farmers who sometimes let the share-croppers keep a little more than at other times.
- It lays bare the age of envy that equated need with means, and that must be resolved before we can progress.

Second term tax policy: If you "made" money, it's yours. Amplification: If you made more money this year than last, the extra is not subject to taxes.

Argument

This revolutionary idea is based on cause and effect. Some of the arguments are based on causes; some on effects. I am not a "policy" person; my business is "why" things work, when they work. I have been a champion of capitalism all my life. And, because I am intimate with it, I can critique it.

With the collapse of Communism, we're all Capitalists now—NOT. The military (Cold War) is "won," but the economic (American Dream) war is not. Capitalism hasn't won; Communism imploded. People intuit that capitalism is not what Capitalists do. They are ready to reject an Establishment, that can't make a powerful system work.

Capitalism has been phenomenal. It is so powerful that it has survived sophistic rationales (Invisible Hand; Manifest Destiny; Tool School; Economistic Technology). But phenomenal capitalism has topped out. The philosophy of growth has failed to grow.

So what is capitalism, and why does it work (when it works)? In a world that grew 3% per century for millennia (like radiation from the big-bang), all of a sudden it grew 300% in one century of capitalism. Why? Where did the extra come from? The central question of economics, *which no economist asks*, is: Where did the extra come from? I have spent a major portion of the last twenty years answering that question.

It has been said that Americans were the first people in the history of the world to give special meaning to the phrase: "to make money." Something wonderful happened, all of a sudden more came out, than went in; how is this possible, it violates "natural law—the law of conservation." But it did happen; and it was natural. So all other variables aside, what ingredient are we overlooking.

Man, men and women. If you want more out than went in, you have to process it through a human...being. Moreover a certain type of human being. The kind that used to be given the special designation, *American*. Capitalism is not actuated by a Divine Plan, by natural resources, by tools or factories, or by pseudo-scientific econometrics. It works because state-of-the-art people work.

More importantly, in the Wealth (success) of Nations (succession) it is important to understand that: money doesn't make money; ideas don't make money; people make money.



Transmittal Cover

Page ___1___ Of ___6___ Pages

Date: October 3, 1992

Origin: San Francisco, CA, USA

Receiver Information

Deliver to: Robert Zoellick, Deputy Chief of Staff
The White House, West Wing, First Floor
Washington, DC 20500

FAX Number: 202/456-1121

Telephone # : 202/456-2533

Sender Information

From: Jason Alexander
c/o return FAX #: N/A

Initials:
Check Phone: 415/391-9753

Instruction/Message

N/A

THE WHITE HOUSE

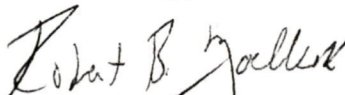
WASHINGTON

October 1, 1992

Dear Mr. Alexander:

I have read each of the faxes you have sent. However, I am confused on one key point: What is your suggestion? (What you refer to as a "tactic/device.") I certainly appreciate your interest in helping President Bush, but I haven't been able to determine your advice. If you send it to me, perhaps I or someone else could respond.

Sincerely,



Robert B. Zoellick
Deputy Chief of Staff

Mr. Jason Alexander
c/o Sitnalta Press
P.O. Box 2730
San Francisco, California 94126

Sent via FAX/PHONE 415/391-9753
10/1 5:15 PM

cc: CENTRAL FILES

Jason Alexander

September 30, 1992

Mr. Robert Zoellick
Deputy Chief of Staff
The White House
West Wing, First Floor
Washington, DC 20500

Dear Mr. Zoellick:

The big problem is that you guys talk amongst yourselves. No outside input.

There is a tactic/device that would turn things around; and I mean the country. That it would also turn around the election would incidentally flow from a massive gasp—at last, on the "right track."

This substantive, yet symbolic, turn is:

- completely consistent with Republican philosophy;
- circumvents the "one-sided" capital gains perception;
- reduces taxes, without reducing taxes;
- balances "trickle-down" with "percolate-up";
- answers the "none of the above" lament; and,
- is intuitively obvious to the congregation, if not the choir.

When I called last week to see if prior faxes were received and to ask to book a call, in or out, a Ms. Constanza indicated they had been; when I voiced the great contemporary American cry "Won't anybody listen?," she indicated "somebody" would call, and took my number.

She further indicated that re-election matters should be addressed to the campaign. Right, to those S.O.S. geniuses whose idea of creativity is to ape Harry Truman. When I thought, finally, somebody who can understand an economic argument (this is my third Chief Of Staff), I get a S.O.S. frosty, don't bother the experts shuffle.

P/s type
Dear Mr. Alexander:
I have read each of the faxes you have sent.
However, I cannot am confound on one key point:
What is your suggestion? (What you refer to as a
"tactic/device")? I certainly appreciate your interest
in helping President Bush, but I haven't
been able to determine your advice. If you
send it to me, perhaps I
or someone else
could respond.
Sincerely,

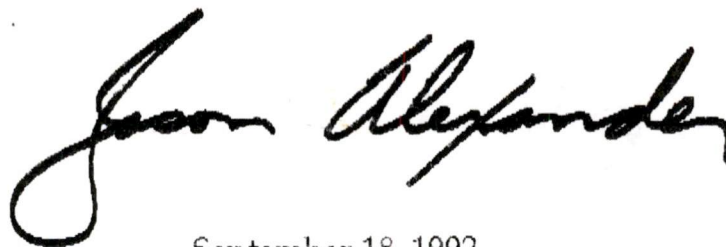
Okay, no return call; but it boggles the mind that somebody who want's lightning to strike (Trumanesque) can't be bothered even to delegate "somebody" to climb a hill, and fly a kite in the middle of an existing storm.

When I spoke to your predecessor and said, there was no chance the State of the Union speech would do the job, he screamed at me: "How do you know; have you heard the speech?" I know because I understand what "they" want to hear. I told you the Acceptance Speech wouldn't do the job; and that the Detroit Economic Club speech wouldn't last a week, but that it would buy you September. Here's a final prediction: Without an October economic surprise (described above), it won't happen.

Absent that, what will likely happen, is just what you folks are warning about. All for want of a nail.... For the record, but with no hope, I remain,

Yours truly,

JA



September 18, 1992

Mr. Robert Zoellick
Deputy Chief of Staff
The White House
West Wing, First Floor
Washington, DC 20500

Dear Mr. Zoellick:

Great Oklahoma and Georgia speeches. The Election is about economics. Keep it up.

About time somebody bought up "Investment." When you invest in a house, you own it; when you invest in a business, you own it. When the Government invests in people, it owns them—an un-American notion.

America defeated Socialism of the Right (NAZI-ism) in 1946; it defeated Socialism of the Left (Communism) in 1989. All that stands in the way of revival of the American Dream is the defeat of Socialism of the Center—big-government. Lesson of History: Don't set by and let it happen (Germany and Russia), because somebody's got a cure...or a Plan—as in planned economy.

Remember, model change involves reorientation: "from peace through prosperity"; to "prosperity through peace."

At last, an understanding voice,

JA c/o 415/391-9753

Jason Alexander

September 2, 1992

Mr. Robert Zoellick
Deputy Chief of Staff
The White House
West Wing, First Floor
Washington, DC 20500

(P/S draft a reply)

Dear Mr. Zoellick:

To hell with reasoned argument. There is no time left to be other than pragmatic. The Election will be won or lost on the Economy. There follows a statement of claims.

- There is a "Republican" rationale that will carry the day.
- It will allow Bush to articulate Vision.
- It rationalizes the last 12 years and projects the next four, and beyond.
- It out supplies, supply-siders.
- It out-traditionalizes, Conservatives.
- It gives hope to "the little guy."
- It answers, "won't anybody listen."
- It is so quintessentially "American," it embraces the Perot disaffected.
- It supplies the "none of the above" intuited by the electorate.
- There is even a "magic bullet" policy pill.
- It can turn around consumer confidence on a dime.
- It will preserve Baker's miracle-worker reputation.
- It will elect The President Of The United States.

In January I predicted to Skinner's Deputy that the State of the Union Speech would not do the job. In fax to you at State (8-20-92), I predicted the Acceptance Speech would not do the job. I can tell you what speech (theme) will; it's as simple as that. For non-nutty *bona fides*, I can supply a local (Washington) reference.

Yours truly,

JA c/o (415) 391-9753

Memorandum

Date: 8/20/92
To: Robert Zoellick 202/647-6240
From: Jason Alexander 415/391-9753
Subject: S. O. S. America

Thesis: The World is in change; West as well as East. In a vague perception of this, Americans are sending a Save Our Ship signal, and getting back a Same Old Stuff (with wrinkles) response; which is alarming precisely to the degree that it is meant to reassure.

No S.O.S. answer will suffice, no matter how evolved or permutated. In this perception the people are ahead of their leadership. The cry for a "none of the above" answer (viz. the Perot phenomenon) is being met by neither party. The Vision thing, necessarily a matter of world-view, requires a broader field of reference than standard (old model, Right/Left) party thinking allows.

Politics subsumes Economics. Insofar as it also subsumes Government, Capitalism may be said to have "won" in that the new Eastern model is free markets and democracy. But the "little people" in America intuit that Capitalism hasn't won, Communism imploded; which is a very different thing. That the Eastern Block is getting set to enter the Twentieth Century is no solace to people conscious that they are getting set to enter the Twenty-First.

Reality is a wonderful means of focusing attention. Reality dictates that the next crisis after Government (democracy vs. totalitarianism), be Economic. Communism did not survive its crisis. It is the job of the far-seeing to see that Capitalism, does survives its crisis; which, Communism aside, is now exposed—front and center: the crisis of the 90's is economic.

When a model (construct explanatory of experience) is in crisis, the remedy is discovery—discovery of a more fundamental explanation that both incorporates that which was useful, and yet still allows resolvment of anomalies and crisis. Discovery is not repudiation of the old model, but its extension. It is the carrying of once revolutionary, now prosaic, insights to higher and deeper levels, which are once again invigorating. The thrust of this memorandum is an advisory that a discovery—breakthrough—in old model capitalism, has occurred. Metaphorically, I have decoded the DNA of capitalism.

To put that discovery in context, it is equivalent to the shift from Newtonian to Einsteinian explanation. Consider, gravity pre-existed Newton; and growth, pre-existed Adam Smith. Newton "discovered" gravity in that he explained, that or how gravity works. Smith explained, that or how increase works. Both *that or how* breakthroughs were phenomenal. That is to say they were not causal or *why* explanations. Einstein explained why gravity works, and I have explained why growth/increase/capitalism works.

Application: The most immediate, journalistic application of a breakthrough in understanding *why* capitalism works is: the Election of the President of the United States.

Whichever Candidate is capable of articulating a mere sense of a causal WHY, as opposed to the rehashed prose of ostensible rationales accounting for our phenomenal That or How success, will win the next Presidential Election. If neither, then either; it's a gamble. To gamble over The Presidency is stupid; to gamble over the future of The United States is unconscionable.

The people are ahead of the politicians. They sense that we are bumping against a top or lid, and want to break through. They are wanting and waiting for a "none of the above" answer. They are increasingly uncomfortable in an old world model box.

Non-journalistically, in the near and long term, a breakthrough in understanding WHY the world works, i.e., what increase and augmentation is, where it comes from, who makes it happen, and when, means solving for Freedom and Plenty. A causal understanding of increase will eliminate all but willful poverty; the S&L crisis and the budget deficit will be reduced (without inflation) to small change magnitude. The politics of envy at home will evaporate; and so will "third world" disparities and inequities. The population explosion will be defused as success turns succession into quality of lives, rather than quantity of lives. An understanding of Why means a causal (non-utopian) switching from driven to driver—which competence brings with it the choice: to live in Peace, in an environmental Garden of Eden.

My business is not Policy, but perception that the way out is onward and upward, not in perpetuation but extension, means that there is a "magic bullet" that could instantly turn the economy around, restore consumer confidence, and offer such prospect of robust times that its perception would be self-fulfilling. But it is precisely because the bullet is not "magic," but science (causal), that I won't articulate it, unless and until, there is some understanding of why—what works, works. And therein lies the rub.

Practical Problems: In December of 1990, I flew into Washington and visited with a wise old Washington Hand on the premise that the next war after the Gulf would be economic; and that now is the time to prepare for it. I made a *prima facie* case for a breakthrough, causal understanding of capitalism; and asserted that United States global security depended first and last on economic vitality and its underlying conditions. To my dismay and chagrin, the judgement was: "I believe I can agree with everything you've said; nobody will listen to you."

I doubt that today, eighteen months later, Dr. Ray S. Cline, Chairman, United States Global Strategy Council, could well remember more than an impression of my argument; but he vouchsafed a willingness to certify that a causal explanation of capitalism was not some off-the-wall, over-the-transom, nutty theory. I had asked that, because I thought non-nutty-ness was the first hurdle. It wasn't; inertia was.

This is something like my tenth approach to the White House. Most of which I judge never got past low level screeners, including secretaries and switchboards; those I didn't mind. Secretaries and switchboards are not set up to do referrals on global strategy, and the election of a President.

But some of the calls did get through to the nominally entitled, or nominally empowered; people who should have passed-on, rather than passed on, the calls to a performer. When the story of causal capitalism gets written, these anecdotes will flesh out the horrors of a phenomenal Establishment grown decrepit or sclerotic. In the mean time it leads me to;

Alexander's Second Law: In a bureaucracy, the sense of importance in dealing with important matters varies inversely; the further down the command line, the more smug, dismissive and closed-minded the auditor. Rule of Thumb: by third remove, personages are so important that even duty phone calls aren't returned. (e.g. Mr. Graham). Corollary-1 the more important (bigger) the idea, the more impervious, are progressively smaller screens. Corollary-2 the trickle down model is osmotic, ideas may not percolate up.

Practical Examples: When I finally got through to someone in Skinner's Office (right before the State Of The Union Speech) and observed that the American Chorus was that nobody listened, he informed me that of course they did, they get 30,000 calls a day, and how did I get past the comment line, since all I wanted to do was tell the President how to get re-elected. (Some secretary/switchboard operators are more than placeholders.) He literally screamed at me when I told him that the vaunted speech would not do the job. "How can you say that! Have you heard the speech; do you know what he's going to say!!" When I explained, GIGO—computerese for, no more out than in—and, that no old model input (no matter how cogently marshalled, or how adroitly delivered) could possibly answer an electorate hungry for new model answers, he went ballistic.

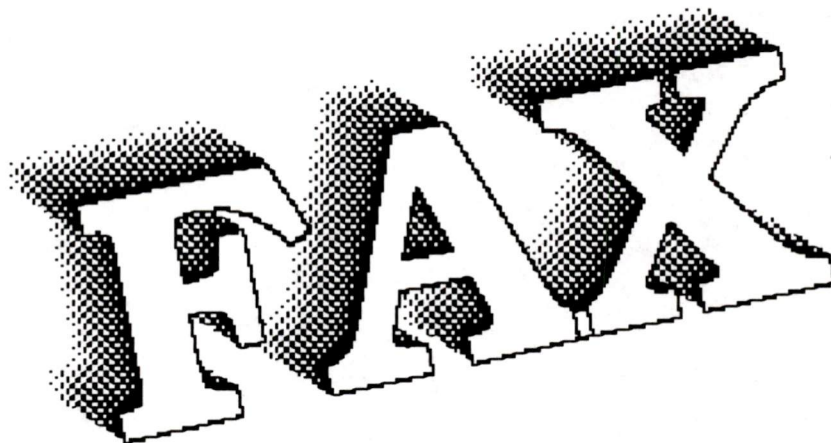
The moral of this, of course, is that tonight's acceptance speech will not do the job either. And for the same reason. I read you have some input. Perhaps it will be state of the art. But it will not last the season. The cycle will be hosannas by the audience; serious accolades or criticism by pundits (according to disposition); then dis-ease and disappointment; and finally, attack.

If you even see this, dubious, given that it's a bottom-up submission, and, if you are not a screaming place-holder, you may care to know that there is a broad and deep rationale that can repair/re-pair relations between candidate and electorate; one that can be easily understood, communicated, and put to work, albeit rudely and crudely. Still that is enough to win the day.

I've taken the high road, America Excelsior; and the low road, what it takes to lock the election; nobody wants to listen. They'd all rather be "rite," than President. I've sent one, or all, of seven books, not addressed to, but supportive of the "way" out of this mess, to people who nominally are supposed to care.

This time I send only an ALERT that there is an answer. The high road is a Twenty-First Century Pax Americana, the low road is perpetuation of Jim Baker's miracle-worker touch. I've given up on the Candidates; they're too rite buffered to do the right thing.

Without expectation, but with love of country, JA



Transmittal Cover

Page 1 Of 4 Pages

Date: August 20, 1992

Origin: San Francisco, CA, USA

Receiver Information

Deliver to: Robert Zoellick
State Department
Washington D.C. USA

FAX Number: 202-647-0753

Telephone # : 202/647-6240

Sender Information

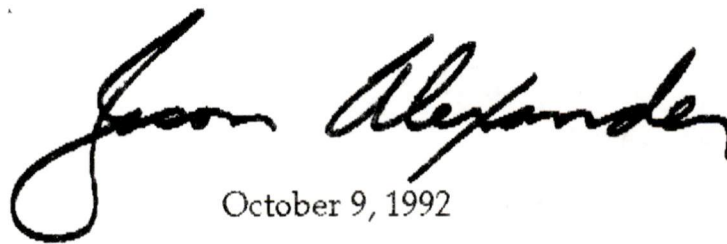
From: Jason Alexander
c/o return FAX #: N/A

Initials:
Check Phone: 415/391-9753

Instruction/Message

*I can also be
FAXed when
he's ~~alerted~~
alerted to
switch to*

send. cdj 10/1



October 9, 1992

Mr. Robert Zoellick
Deputy Chief of Staff
The White House
West Wing, First Floor
Washington, DC 20500

RBZ - I know there is no need to
further respond to Jason Alexander.
However, do you want to see
what he sends in? CDJ 10/9

show it to me _____

Just file it w/my response to him ✓

Dear Mr. Zoellick:

I guess the notion of letting people have a one-time reward for augmenting/accelerating the economy didn't get a second read from the standpoint of why it **would** work, as nobody called to see if and why knee-jerk, "wrong track" objections lacked substance.

While I personally believe that one set of perceived "wrong trackers" can't win without a signal of change, *as from Capitalism to capitalism*, it is true that the negatives of the other set of perceived "wrong trackers" must be emphasized.

But the negative case must be shown to mean something; and not to be merely mean-spirited, or else it will backfire. That is to say, the threads must be drawn together. The instant peacenik squabble is not a "traitor" issue (nor, except peripherally, a "slick" issue); but must be tied to the earlier "learned political philosophy at Oxford" (alien) issue; and to Clinton's sound-bite on ABC (I think in Fla.) that he was the next F.D.R.

As the threads come together, the warp and woof, fabric, must be seen to be the Choice: big government (top-down) or a free people (bottom-up), able to solve their own problems. The issue is economics: Planed Economy vs. Choice Economy.

Americans don't have to vote for change; change is already underway. It's sweeping the world, and we are not immune. The problem is how we face it. Steady-on; or, with reckless disregard. Clinton's Plan doesn't represent change, but retrogression; it's reversion, not renaissance. These are segue years. The Choice of this election is: to keep our options open (alive to the future), or to retrogress to a failed model tricked out in new clothes. To revert to the alien, big government model would make us recidivists, economic Serbs and Croats; it would ultimately tear our Country apart.

The Choice that is this election is whether to: 1) squander our gains, or 2) steady-on, prepare for the twenty-first century. Points:

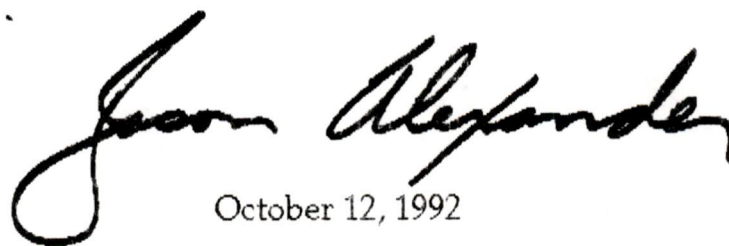
- Clinton is well-meaning, but he's a victim of a backward/progressive past. That's his problem; if elected, it's ours;
- Clinton hasn't got it right yet (none of the above); he should come again a second time ('96?) if he can do better, (win/risk high; loss/risk repairable);
- Clinton is surrounded by scary people;
- This is no time to experiment;
- In times of change, when it comes down to it, do prudent people really want to gamble;
- Especially on an alien philosophy; that's already been repudiated once, nationally; and that has failed catastrophically, internationally;
- When change is happening, "steady-on" can moderate wild swings;
- To vote Republican, you *don't* have to like George Bush... but you *do* have to Love America.

I still think the segue between a once and future America requires at least the glimmer of something more than "more of the same." *Steady-on*, if it is to be believable, must have a compass oriented by more than weak negatives such as slick and recidivistic. The Trust issue won't finally sell, if it is nothing more than a "keep the faith" appeal to a people becoming amenable to the contra-argument of voodoo economics, when given repeated evidence of a zombie economy.

The point is, that some *signal* must be given—of giving the country back to its people. If you don't like my, "ladies and gentlemen, start your engines," device, then devise one of your own; here are the criteria:

- it must take government out of the loop;
- it must apply equally, equably, without regard to race, color, national origin or economic condition;
- it must not be at someone else's expense (transfer payment);
- it must be symbolic of a—both/and—out-the-top—augmentative extra—answer that both Right and Left (none of the above) can't handle;
- it must signify a new orientation toward individual empowerment and enrichment.
- It must not be a "government program." As to government:
 - it must be revenue neutral, or enhancing, so that any producer's gain is not at any non-producer's expense;
 - it must de-glamorize public service, as a not-where-it's-at job;
 - it must viscerally have such common-sense appeal, that it causes those Belt-heads who would rather be "right," than elect a President—to blank-out.

As I've run out of paper and nobody's listening to the real key point, that substance elects Presidents, I stop.



October 12, 1992

Mr. Robert Zoellick
Deputy Chief of Staff
The White House
West Wing, First Floor
Washington, DC 20500

Dear Mr. Zoellick:

Clinton came in third on substantive response. BUT, the spin doctors gave him first, because of coherence.

Perot came in second, because of his focus on theme. The point is: "simplistic" or coherence, elevated marginality to semi-noble.

Republicans are so "rational" that they win all the battles; but lose the war. Like reductionist scientists they think, if you're "right" in the parts, you get the whole. Baloney, the whole is greater than the sum of the parts.

In Bush's closing statement he articulated an international philosophy and 100,000,000 people hung in anticipation of the balancing strophe of a "national" philosophy. And he left them hanging!!

For two years I've tried all sorts of approaches to The White House, with the message that the country is crying for a whole-sum (not reductionist) "vision." That was possible, because I can tell you what the "no-vision" majority only "feel." Your snide "confused on one point" response to my snide "for the record, but no hope" fax, illuminates the alienation that has grown between the President and his country: non-whole-sum-ness.

The point to each of my faxes was the importance of a whole-sum view. No demonstration of reductionist competency can satisfy. No covering of all the bases, or continents, can yield, a world-view which, right or wrong, must be seen to be present in some measure. I answered your tactic/device question, because that's the question you asked. The answer never stood a chance, because you were confused on the one key point—the importance of a whole-sum context. There can be no hope of election without it.

The entire "won't anybody listen" phenomena is a plea for articulation of, not "traditional values" but, a traditional valued based game-plan. Clinton has offered a "Plan" and you people have attacked the pieces instead of the whole. Americans are not comfortable with "more government" ("none of the above"), but instead of leveraging this whole-sum distrust, you took the piece "trust" and squandered it.

I won't make the point here that it's not the people's job to provide answers to leaders, but rather to provide concerns that require leadership; nor is the point that the Bush Administration seems dedicated to missing the point...of the election. The point (unless you have abandon all hope) here is: why do you refuse to "get your act together?"

Why spend all that time spin-doctoring the back-end (hopeless), when the pragmatic expedient of a little doctoring up-front would give you the only chance you have?

For the record...,

JA



Transmittal Cover

Page 1 Of 3 Pages

Date: October 12, 1992

Origin: San Francisco, CA, USA

Receiver Information

Deliver to: Robert Zoellick, Deputy Chief of Staff
The White House, West Wing, First Floor
Washington, DC 20500

FAX Number: 202/456-1121

Telephone # : 202/456-2533

Sender Information

From: Jason Alexander
c/o return FAX #: N/A

Initials:
Check Phone: N/A

Instruction/Message

N/A

THE WHITE HOUSE

WASHINGTON

September 15, 1992

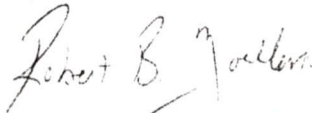
Dear Mr. Ambassador:

Thank you for your thoughtful letter. You accomplished great things for your country, and I was pleased to be involved, even in a small way, in helping the courageous people of Estonia.

Best of luck to you and your country.

With best regards,

Sincerely,

A handwritten signature in cursive script, reading "Robert B. Zoellick".

Robert B. Zoellick
Deputy Chief of Staff

Ambassador Lennart Meri
Embassy of the Republic of Estonia
Helsinki, Finland

Eesti Vabariigi suursaadikond
Embassy of the Republic of Estonia

Helvink

Mr. Robert Zoellick
The White House
1600 Pennsylvania Ave
Washington DC
USA

August 19, 1992

Dear Mr. Zoellick:

Please accept my congratulations and best wishes on Your appointment to a new post at the White House.

I have only the best memories of our meetings and work together and I am sure that You will make an equally outstanding success in Your new position.

I look forward to seeing You again. Until that time, I remain

Sincerely Yours



Lennart Meri
Ambassador

Dear Mr. Ambassador
Thank you for your thoughtful letter. You accomplished
great things for your country, & I was pleased to be involved,
even in a small way, in helping the courageous
people of Estonia.
A lot of luck to you & your country.
With best regards,
S—
R07Z

THE WHITE HOUSE
WASHINGTON

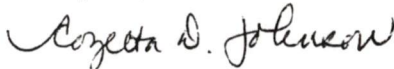
September 15, 1992

The Republic of Estonia
630 Fifth Avenue - Suite 2415
New York, New York 10111

Would you please forward this letter
from Robert B. Zoellick, Deputy Chief
of Staff at the White House, to
Ambassador Lennart Meri at your
Embassy in Helsinki.

We did not have his address.

Thank you,



Cozetta D. Johnson
Assistant to
Mr. Zoellick
202/456-2534

**THE WHITE HOUSE
WASHINGTON**

Robert B. Zoellick

The Republic of Estonia

630 Fifth Avenue - Suite 2415

New York, New York 10111

ATTENTION: FOR FORWARDING TO
AMB. LENNART MERI, HELSINKI

NAME:

to Dennis

DATE:

Loss

TIME:

PHONE:

OPL Jeff Vogt has received request from Semi-conductors Industry Assn -- 6/8 CEOs or equivalent -- to meet with either/or RBZ or Dross for 20-30 min tomorrow 9/10 Thurs. They wrote 8/25 asking to see POTUS & we regretted.

RBZ will see _____

Dross shd see _____ regret _____

Jeff 7983 CDJ 9/9 1:45pm

THE WHITE HOUSE

WASHINGTON

SEPTEMBER 8, 1992

MEMORANDUM FOR BOB ZOELICK
DENNIS ROSS

THROUGH: DAVID DEMAREST

FROM: JEFF VOGT

SUBJECT: SEMICONDUCTOR INDUSTRY ASSOCIATION MEETING
REQUEST

Attached you will find an invitation for the President to meet with Semiconductor Industry Association Board Members in Washington, D.C. on September 10. While this is not possible, SIA has asked to meet with the Chief of Staff, or either of you.

This is a key sector of support, based largely in California and Texas. SIA officials met with Clayton Yeutter approximately 3 months ago. Two key concerns they cited in the meeting were retaliatory measures against Japan, as well as funding levels for SEMATECH. They discuss similar issues in their letter of invitation.

SIA believes retaliatory measures are necessary if Japan does not honor the Semiconductor Agreement. The new semiconductor market share report, which is due out this month, is expected to show market gains for the U.S. semiconductor industry, around 15%.

If either of your schedules permit, we would recommend you meet with this group of industry leaders. Please let us know if you need additional information. Thank you.



SEMICONDUCTOR INDUSTRY ASSOCIATION

4300 Stevens Creek Boulevard • Suite 271
San Jose • CA 95129 • (408) 246-2711

FAX (408) 246-2830

August 25, 1992

The Honorable George Bush
The White House
Washington, D.C. 20500

Dear Mr. President:

America's high-technology companies were heartened by your pledge to make the United States an economic superpower and an export superpower.

Members of the Semiconductor Industry Association (SIA) Board of Directors would like to meet with you on September 10th to discuss strategies for increasing U.S. exports and strengthening America's industrial and technological leadership. A list of the chief executive officers and senior executives on the SIA Board is attached.

As you know, semiconductors are one of the key industries of the 21st century. Semiconductors are the "brains" of electronic systems such as computers, telecommunications equipment, factory automation systems and "smart weapons." The electronics industry employs 2.4 million Americans, more than double the number of jobs in steel and autos combined.

As the founders of some of America's most successful high-tech companies, the members of the SIA Board have some unique insights regarding job creation, capital formation, opening foreign markets, and keeping America at the cutting-edge of advanced technologies. U.S. semiconductor companies invest 13 percent of sales in R&D, compared to the national average of 3-4 percent.

We are particularly interested in discussing the U.S.-Japan Semiconductor Trade Agreement, and strategies for leveraging the federal government's \$76 billion R&D investment to create jobs and strengthen America's economic competitiveness. The federal government's investment in SEMATECH, for example, has helped meet important defense needs, and has also led to the first increase in world-wide market share of the U.S. semiconductor manufacturing equipment industry since 1981.

Sincerely yours,

Andrew A. Procassini
President, Semiconductor Industry Association

SIA BOARD OF DIRECTORS

William Warwick
President
AT&T Microelectronics

W.J. Sanders
Chairman of the Board & CEO
Advanced Micro Devices

Ed Caldwell
Vice President, Semiconductor Operations
Digital Equipment Corporation

Phillip Farmer
Executive Vice President
Harris Corporation - Semiconductor Sector

George Bodway
Manager Corporate Planning
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IBM Corporation

Gordon Moore
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James Norling
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Dr. Gilbert Amelio
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National Semiconductor Corporation

A.E. Ross
Vice President, General Manager
Digital Communications Division
Rockwell Communication Systems

William Weber
Executive Vice President &
President, Semiconductor Group
Texas Instruments Incorporated

Alfred Stein
Chairman & CEO
VLSI Technology, Inc.

THE WHITE HOUSE
WASHINGTON

September 17, 1992

MEMORANDUM FOR JAMES A. BAKER, III
CHIEF OF STAFF

FROM: C. BOYDEN GRAY *cmg*
COUNSEL TO THE PRESIDENT
EDE HOLIDAY *EH*
ASSISTANT TO THE PRESIDENT AND
SECRETARY OF THE CABINET

SUBJECT: Suspension of the Davis-Bacon Act

Attached for your consideration and decision is a decision memorandum recommending a Presidential proclamation of a national emergency and suspension of the Davis-Bacon Act.

Attachment

9/24

See back page for action

Pls send to:

*Ede Holiday
Boyden Gray
Phil Brady (for any further distribution)
Nick Calio
Marlin Fitzwater*

CC. R. G. Dorman

CSJ

DAVIS-BACON ACT SUSPENSION

Issue: Whether the President should selectively suspend the Davis-Bacon Act in connection with the recent disasters (the Los Angeles riots, Hurricane Andrew and Hurricane Iniki) by issuing a proclamation declaring a "national emergency" to have resulted from these disasters.

Background: The Davis-Bacon Act requires that contractors with Federal building contracts in excess of \$2000 must pay each employee the "prevailing wage" as determined by the Secretary of Labor, for the type of work that the employee performs. It is widely recognized that Davis-Bacon inflates the cost of Federal construction projects, frustrates job creation, and hinders minority employment. Suspending Davis-Bacon would result in billions of dollars in cost savings and the creation of thousands of jobs.

On June 30, in response to a memorandum of June 19 suggesting the suspension of the Davis-Bacon Act, the President asked that the necessary documents be prepared without deciding the question whether to suspend the law. (The Labor Department has prepared the necessary materials and these papers are now in circulation.)

The question at this point is whether to suspend the Davis-Bacon Act by declaring a "national emergency" as provided for in the Act. The declaration would be based primarily on the continuing economic plight of the Americans affected as a result of the recent hurricanes and the Los Angeles riots. These disasters are national in scope, because they affect millions of U.S. citizens and will result in a major commitment of Federal agency personnel and Federal funds.

The Solicitor of Labor believes that the suspension may be limited to the specific areas of the country directly affected by the riots and the hurricanes, and the Justice Department believes a limited suspension is defensible. The President's decision to suspend Davis-Bacon may be challenged in court, but a court would be very unlikely to disturb a President's judgment as to what constitutes a "national emergency." The decision to limit the suspension to specific localities may also be challenged; here, although there are legal risks involved, we believe they are not unacceptably high.

Advantages:

- Would demonstrate decisive Presidential action in the domestic policy area that would create thousands of jobs in the inner cities

- Would open up job opportunities for minorities, whose exclusion was a primary purpose behind enactment of the law in 1931

-- Would be consistent with the President's deregulatory initiatives

-- Would thwart legislative efforts to prevent implementation of "helper" regulations

-- Would mollify critics of the Administration's brief in Boston Harbor

Disadvantages:

-- Would incur the wrath of labor unions and union supporters in Congress, who will argue that suspending Davis-Bacon is a political act

-- Would bring pressure to bear on the Budget Enforcement Act, which also contains an emergency declaration provision that permits spending over the budget caps (but there is nothing in the law that links these two emergency provisions)

-- We may be challenged about why we failed to take this action after the L.A. riots this spring

Recommendation and decision: Suspend Davis-Bacon for the duration of the national emergency and limit the suspension to specific localities. Secretary Martin supports the suspension of Davis-Bacon, but would limit the suspension to the areas affected by the hurricanes. Secretary Card, in his capacity as chairman of the task force established in response to Hurricane Andrew, supports a suspension of Davis-Bacon targeted to the South Florida area.

_____ Approve _____ Disapprove _____ Discuss

9/24

JAB would like to proceed with this, but first we need ensure that we have the execution carefully planned. In particular:

- (1) The suspension should only apply to areas affected by the hurricanes
- (2) we need an exact description of those areas
- (3) we need a good fact sheet explaining benefits for:
 - (a) quicker rebuilding;
 - (b) putting more people to work (some people who might have been hurt by the hurricanes);
 - (c) cost savings; & (d) any other
- (4) Make sure Calif's office is in the loop
- (5) Before announcing, need to ensure Martin's office & Campaign are brought
- (6) I'll ok the move - I'd like Ede (on her office) to pull this together with OMB, involving Boyden, affected departments, & the above offices

Thks

RBZ



DONALD DEVINE COMPANY

MANAGEMENT CONSULTANTS
BUSINESS, GOVERNMENT, POLITICAL

Hon. Donald J. Devine
President

I replied by phone

August 26, 1992

Hon. Robert Zoelick
Deputy Chief of Staff
The White House
1600 Pennsylvania, Avenue, NW
Washington, DC 20500

Dear Bob:

Great minds run in the same direction. Seriously, this is a great idea, for policy reasons and politically. I hope you will persevere.

If I can be of assistance, do let me know.

Sincerely,

Donald Devine

Bush at bat: Solid hit or a pop-up?

A bit short on trade

The Astrodome remains the toughest ballpark to clear the fence. President Bush hit a solid shot to right at the GOP National Convention, but wound up with only a ground-rule double — a solid bounce into the seats, but not over the big wall.

The Washington Post/ABC poll recorded a massive shift, but not enough to win. Mr. Bush moved from a 34 percent to 60 percent post-Democratic Convention deficit to a 40 percent-51 percent spread — only 9 points down from 26. The public mood is unstable, mostly people whose minds are not made up being swayed momentarily by one convention or the other. But Mr. Bush has put the Republicans on the field within striking distance.

This column was looking for a grand slam and only saw a sharp hit. Here we predicted a shift of the political axis based upon Ronald Reagan's 1976 "North American Accord" idea away from the sterile supply-side vs. deficit-reduction catfight to the higher ground of expanding trade — to extend the North American Free Trade Area to all of South America and then all of Central Europe that the Common Market will not admit, and to the market nations of Asia, too, if the Japanese will not let them play free trade ball.

In discussions with literally scores of cynical journalists and hard-bitten pols at the convention, they all agreed Mr. Bush would have won the day with such an agreement. What made such a move plausible was James A. Baker III's departure speech as secretary of State, when he said: "The key to America's growth, expansion and innovation has always been America's openness to trade, to investment, to ideas, and to people. Therefore, as we enact the North American Free Trade Agreement, we should also wrap up the global trade negotiations. Then we can build an expanding network of free trade agreements with the market democracies of Latin America that are turning to us, with the Eastern European democracies that want a special relationship with the

United States and with Pacific nations that want their future secure with America's. We can use the attraction of America, which, after all, is the largest fully integrated market in the world, to assure strong economic ties across the Atlantic and the Pacific. America will be an export superpower and a military superpower."

In his speech, Mr. Bush did call for making the United States an "export superpower," did say the world is "in transition" and that the "defining challenge of the '90s is to win the economic competition." He even said, "In this election, you'll hear two visions [this was the written text, but Mr. Bush actually said 'versions' — he really finds it hard to say that word] of how to do this. Theirs is to



look inward and protect what we already have. Ours is to look forward — to open new markets, prepare our people to compete, to restore our social fabric — to save and invest — so we can win."

From here, this is the beginning of the definition of a Bush vision for a second term. When added to a platform and acceptance speech supporting virtually — there were a few lapses, but nothing's perfect — every social, economic and congressional reform on the Reaganite wish-list, delivered in a hard-hitting but fair manner, what conservative could complain? Yes, with the full vision in the speech, it could have been won in the seventh, but there are two innings to go.

What happened for the speech? Well, conservatism's Peck's bad boy, Richard Darman, got into the game between the Baker speech and the president's. Mr. Darman pushed his way into the speech-writing at the Houstonian Hotel with Robert Zoelick, who had written the Baker speech, and moderate Ray Price and newcomer Steve Provost. The latter two basically did the phrase-making, and the brawling was between protect-the-administration's-record Darman and protect-Baker's-new-directions Zoelick.

We had predicted that Mr. Baker would be smart enough to win the battle for the new vision in the speech. It turned out that he was smart enough, but not powerful enough — with speech drafts chang-

DEVINE

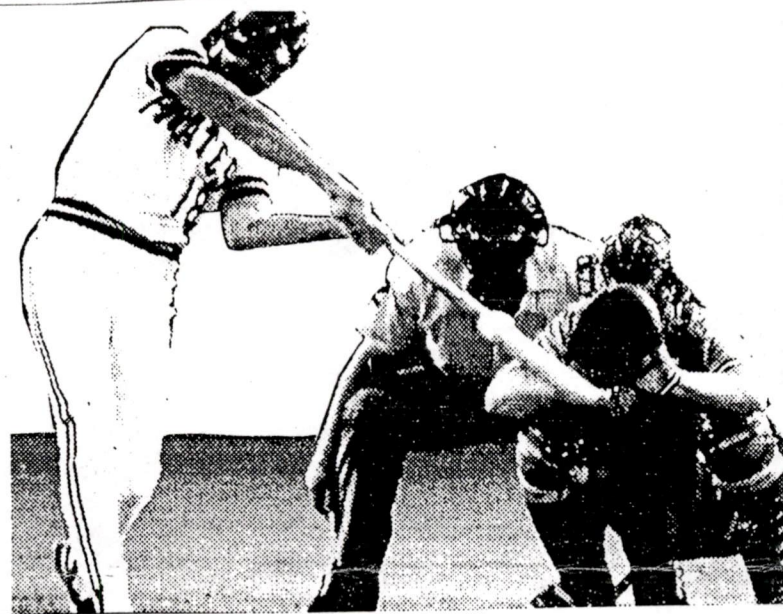
From page G1

ing almost to the convention floor and the "explanation" coming from Mr. Darman's office in the White House. The next time, the battle between the two old allies could turn out differently as Mr. Baker consolidates his power. Mr. Baker was strong enough to get the concept of trade expansion as one of the five major themes of the speech, to have it associated with vision and have it labeled as the defining challenge. For now, that is enough.

The campaign decision to give the conservatives the platform, rules and speeches worked. By the final day — even before the president's speech — the Houston Post-Hotline poll found that Mr. Bush had

achieved his first goal — he consolidated the Republican base and the South, the main reasons for the heavy social conservative emphasis and the supply-side commitment to reducing taxes (although with deficit-reducing requirements for simultaneous spending cuts).

The polls also show the remaining challenge. The Illinois-to-New Jersey belt and the Reagan Democrats have not moved. After more consolidation of the base, it will be necessary to win these skeptical voters. The only thing that will do so — together with exposing Bill Clinton's record on taxes, spending, the draft, crime and welfare — is vision. Mr. Baker, whatever conservatives think of his past, has the answer; and only his ascendancy will guarantee both a winning vision and a sound policy base for the future.



Donald Devine, former director of the U.S. Office of Personnel Management, is a columnist and a Washington political and management consultant.

see DEVINE, page G4

FREE TRADE ZONE

COMMENTARY

DONALD DEVINE

THURSDAY, AUGUST 20, 1992

Reaching for a stunner

My bet is that George Bush is going to hit a home run on the jobs issue at the Astrodome tonight that will take him right back to the White House for a second term.

With everyone talking about supply-side tax cuts or big spending reductions as possible means to create jobs, Mr. Bush will dramatically shift the axis to the most basic of all jobs-issues — trade. From Adam Smith on, it is basic that more trade means more jobs. Indeed, it is axiomatic.

But who cares about trade? How about a free trade zone that extends the North American Free Trade Agreement to all of South America and then to Eastern Europe and the former Soviet Union — is that dramatic enough? It could mean literally millions of new jobs, in the most competitive industries. More important, it gives what America is anxiously seeking, reassurance there will be jobs in the future. It is an idea suggested in this space several months ago, and it did receive some attention in the campaign.

Will people immediately rally to this new proposal? No. The first reaction will be wariness, even fear. But this is just what Mr. Bush needs. He, simply, must stand firm on a difficult, even unpopular, issue — Richard Nixon knew how to manipulate this better than anyone — but one that is intellectually powerful enough to succeed over the long run.

Politically, the best part of the proposal is that the unions will go wild. They already have hit the roof over NAFTA and they will go to the moon over this. The whole left will follow them and Bill Clinton will either have to join or lose his whole base. That is the polarizing stroke that places George Bush in position

to dominate the election, even if evidence of its success does not show in the early polls.

Are people not anxious about NAFTA already? Yes, but this is offense. Japan and the European Community want to get tough? How do they want to face this worldwide combine? The fact of this large zone is the most logical and effective means by which to get every nation on board for free trade and more jobs for all nations.

The problem with supply-side and spending cuts is that they were the whole context of the 1980s Reagan Revolution. They are boring, politically. As the always perceptive Gipper himself noted Monday, that era

is over and now it is a "time for choosing" a bold, new direction.

The only intellectual threat to this course is an extreme environmentalism, such as expressed by Albert Gore in his now-famous book. Many in the Bush administration believe in their heart-of-hearts that the environmentalists have the morally superior position and forget about the jobs these regulations cost (and it promised to protect), and they have lost the policy debate every time. But Americans are commonsensical and will choose people over insects — as Pat Buchanan put it in his speech — any time they are given the opportunity. Indeed, in the hundreds of referenda on this tradeoff issue, jobs won almost every time.

Mr. Buchanan would have con-

ceded the jobs issue — did his speech suggest a moving away? — by adopting protectionism, supporting existing jobs over creating new ones. This has been the trade union, New Deal approach to jobs, which so dominated American politics the last half-century. But it has been a losing Democratic strategy in every recent presidential election.

Protectionism is a losing strategy because it is now clear it looks to the past, to protect what was, while Americans want to know about tomorrow. They now see an interdependent world and instinctively know competition, not protection, is necessary for future growth. Recognizing this, dissembling protectionist politicians retreat to saying it is foreign trade barriers that are the problem — all that is needed is a level playing field.

If it is worldwide trade fairness that is the goal, the United States can do a great deal. The World Bank es-

see DEVINE, page E4

Donald Devine, former director of the U.S. Office of Personnel Management, is a columnist and Washington political and management consultant.

DEVINE

From page E1

timates that the American barriers to trade against the developing countries are greater than those of Japan and the European Economic Community combined. As the accompanying Table shows, only a 50 percent reduction in U.S. trade barriers would increase Third World export trade by \$27.5 billion. By comparison, the effect of Japan and the EC reducing their barriers by that much would only increase trade by \$22.5 billion among the developing countries.

Of course, the protectionists are concerned with Japan's and the EC's barriers against us. But if the status quo remained unchanged with them and we eliminated just half of these Third World barriers, the resulting \$27 billion shot in the arm for the American economy — with plenty left for retraining displaced workers

— would end the present malaise overnight. It would even be a mild shot across the bow to Japan, since its major beneficiary would be the nations of East and South Asia that are its natural markets.

Instead of blaming the foreigner, Ronald Reagan began his quest for the presidency invoking the image of a "North American accord" for a free trade zone of prosperity for the hemisphere, now rapidly approaching fulfillment with the Canada and Mexico agreements. As the Table shows, Latin America is an obvious extension, and Central Europe makes it bold. Rather than fearing imports, Mr. Reagan realized they substitute for inefficient domestic production and move American capital and jobs to more competitive uses.

As far as the moral superiority of American environmentalism is concerned, the World Bank has also noted that "the most effective means

INCREASE IN DEVELOPING COUNTRY EXPORTS

With a 50% cut in trade barriers by the U.S., Japan and the EEC. (Figures in billions of U.S. dollars).

	United States	Japan and European Community
East Asia	\$16.3	\$10.8
Latin America	7.0	2.6
South Asia	2.5	2.0
Eastern Europe	0.9	2.9
Sub-Saharan Afric	0.4	1.8
Middle East/N.Afric	0.2	2.4
Developing Europe	0.2	0.0
Total	\$27.5	\$22.5

Source: U.S.: Unpublished World Bank data; Japan and EC: "Global Economic Prospects and the Developing Countries," World Bank, 1992.

The Washington Times

of alleviating human distress" in the world would be to provide sanitation and safe water to the 2 million poor in the world — mostly children — who die from polluted water each year. As the Wall Street Journal's Alan Murray has noted, the technology for this greatest mission of world compassion is extremely simple, but the costs are great and can be paid only through general world economic growth spurred by trade.

Instead of mostly symbolic atmospheric and deep-ocean treaties against comparatively low-danger environmental problems at high costs of jobs, and mostly dismissed appeals to Western foreign aid charity, expanded world trade — even without Japan and the EC — truly can solve the serious environmental pollution problems that do exist by generating the wealth to live better and to buy the necessary technology. And it can do so by appealing to the self-interest of the wealthy nations

to add to their own economic prosperity — a kind of wealth of nations (somebody should write a book).

A policy of aggressive trade expansion is the silver bullet for the funk of present economic policy. It gives hope both for jobs and the environment and, even better, puts Clinton-Gore in a squeeze — having to choose between new jobs, a better environment and a more moral means of helping the world's poor, on the one hand, and the Democrats' big-stick protectionist allies, on the other.

With an aggressive worldwide trade zone creating billions of dollars in wealth and millions of jobs, on an issue where Mr. Bush truly has a sound record, there can be a return to Reagan-optimism, with hope for jobs and a better life — and a second term. Will he do it? Jim Baker's speech last week had a hint of it, and he may just be smart enough to recommend it to his boss.

George Bush has managed both a major policy blunder and a significant political misstep on a single trip in his arena of strength, foreign affairs. He cannot afford many more such miscalculations and expect to survive for a second term.

The policy error is more significant for America's economic future. Watching an American president appearing to promote America First in Japan, European Community negotiators that day broke discussions with the United States on a mutual reduction of trade barriers, and put in jeopardy the whole General Agreement on Tariffs and Trade (GATT).

American agricultural interests were reportedly ready to end all their farm subsidies if the Europeans were willing to phase out their programs. The U.S. budget savings would be \$50 billion with potential savings to American consumers in the hundreds of billions each year. Such was the price to American interests of what was clearly perceived as a politically motivated activity on the part of its president.

Politically, Patrick Buchanan was not in the presidential race a month before he had George Bush changed from champion of the U.S.-Mexico free trade agreement to appear to be the protector of American auto executives — probably the least attractive political group in the country — against Japan. Not only did the president lose an issue against his GOP challenger but, more importantly, he looked weak and vacillating.

Donald Devine, former director of the Office of Personnel Management, is a columnist and political and management consultant.

The idea of confronting Mr. Buchanan on the issue apparently entered no one's mind, either at the White House or in the campaign. It should have since there were precious few issues upon which George Bush had consistently promoted a conservative position on the issues. In repeated conversations with conservative leaders nationwide, trade was the Buchanan position that most distressed them, and one of a very few issues upon which they wholeheartedly preferred Mr. Bush.

Trade may be gone for the New Hampshire primary, but the Democrats will smell the blood in the water and raise the stakes. No matter how much the president gives, they will demand more — quoting Mr. Bush's remarks in Japan. Mr. Bush implicitly recognized this in his speech to the American Farm Bureau convention the following week, defending his trip and repeating earlier free-trade rhetoric. But he only looked more indecisive.

Rhetoric will not do once he has

President misses boat on trade

frittered away his moral high ground on trade. How much better if Mr. Bush could develop a bold strategy on trade that actually could result in the prosperity and job growth people are demanding. Impossible? Not at all. The solution to the economic malaise in today's interdependent world is more global economic activity to produce recovery. Presumably this is what the president believed until he went to Japan. All that is necessary is to find a solution that does not need the Europeans but one that, if successful, might bring them around.

ECONOMIC STRENGTH OF WORLD TRADE COMBINATIONS

(billions of dollars)

Country/Region	U.S. exports	Country/Region	U.S. exports
Canada	\$82.9	Japan	\$ 89.6
Britain	23.4	Continental Europe	75.6
Eastern/Central Eur.	4.2	Rim Europe Total	110.5
Central America	2.9	Latin America	43.4
Australia/New Zealand	9.6	Taiwan	11.4
Hong Kong	6.8	Singapore	8.0
South Korea	14.4	U.S. Internal Trade	1,653.3

Source: Statistical Abstract of the United States, 1991, pp. 786, 806-809.

The Washington Times

How about creating a free-trade agreement embracing nations on the rim of the Common Market? It would exclude Continental Europe — especially the troublesome French — but would include Britain, which already resists the Brussels bureaucracy, Canada, Eastern Europe and the republics of the former Soviet Union. Even at bargain basement communist prices, exports (which are a more realistic measure than artificially measured GNP) from the United States to this group of nations in 1990 amounted to \$110 billion, compared to \$75 billion to the remainder of the European Economic Community.

The core of the new Free World trade zone would be the United States' own internal market, the original "trade zone" upon which much of its prosperity developed. At \$1,653 billion, it dwarfs the world trade problem insofar as recovery is concerned. Here, Mr. Bush could re-emphasize the de-regulation efforts he, himself, supervised in the Ronald Reagan years.

A recent study by Thomas Hopkins presented to the National Chamber Foundation within hours of Mr. Bush's return found the direct, measurable cost of federal regulation at \$400 billion per year beyond that in the budget — and estimates are that the indirect effects are two or more times higher.

Significantly, per household costs of regulation have gone from \$5,800 when Jimmy Carter began de-regulating, down to \$4,100 under Mr. Reagan and up again to \$4,500 under Mr. Bush.

The most exciting freeing of trade restrictions is taking place in the Latin America Free Trade Asso-

ciation. Not only is in an area close to our own markets, but the potential for growth is high if these nations slip their historic statist economies. Adding these and the embryonic Central American Common Market to the Mexico free-trade zone would provide a tremendous boost in economic activity.

Finally, why not add the free trade nations of Asia and create a world wide co-prosperity sphere not dominated by any one nation? This combination would dominate Japan and Europe combined, \$207 billion to \$165 billion, without even considering the size of the U.S. market. (See Table.)

Indeed, success would be much likelier with American leadership working with nations that actually want more trade, than through relying upon the GATT bureaucracy to which Mr. Bush looks for a solution. This institution is greatly swayed by Continental Europe and by three senior bureaucrats from India that represent Third World nations seeking shelter from the liberalizing affects of free trade.

American leadership is what the world's people are seeking to improve their economic condition. More important, Americans themselves are looking for a realistic way toward prosperity. Rather than be swayed by Mr. Buchanan, Mr. Bush had the opportunity to provide a real solution to malaise — and to gain politically, too.

What would Mr. Buchanan have said if Mr. Bush walked into New Hampshire with \$50 billion in agriculture savings? It would all have been over — and the Democrats would have been silenced, too. It's not too late for leadership; but at most.

THE WHITE HOUSE
WASHINGTON

Senator Symms called you on Tuesday reference the attached. Sarah Alexander has prepared talking points for you on this subject. He will call you again today to discuss.

Also attached is an overview from Sarah on the issue -- I have further, lengthy background in the form of back and forth correspondence from Ms. Maldonado to Sarah and to me, which is attached at the back of this packet.

LRT

LRT

*Pls find out where TDP is located --
which Dept?
Or is it an indep agency?*

Located in Virginia --

*Independent
agency - used to
be part of AID -*

*They Receive appropriations
from Congress -*

Talking Points

- o We are completely supportive of TDP funding for environmental clean-up projects in Mexico.
- o As far as we can tell, the two projects of interest to Morrison Knudtsen -- one in Mexico City and one in Baja, California -- are on track.
 - TDP is following its own internal guidelines and regulations for project approval.
- o The Mexico City project should be approved sometime in January.
- o TDP is reworking the Baja project to account for direct interest expressed by SEDOSOL Director Collosio.
 - SEDOSOL will likely be tendering directly grants to compete for building a waste incinerator along the border, as opposed to specifically in Baja.
- o The Mexican government has thus far indicated it will wait until the TDP grants move forward before selecting firms for the projects.
- o Any direct intervention by the White House to circumvent normal TDP operating procedures would be inappropriate.
 - These projects will be approved on their merits, and by the regulations TDP uses for project approval.
- o Our people at TDA and in Mexico are in close and constant contact with Morrison Knudtsen representatives..
 - We are told MK is happy with how the projects are moving along.
 - MK is also in direct touch with the Mexican government.
- o The Senator might want to check with his own MK contacts here and in Idaho to see how they view the project approval process.

December 9, 1992

NOTE TO LINDA TRIPT

FROM SARAH ALEXANDER ^{SEA}**TDA PROJECTS IN MEXICO**

- o Charlene Moldonado, who represents a holding company, has solicited White House intervention with the Trade and Development Agency in support of two projects under consideration for Mexico.
 - Her work, she claims, is on behalf of the Idaho firm Morrison-Knudsten, which has given proposals to TDA for waste incinerator projects in Mexico City and Baja California.
 - This is why Sen. Symms (who I think is out of office in January) is interested. He has met with Moldonado at least once.
 - (Note: TDA funds feasibility studies for major projects overseas in the hope that allowing US firms to get in at the initial stages will generate US exports.)
- o Moldonado has called every possible relevant office in the USG -- from EPA to USTR to US Embassy Mexico to State to the White House -- soliciting direct intervention.
 - She claims approval now is critical to NAFTA and that failure to act now risks losing the contracts to foreign firms.
 - She has claimed, at various times, that Bill Reilly, Roger Wallace (Commercial Officer in Embassy Mexico), Sen. Symms and others have expressed commitment to the projects.
 - She claims TDA director Jose Martinez has the authority to agree to the projects now, but has been stalling.
 - She seeks nothing less than White House intervention to tell TDA "You can do it, so do it."
 - Apparently, she will get a cut of any contracts MK gets.
- o I have spoken with at least a half dozen people about the projects -- from Roger Wallace to Reilly's Chief of Staff Gordon Binder to TDP Deputy Director Nancy Frame to Gary Edson.
 - All claim that, from their respective angles, TDA is doing its job and that Moldonado's claims about the urgency and appropriateness of immediate approval are false.

- 2 -

o From these conversations, I am convinced that:

- (1) TDA is acting correctly in terms of following its own internal procedures;
- (2) EPA and Roger Wallace are satisfied with both the scope and pace of the projects;
- (3) TDA is in close contact with the GOM and understands the benefits a US (as opposed, for example to a German) firm getting the contract would be in our interest.
- (4) Approval, disapproval, delay or otherwise would have no effect on NAFTA, a view with which Gary Edson agrees.

-- It's hard to imagine in what form we might hear criticism, except perhaps that we are not helping Mexico on its environmental programs and are failing to capitalize on the types of business activity that closer economic ties with Mexico has generated.

-- No matter what we do, Mexico will look golden, since it will go forward with the environmental projects with another firm.

o Furthermore, both TDP and Roger Wallace are in close touch with Morrison Knudtsen reps here and in Mexico. They tell me MK people are content with the process and are not in any way the generating force behind Moldonado's claims.

o When you brief RBZ for the phonecall, you might want to indicate that I inadvertently spoke to him briefly when I was trying to reach his staffer (that is, the Senator grabbed the phone).

-- As you know, the conversation was simply to solicit what his interest was in the project, since Moldonado had told us he has interested. (And since we know she had misrepresented Reilly's interest -- per Gordon Binder -- we wanted to verify her claims.)

o While we are committed to separating the person from the problem, everyone I have talked to has said she's misrepresenting her case (and thus MK's credibility as well.)

-- You ought to encourage Bob not to say anything that would lend credibility to Moldonado (i.e., that all her furious phonecalling has actually changed our policy).

-- If the Senator is interested, he should call MK or TDA directly to get the real story.

December 9, 1992

FAX TO: ROBERT ZOELICK
ATTN: LINDA TRIPT

FROM: SHARLEEN MALDONADO
326-1200

*Linda -
please replace
the previous
fax with this
one. They look
similar, but
aren't. Thanks
SM*

This morning I received a call from our Mexico City office, and from Fernando Menendez Garza. I would like to share this update with you in case it helps in the Administration's decision to protect American jobs.

1. Trade Development Agency (formerly TDP) official, Alberto Angulo who speaks Spanish with a castilian accent and administers the Latin region, was in Mexico City to officiate in a signing of an alternative fuels TDP for Texas. This had strong support from Senator Bentsen. Mr. Angulo officially stated that environmental issues hold no priority with TDA in the evaluation process.

2. Mr. Angulo is totally unaware of the TDP sent by Baja California to Jose Martinez, and commented that it wasn't even being considered in the pipeline as a result. He specifically indicated that another TDP was to be awarded for a regional border evaluation of hazardous waste sites in hopes that U.S. companies might compete, though nothing is defined or tied to the award. That is not the case with the specific Baja California request where even financing is in place.

3. Today Mr. Fernando Menendez contacted Minister Jose Luis Bernal at the Mexican embassy to ask for assistance with TDA. Fernando also promised the Office of Governor Ruffo of Baja California that he would use his influence with TDA to get this project funded immediately, if at all possible. If the TDP is not funded promptly, M-K (the second choice based on TDA blessings) will lose the already financed project to Spie of France. This can be confirmed with Roger Wallace of the U.S. Embassy in Mexico City. Mr. Wallace has given his word to the officials of Baja California that he will personally battle for this in Washington.

4. The request for TDA funds amount to \$800,000 and a well-prepared proposal by M-K's premier group of environmentalists has been submitted. A desk audit is certainly appropriate. This would allow for immediate funding.

Again, it is apparent that all these efforts to secure what will be the two most visible hazardous waste abatement efforts within Mexico for a U.S. contractor have not been made a priority issue. It had been my understanding that NAFTA is very much tied to perceived efforts by Mexico to meet certain enforcement standards in pollution abatement, and that the President is very much interested in his legacy and role with NAFTA. Surely timing is a factor on the environmental initiatives.

HOLDING INTERAMERICANA, LTD.

FAX TO: ROBERT ZOELICK
attn: Linda Tript

FROM: SHARLEEN MALDONADO (202) 326-1200
SR. VICE PRESIDENT

DATE: 7DEC92

FYI -- TDP has a senior engineer type going to Mexico City for 3 days on the 5th of January to evaluate the authenticity of the TDP request. This is so ridiculous. We have already financed a great portion of the effort in an attempt to secure a U.S. company, and M-K has certainly done their part. EPA has a Miss Ann Alonso at the embassy in Mexico City who has spent several years monitoring the progressive steps being taken to address pollution abatement, and she is intimately aware of the efforts having an engineering background and a formidable role within the embassy on behalf of EPA. President Salinas promised President Bush at the Brazil conference that the steps would be taken on the pollution problems in Mexico City. It is essential to have both discussed TDPs funded before the 17th. We need some proactive proof of Mexican effort in pollution controls before the televised/conference signing which will be linked up at the OAS on the 17th. It is vital to counter early on negative attitudes toward the environmental impact of NAFTA. This means lead time to prepare media releases. I am certain that Mr. Baker would agree with Senator Symms and Senator Dole that such information is vital and that timing on the issuance of such notification of Mexican efforts to link its pollution abatement to EPA standards will determine the passage and implementation language of NAFTA. Please advise me if it is necessary to ask for their assistance to have TDP under the administration of Texan Mr. Jose Martinez move the projects and fund them immediately. There are no problems, just unnecessary delays.

728-1648

If it would help to have Minister Jose Luis Bernal in the Mexican Embassy involved, you already have his number for confirmation as to the priority of these projects. I thank you for your responsiveness to my calls and to your special attention; it is truly appreciated.

Sharleen

copy to: Senator Steve Symms
Finance/International Committee

November 24, 1992

TO: Linda Tript
Office of the Deputy Chief
of Staff
The White House

FROM: Sarah Alexander
Office of the Under Secretary
for Economic Affairs
Department of State

RE: TDP Projects for Mexico -- Status and Evaluation

Following up on our numerous conversations, I am outlining the steps I have taken to ascertain the status of the two TDP cases raised by Sharlene Maldonado, of Holding InterAmericana.

Per our discussions, I have tried to 1) find out the status of the projects and 2) to validate the claims made by Ms. Maldonado so that if someone decides to approach TDP, we will have all the facts at our disposal. We agreed that, given the information we had, we should check three angles: 1) Sen. Symms 2) EPA 3) US Embassy in Mexico City.

Senator Symms

1. On 11/20, per your request, I called the Administrative Assistant to Sen. Symms (Idaho), since Ms. Maldonado had told you she had met with Symms on this issue on 11/19.

I told the AA that Ms. Maldonado had expressed to us her concern about these projects and had noted to us that she had met with the Senator. I was calling to discern whether the Senator had any views about this case. The AA told me she had been out the day the meeting took place, but she would check and get back to me.

Late on the 20th, I received a phone call from Al Lehn in Symms' office. I was not in. I returned the phonecall at around 4pm. He was not in, but as I was leaving a message, apparently the Senator was standing around and asked to speak with me.

I spoke with the Senator for about 15 minutes, telling him at the outset that I had called his office simply in an attempt to get all the facts regarding this case, and since Moldanado had noted his support, I wanted to make sure we knew his views.

The Senator was very candid, saying he did not know the specifics of the deal, but that he could vouch for Morrison Knudtsen (MK). He had a good relationship with MK and had helped in some way (not sure how, except he said he had made a call to Leonard Malcolm, who I presume is an MK employee) to link up Moldanado's firm with MK when the

- 2 -

former was looking for a firm to bid on the Mexico projects. He said MK was a very solid, reputable company that will deliver; they had done some major construction projects in Idaho (something to do with mills). (Note: MK may be based in Idaho. End Note)

I thanked him for this information, and underscored again that my call was simply to make sure that we knew all the facts surrounding this case, since Maldonado had asked for our assistance. With regard to Maldonado, he said he had called her earlier that day to say "What the Hell are you using my name for?...telling people you worked for me?" (Note: Apparently, the AA had misunderstood my remarks earlier in the day, because I never mentioned anything about her claiming to work for the Senator. I told the Senator it was my understanding that Maldonado had not made that claim. End Note).

In any event, I then said that, since she had used his name, that was why we were calling, because she had mentioned a few others' (e.g., Reilly), who had said they actually knew nothing of the case. He replied that he thought Maldonado was well-intentioned, extremely enthusiastic and slightly emotional, which is why we might interpret some remarks as exaggerations. She wants to get the project done, he said, and is very pro-NAFTA, as is the Senator. She wants this resolved before Christmas for fear that otherwise personnel changes would cause a delay until March or April, perhaps to late to seal the contract for MK or an American firm.

EPA

- 2) We agreed we should find out whether Reilly had indeed been directly involved in these projects, as we had been told. I spoke with Gordon Binder, Reilly's Chief of Staff, who had checked with Reilly in Europe. Gordon said Reilly was not aware of these projects and had never done anything with respect to them. Gordon said he thought he might have spoken with Maldonado once or twice, and passed her on to a staff person in EPA's International Affairs Office. The staff person there is on travel and unreachable for a week, I am told, and further is the only one at EPA in DC that knows about the projects. However, Wallace at our embassy in Mexico City (see below) told me EPA's rep. in Mexico City is completely supportive.

US Embassy

- 3) On 11/23 I finally got through to Roger Wallace, our Econ. Minister in our embassy in Mexico City (he had been travelling for a week). He was familiar with both projects, - in particular the Mexico Valley one -- but not with Sharlene herself. He has been in contact with MK's environmental services arm in Mexico City and had met with both Fernando Menendez -- who he said is very serious about

- 3 -

the Mexico City project and very politically astute, meaning he wanted at least partial US involvement in the project (we are competing with the Germans). Wallace also had met with Sam Box of MK in Mexico and with Gov. Rufo of Baja.

He said he thought the Mexico City project was indeed on a fast track, but that Baja was less so. He said when he had lunch three weeks ago with Menendez (or one of his staff - not sure), the latter had expressed concerns that the Germans were moving faster than the US. Fernando has talked to TDP Martinez about the project. Only thing that's holding the GOM back is waiting for a US response. (Note: German President is in Mexico on a six-day visit which Wallace believes is essentially to drum up business)

I asked Wallace to check with TDP about where the projects now stand. He called back later in the day to say he had spoken with Martinez and TDP Latin America staff. Using German visit as an excuse for asking where Mexico City project stands, he found out that either on the 23rd or 24th (i.e., today), TDP would select a team to go to Mex. City in early December to undertake a pre-feasibility study (that is, the Definitional Mission that Maldonado mentioned). That work should be completed by early January. Martinez expects to award the contract for the whole Mex. City Project in early January.

Wallace said he would inform GOM of timeframe (with an eye toward getting them to wait to award the project until TDP makes a grant.) Wallace said he thought Martinez is very sympathetic to Mexico projects and was not stalling.

Wallace did not raise Baja project with Martinez, since he thought it was on a slower track and thought it best to concentrate on getting info. on Mex. City. He will, however, look at Baja again.

Notes:

I have still not talked to TDP staff directly. I have the name of the Latin America officer in charge of this project should we decide contact at my level is appropriate.

I have also not returned a call from Maldonado from last Friday. I would like to talk to you before I return it. (I have spoken to her 4 or 5 times in the past 2 weeks to tell her that I am working this.)

Finally, I'm not sure how much of this RBZ needs to know. It seems to me at least the Mexico Valley project is on track. Perhaps we should discuss.

UNCLASSIFIED FACSIMILE COVER SHEET

DEPARTMENT OF STATE

OFFICE OF THE UNDER SECRETARY FOR
ECONOMIC AND AGRICULTURAL AFFAIRSNumber of Pages: 3
(Excluding Cover Sheet)Date Sent: 11/24/92Description of Material: Mexico TDP Cases

TO : Linda Tript Confirmation #: _____
Office of the Deputy Chief of Staff FAX Machine #: 456-1121
The White House

ATTN : _____

FROM : Sarah Alexander Sender's Phone #: 647-8854
"E" FAX Machine #: (202) 647-9763

Remarks: Per our discussions

HOLDING INTERAMERICANA, LTD.

FAX TO: LINDA TRIPT
OFFICE OF THE DEPUTY CHIEF OF STAFF
WHITE HOUSE

FROM: SHARLEEN MALDONADO
SR. VICE PRESIDENT FOR U.S. GOVT AFFAIRS

DATE: 14nov92 CONTACT: (202) 326-1200

FAX 11/16/92

Senator Symms will represent Holding Interamericana LP.

Enclosed is a VERY brief summary on two separate requests for TDP funds from Mexico. I hope the print is not too challenging in size, but I did attempt to get everything on one page. The bottom line is quite simple: tell the Administrator of TDP to simply do his job and allow the experts to judge the needs. Obviously the TDP grant request will not cover all expenses for the two hazardous waste abatement projects in Mexico (Baja California and The Valley of Mexico). Morrison Knudsen knows this, as do we. The advantage of TDP funds is the de facto tie to U.S. standards and the ability to counter environmentalists who oppose NAFTA and the manufacturing community which wants to export.

The politics of the two projects are in place, but the delays at this time as we close in on the dead space of the holiday season and transition will threaten the timeliness of the Salinas pollution abatement effort. It will amaze you to note that, MK has had this opportunity since April of last year. We sought many responses from key American firms, but MK's Bill Agee was the only one who was at least willing to meet with Fernando Menendez Garza and explore the possibilities.

I feel confident that a direct call from Chief of Staff Baker to Jose Martinez will result in immediate activation of TDP assignment of funds.

- Jose Martinez requires a strong authority to give him the security to accelerate the projects, something quite allowable in TDP given its legislated mandate. Funding requests should be accepted per desk audit.
- Do not get these projects caught unnecessarily in the Transition reconsiderations and reprioritization.
- Confirm these priorities, if you wish, with either Senator Steve Symms or Roger Wallace at the U.S. Embassy in Mexico City or Fernando Menendez.

EMERSON #334-501 POLANCO
MEXICO, D.F. CP 11560

tel (525) 545-3356 • fax (525) 255-4446

USA tel (714) 348-1015 • fax 348-1109 • tel (310) 430-6560 • fax 431-3630

HOLDING INTERAMERICANA, LTD.

11/10/92

SARAH ALEXANDER
STATE DEPARTMENT
OFFICE OF THE UNDERSECRETARY FOR ECONOMIC DEVELOPMENT
tel (202) 647-8854 fax (202) 647-9763

re: Trade & Development Program
Mexico's two requests

Dear Ms. Alexander,

Enclosed for your convenience is a bottom line summary of pollution abatement activities in Mexico which have been programed by my company to go to Morrison Knudsen of the United States. The difficulty we had in seeking any "interest" from a U.S. firm to consider these projects was actually remarkable. However, we finally connected with Morrison Knudsen but are still almost 8 months into the critical orchestration of President Salinas' agenda and unable to get these projects through the U.S. bureaucracy.

Please note how the attached summary numbers two immediate projects. The first grant request to TDP is for a feasibility study which will provide the bid parameters for the concession. Germany is providing only non-compensated technical assistance, and Morrison Knudsen is nevertheless fortunate to have been selected to control the feasibility study via the Trade and Development Program. The Metropolitan Commission of the Industrial Valley of Mexico is directed by Fernando Menendez who is considered the Pollution Czar of Mexico. He was appointed by the Regent of Mexico City D.F., Commacho Solis, who may well be the next president, and this was done at the behest of President Salinas. The Commission will allow MK to compete in the bid process, giving our U.S. company a lead since the bid will be based on U.S. standards. The Metropolitan Commission was assisted and encouraged to make an application by EPA/Administrator Reilly who requested funds from TDP specifically for the project from Jose Martinez. We had hoped to announce this at the tri-national environmental meeting.

EMERSON #334-501 POLANCO

MEXICO, D.F. CP 11500

tel (525) 545-3356 • fax (525) 255-4446

USA tel (714) 348-1015 • fax 348-1109 •• tel (310) 450-6500 • fax 431-3630

The second application to TDP does not involve World Bank funds as it is all private capitalization. As the merchant banking company for the para-state corporation which will award the concession, we secured MK for complete sole-sourcing contingent on TDP funds, which lend a sort of security that EPA policies will be followed. This is good for public relations which are somewhat threatened by critics of border environmental abuses. Any delays will cause grave impact on the California support of NAFTA, and may well mean Mitsubishi would step in. The hazardous waste abatement and co-generation efforts are fundamental to Mexico's development; Southern California medical waste, for example, in San Diego County is now a bilateral issue.

It is anticipated the concession will mean over \$250 million in export financing for MK and its suppliers.

MK presence in the marketplace would anchor U.S. standards and provide a marketing leverage for future projects with the growing Baja economy. This type of presence is essential given the explosive trade from the Pacific Rim and interest in both the maquiladoras and the expanding consumer market of Mexico.

These pages should well suffice for dealing with TDP. The bottom line is simply to accelerate funding of the two projects for Mexico. They are crucial. We need immediate assistance from the Chief of Staff, Jim Baker. And for that reason we had begun our plea for assistance with Margaret Tutwiler and Robert Zoellick.

While we recognize that TDP is a separate agency established to improve the export position of the United States with grants to leverage U.S. companies where prioritized, it has been by policy primarily involved in massive infrastructure. The projected formulas for measuring impact are easier to manage and present to congress. These two infrastructure projects are of a nature which are acceptable to TDP and should be addressed. They represent an opportunity for fair attention to Mexico at this critical time in its economic transition.

Our office has advised the Embassy of Mexico of the two requests. The Embassy must be informed of our direct request for assistance with TDP, so that all interest areas are balanced. Therefore, please contact me directly here in D.C. (326-1200) when a decision has been reached for a recommendation to the White House Chief of Staff. I am not certain how your office could bureaucratically intervene with TDP, except, possibly, with oversight. We have already sought assistance from the Minister of Commercial Affairs at the U.S. Embassy in Mexico, Mr. Roger Wallace, who would confirm from your policy perspective the critical nature of these two TDP requests from Mexico.

Meanwhile, thank you very much,



Sharleen Maldonado
VP - U.S. GOVT AFFAIRS

CONFIDENTIAL & URGENT TDP ACTION REQUIRED FOR U.S. CONTRACTS IN MEXICO

U.S. TRADE & DEVELOPMENT PROGRAM -- TDP

1621 N Kent Street • Rosslyn • 703: 875-4357

TDP is an independent agency directly funded out of Foreign Operations to push U.S. exports, particularly manufactured products. The Director of the TDP office, Mr. Jose Martinez who was formerly with White House Personnel and previously with Senator Tower's legislative staff, chose to pace TDP requests from Mexico regarding pollution abatement and contract awards to U.S. corporations. This caused a leverage failure for President Bush in countering NAFTA environmental critics, and, now, is causing a time-delay that will undermine the sensitive timetable for President Salinas in dealing with environmental projects which require no funds from the U.S. as they are, for the most part, privately financed.

PROJECT DESCRIPTIONS:

(1) Valle de Mexico -- the Metropolitan Commission for the Industrial Valley of Mexico is under the direction of Fernando Menendez Garza and constitutes the largest hazardous waste abatement project in the history of the world. Morrison Knudsen was requested to do a TDP study for establishing U.S. standards, and Mexico was encouraged by Wm. Rellly to pursue TDP funds this past summer, and Mexico proceeded. It will involve \$1+ billion over a 20 year period for the installation and concession management opportunity of 3 generator sites. There are both World Bank (not essential) and private capital from Grupo Penoles.

Mr. Martinez with his executive staff decided in September to do a "definitional mission" by advertising in CBD for a qualified consultant to evaluate Mexico's proposal/costs as prepared in cooperation with Morrison Knudsen, the largest hazardous waste contractor for the Corps of Engineers, no less. **This can be reversed to allow for a desk audit, or, if preferred, accelerated for FULL award prior to the second week of December.** Financing allows for sole-sourcing or a short list to include MK.

(2) Baja California -- at the written request of Governor Ruffo of Baja, Morrison Knudsen has been identified for specific sole-sourcing of a \$250+ million hazardous waste generator site, to be set aside by the federal government. The concession is totally privately financed and will be awarded to this U.S. company based on TDP feasibility/planning grant award.

The letter from Baja's governor was held back based on counsel from TDP regarding Mr. Martinez schedule. The letter from Baja has since been carried by Roger Wallace at the U.S. Embassy to TDP the week of the election. Under the regulations, there is no conflict in making a sole-source award of a TDP without a definitional mission. **This must be awarded ASAP and no later than 1Dec92 to allow for strategic pro-NAFTA campaign in California by the Business Roundtable, etc.**

ACTION: TDP can legitimately award both TDPs without a definitional mission, by simply doing a desk audit. This can take less than two weeks. There were \$40 million awarded by Foreign Operations subcommittee to TDP. It is imperative that this discretionary advantage to award TDP grants be taken.

PRESIDENT SALINAS FACES PRESSURE FROM ABROAD AND DOMESTICALLY TO MEET HIS TIME-TABLE WHICH HE HIMSELF HAS SET WITH HIS OWN PRESIDENTIAL MANDATES. Morrison Knudsen, based in Idaho, has sought contracts with Mexico for two years unsuccessfully; their entry into Mexico sends a powerful signal to U.S. manufacturers. Holding InterAmericana Ltd. (HIL) has spent thousands of dollars in paving the way for a U.S. company, securing private investment, and guiding the TDP approach to anchor MK and, thereby, U.S. standards and business opportunity.

11/10/92

NOTE TO COZETTA

FROM MIKE YOUNG

RE: CLOSING THE LOOP ON CHARLENE MALDENADO (Sp?)

Sharleen Maldonado

- o We actually closed this loop more than two weeks ago, but I'm just getting a chance to let you know what transpired.
- o Sarah spoke with Charlene, saying she was calling on behalf of RBZ's office, since he was extremely busy and wanted to make sure her concerns were conveyed.
- o She seemed appreciative and understanding -- not at all upset that Sarah was returning the call.
- o She said she was trying to draw RBZ's (and Janet Mullins') attention to a Trade and Development Program (TDP) project to finance US firms to undertake studies of projects to clean up Mexico's environment.
 - She said her firm -- Inter Americana, a merchant banking company -- was representing the US firms and that the TDP director was holding up approval of the project at this "politically" crucial time.
 - She clearly wanted intervention by RBZ.
- o Sarah told her that she was not in a position to make political judgment calls and certainly would not want to be in the position of politicizing trade issues.
 - However, she told Charlene she would be happy to look in more detail at what TDP was doing with respect to this contract to see if it was playing by the rules.
 - Charlene said that would be fine and she would send over some information.
- o FYI, Sarah said Charlene was throwing names around as if she knew everyone (RBZ, Janet, and Carla Hills -- for whom she said she had worked as a special assistant) and was talking alot about how powerful she is.
 - After the call, Sarah checked with Michael Brownrigg, who told her that when he had been at USTR, she had also called him looking for help on TDP problems.

-2-

- He said he had investigated Charlene's claims, and TDP told him that they knew exactly who she was and what her "problems" were about...
- He also said Charlene's only contact with Amb. Hills had been as a low level employee at HUD when Hills was Secretary.
- o In sum, I think she is pretending to be the political insider she is not.
- She actually called again today to tell us that she would be sending the information pronto, and that this issue could undermine NAFTA, that Salinas personally is angry, and that today is Sherman Funk's birthday.
- We will follow up, of course, in a manner that is professional and unbiased. (And I will get a present for Sherman from all of us....)

THE WHITE HOUSE

WASHINGTON

December 11, 1992

MEMORANDUM FOR BOB ZOELLICK

THROUGH: HENSON MOORE *Henson Moore*
FROM: CLIFF ALDERMAN *CA*
SUBJECT: DISASTER DECLARATION REQUEST FROM MEMBERS OF THE
NEW JERSEY GENERAL ASSEMBLY

Attached is a letter signed by several Republican members of the New Jersey General Assembly.

They have requested that FEMA's investigation of the damage caused by the current storm in New Jersey be expedited as soon as possible to ascertain whether federal disaster aid can be provided.

While we understand that any such request must be initiated by Governor Florio, we thought you should be aware of this request.

Please note they have already cc'd Wallace Stickney on this request.

12/14

To Phil Brady
Bob Grady

FyI

RB Zoellick



GENERAL ASSEMBLY OF NEW JERSEY

GARABED "CHUCK" HAYTAIAN
SPEAKER

MAJORITY OFFICE
STATE HOUSE
CN-098
TRENTON, NEW JERSEY 08625-0098
(609) 292-5339

DONALD SICO
EXECUTIVE DIRECTOR

December 11, 1992

The Honorable George Bush
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20050

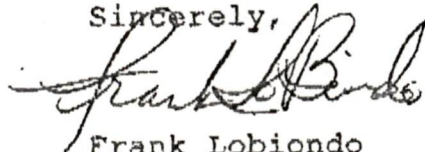
Dear Mr. President:

Representing districts along the New Jersey shore, we are seriously concerned about the damage to the coast that has taken place during the last several hours due to a severe storm still in progress as we write. Flooding is extensive, thus making it difficult to assess the damages at this point, but several towns have been evacuated, and reports of beach and home destruction are prevalent. It appears that this storm may be more destructive than the October 1991 and the January 1992 storms that struck our coast.

We are writing to request your assistance in activating the Federal Emergency Management Agency's (FEMA) investigation of the damage as soon as possible to ascertain whether federal disaster aid can be provided. As you know the prior two storms seriously damaged our coast; the coastal towns cannot afford further devastation. Tourism represents one of the most significant aspects of our economy, already in troubled waters. The integrity of our coast is also of paramount importance for environmental reasons.

We thank you in advance for your capable assistance in this most important matter and stand ready to be of whatever assistance we can in effectuating a speedy and successful resolution of this unfortunate situation.

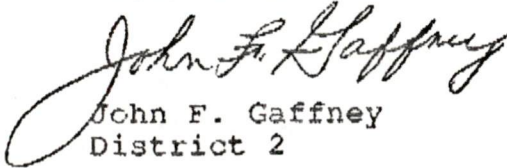
Sincerely,



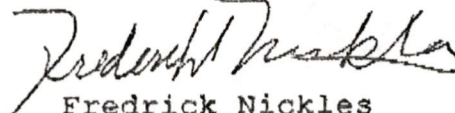
Frank Lobiondo
District 1



John C. Gibson
District 1



John F. Gaffney
District 2



Fredrick Nickles
District 2



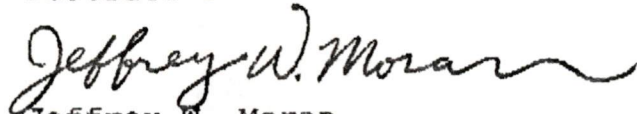
Jack Collins
District 3



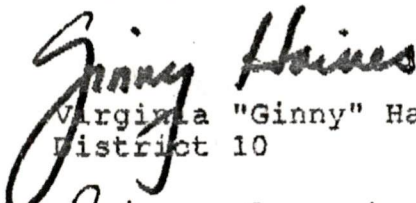
Gary W. Stuhltrager
District 3



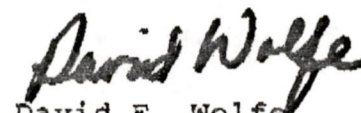
Christopher J. Connors
District 9



Jeffrey W. Moran
District 9



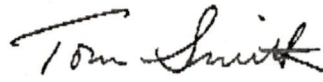
Virginia "Ginny" Haines
District 10



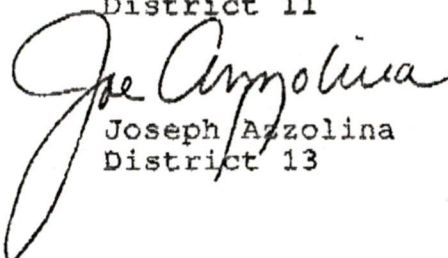
David E. Wolfe
District 10



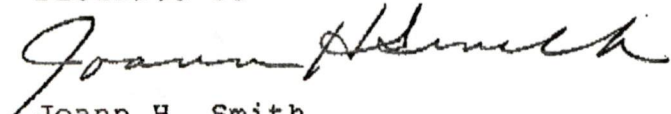
Steve Corodemus
District 11



Tom Smith
District 11



Joseph Azzolina
District 13



Joann H. Smith
District 13

cc: Wallace Stickney, Director
Federal Emergency Management Agency
Federal Center Plaza
500 C. Street S.W.
Washington, D.C. 20472