

Originally Processed With FOIA(s):
2009-0166-S

FOIA Number:
2009-0166-S

FOIA MARKER

**This is not a textual record. This is used as an
administrative marker by the George Bush Presidential
Library Staff.**

Record Group/Collection:	George H.W. Bush Presidential Records
Collection/Office of Origin:	Office of the President
Series:	Daily Files
Subseries:	

OA/ID Number:	90724
Folder ID Number:	90724-002

Folder Title:
Friday, October 2, 1992 [2]

Stack:	Row:	Section:	Shelf:	Position:
G	35	2	5	0

Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Note	Re: John Major. (3 pp.)	10/2/92	(b)(1)	
02. Memo	Materials Forwarded to the President; redaction. (1 pp.)	10/02/92	(b)(6)	
03. Memo	Timothy J. McBride to President Bush, Re: Promotion Recommendation Form. (1 pp.)	n.d.	(b)(6)	
04. Form	Promotion Recommendation Form (AF Form 709). (1 pp.)	n.d.	(b)(6)	
05. Summary	Re: Head of State Correspondence Summary [originally closed as 03]. (2 pp.)	09/1992	(b)(1)	C
06. Summary	Re: Head of State Correspondence Summary [originally closed as 04]. (1 pp.)	09/1992	(b)(1)	C
07. Memo	Re: POTUS to Lawrence Eagleburger [originally closed as 05]. (1 pp.)	10/01/1992	(b)(1)	S
08. Message	Re: Aegean Sea [originally closed as 07]. (1 pp.)	10/02/1992	(b)(1)	S
09. Map	Re: Greece [originally closed as 08]. (1 pp.)	n.d.	(b)(1)	
10. Map	Re: Turkey [originally closed as 09]. (1 pp.)	n.d.	(b)(1)	C
11. Note	Re: P.M. Demirel [originally closed as 10]. (2 pp.)	10/02/92	(b)(1)	

Page 1 of 2

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Friday, October 2, 1992 [2]

Pinksheet Number: DJC3189
OA/ID Number: 90724-002
Date Closed: 9/27/2019
FOIA/Sys Case #: 2009-0166-S[4]
Re-review Case #:
P-2/P-5 Review Case #:

Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
12. Note	Re: Turgut Ozal [originally closed as 11]. (1 pp.)	10/02/92	(b)(1)	

Page 2 of 2

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Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

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Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

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

- (b)(1) National security classified information
- (b)(2) Release would disclose internal personnel rules and practices of an agency
- (b)(3) Release would violate a Federal statute
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- (b)(9) Release would disclose geological or geophysical information concerning wells

Deed of Gift Restrictions

- C(1) Closed by Executive Order 13526, governing access to national security information
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- PRM. Removed as a personal record misfile

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

- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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1 We can live with ^{100/1000}
2 steps: (if have to)

1 Monitor resolution

Then later

2 Enforced resolution

2 But we are calling for
resolution with "enforced"

POINTS TO BE MADE FOR TELEPHONE CALL
WITH JOHN MAJOR OF THE UNITED KINGDOM

European Unity

- I know you have a tough road ahead with your party conference and with the emergency EC meeting.
- I just want you to know we support your efforts. Let me know if there is anything I can do to help.

Uruguay Round

- Delors has agreed to ~~receive~~[✓] Hills and Madigan. They will visit Europe in about a week, including a stop in London to see you, if that's possible.
- In the meantime, we are moving to satisfy EC concerns about our position on financial services. You could help by ^{"A"} applauding this move.
- I know Mitterrand will resist. But the key will be to get an agreement between our people and the Commission. Anything you can do to encourage Delors to be flexible and creative could help enormously.

Yugoslavia

- I have just announced that we will support a UN resolution banning military flights over Bosnia. We are prepared to ^{"B"} enforce it, though we hope that won't be necessary.
- In the end, we just felt that we could not ignore the fact that the bombing has increased despite the ban agreed at the conference you chaired.
- I am also announcing our willingness to furnish lift in order to accelerate the deployment of UNPROFOR. This

CONFIDENTIAL

Declassify on: OADR

DECLASSIFIED
PER NSC WAIVER, #2021-02
By MC NARA, Date 7/16/21

deployment is urgent; is there anything you can do to speed things up at your end.

Nuclear Testing

- There was too much of value in the energy and water bill to veto it because of its nuclear test ban provision. But I made a clear statement when signing that continued testing is crucial and that I will seek to reverse this legislation in the future.
- I feel strongly about this, and I also have UK interests in mind.

~~CONFIDENTIAL~~

THE WHITE HOUSE

7392

WASHINGTON

FOR: THE PRESIDENT

FROM: BRENT SCOWCROFT 

SUBJECT: Telephone Call Prime Minister John Major of the United Kingdom

DATE: October 2, 1992

PURPOSE: To exchange views with Major on key, current issues: European unity, Uruguay Round, Yugoslavia, nuclear testing.

BACKGROUND: The razor thin French vote on the Maastricht treaties, coupled with Britain's withdrawal of the pound from the Exchange Rate Mechanism (ERM) have plunged Major into the battle for political survival. Having staked his reputation on embedding Britain in Europe, and having won re-election partly on the perception of his ability to deal competently, effectively and quietly with key issues, Major faces pressures from within his own party to abandon the treaties. Kohl and Mitterrand are sympathetic to a point, but the current state of Anglo-German relations have hit a nadir on the issue of German interest rates, while Mitterrand expects Major to get Maastricht through the British Parliament. Major is hoping that the October 16 emergency EC Summit will endorse language that, without changing the core of the treaties, will straightjacket the EC Commission from "usurping" national (read, "British") sovereignty.

These troubles may push the Uruguay Round to Major's back burner. We suggest a word of encouragement from you on the European unity issue, while also previewing next steps you will be taking in trying to move the Round forward.

In addition to these issues, Major will want to hear from you first-hand the additional steps you are taking to assist UNPROFOR in Bosnia. Shelving little of his reluctance to

~~CONFIDENTIAL~~

Declassify on: OADR

DECLASSIFIED

PER NSC WAIVER, #2021-02

By MC NARA, Date 7/16/21

CONFIDENTIAL

2

become embroiled in Bosnia, Major will want to ensure that US and UK positions remain the same. Major may also raise the change in our nuclear testing policy and its potentially damaging effect on the British deterrent. You should tell him that despite signing the energy and water bill, you will work actively to reverse the Congressional constraints on our testing program.

SECURE OR OPEN: open

INTERPRETER: none required

PHONE NUMBER: Situation Room to connect.

CONTACT PERSON: Barry F. Lowenkron, x1305

TIME DIFFERENCE: +4 hours

SUGGESTED TIMES: Open, October 2, 1992

TOPICS OF
DISCUSSION: See Tab A - Points to be Made

Date of Submission: October 2, 1992

Action:

Attachment
Tab A Points to be Made

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MATERIALS FORWARDED TO THE PRESIDENT
October 2, 1992

ACTION

1. Condolence letter to Mr. and Mrs. Paul Breece on the death of their son, Sean.
2. (b)(6)
3. Letter to Stephen N. Frazier thanking him for his letter re the President's foreign policy leadership, and suggesting that State and local officials are involved with budget process.
4. Letter to Dewey Clower, President of the National Association of Truck Stop Operators re Fuel Tax Evasion.
5. Letter to Mr. L. Dennis Shapiro re Justice Dept.'s antitrust litigation against the Massachusetts Institute of Technology.
6. Disaster Declaration for Iowa.
7. H.R. 2850 -- Technical and Miscellaneous Civil Service Amendments Act of 1992.
8. Presidential Determination for FY 1993 Refugee Admissions.
9. Presidential Veto Message for S. 12.

CLASSIFIED

1. Telephone Calls and Letters of Concolence to President Ozal and Prime Minister Demirel of Turkey.
2. Middle East Peace Negotiations: A Status Report. (faxed to Boston)

INFORMATION

1. Information on the Number of People Working Nationwide. (provided by OMB)
2. Calio memo re Key Votes Today. (faxed to Boston)
3. Block schedule. (send to Dean)

4. Holiday memo attaching Secretary Card's Hurricane Andrew Update addressed to her. (sent to Dean)
5. Cabinet Report for the week of 10/04/92. (sent to Dean)

REMARKS

SCHEDULE

1. Tripbook for Saturday, 10/03, FL (Dean to forward on the road)

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Kirsten Ardleigh works
for Nick Calio in
Legislative Affairs.

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Ms. Kirsten Ardleigh
The White House
2nd Floor West Wing
Washington, D.C. 20500



THE PRESIDENT

October 2, 1992

Dear Kirsten,

Thanks so much for the "Clinton, NOT" t-shirt. It's so thoughtful of you to remember me and I'm delighted to have it. These have been long, tough days but I'm sincerely grateful for all the support from my staff here at the White House.

We're going to win! Best wishes.

Sincerely,

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

1, October 1992

THE WHITE HOUSE

Dear Mr. President -

I saw you at the Hustonian during the convention. I was wearing this t-shirt and you mentioned that you liked it. I thought you could wear this running.

Nick and I both have the shirt too. I hope you enjoy it!

Sincerely, Kirsten Ardleigh

Mr. John Vette III

Co-host of Victory '92
meeting in Wisconsin.

Sept. 30, 1992

Mr. John Vette III
5050 Lake Road
Oshkosh, Wisconsin 54901

GEORGE BUSH

WASHINGTON

October 2, 1992

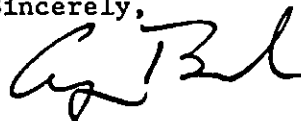
Dear John,

Just a quick note to thank you not only for the great meeting with the Victory '92 supporters in Wisconsin but also, and especially, for all your support in this tough campaign year. I am grateful to have people like you on my side. Many, many thanks!

November 3rd is just around the corner -- I'm counting down the days. We will win!

With best wishes,

Sincerely,

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

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Mr. Billy Ray Cyrus
c/o Jack McFadden
818 18th Street South
Nashville, Tennessee 37203



THE PRESIDENT

October 1, 1992

Dear Billy Ray,

My sincere thanks for the autographed photo that I received during my visit to Opryland on Tuesday. Your kind words mean a lot to Barbara and me.

Congratulations on your CMA award last night. I have a tape of "Achy Breaky Heart" and agree with the judges -- it's a hit!

With best wishes,

Sincerely,

A handwritten signature in dark ink, appearing to read "G. H. W. Bush".

From the desk of
George Bush

I did not meet
him or see
him at the oping
He just sent this
along

Document Originally
Attached to
Following Page

From the desk of
George Bush

R2

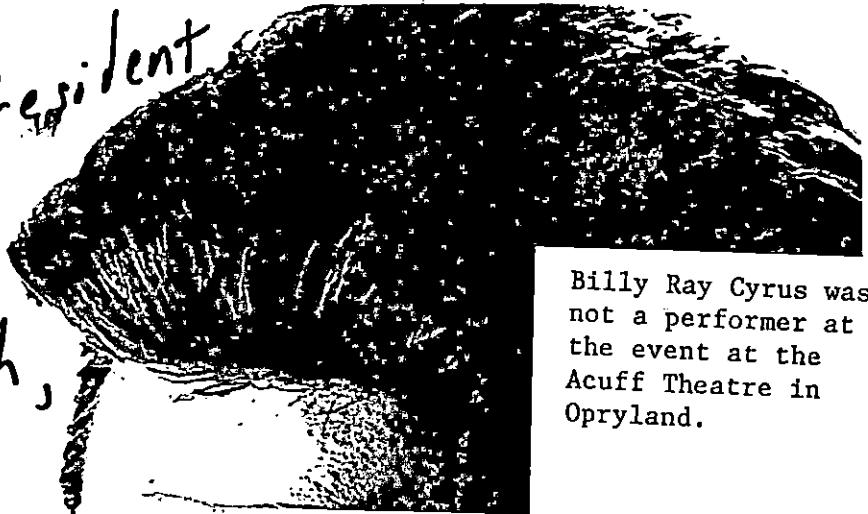
Need to thank him.
But "Achy Breaky
Heart" may win
CMA award tomorrow
so our letter should
wait 'til Wednesday

To Mr President
Bush
And
Mrs Bush,

From The
Bottom Of
My "Achy
Breaky Heart"
Thanks For
All You Service
To My Country..
"SOME GAVE ALL"
Billy



BILLY RAY CYRUS



Billy Ray Cyrus was
not a performer at
the event at the
Acuff Theatre in
Opryland.

From the desk of
George Bush

I did not meet
him or see
him at the Opry
He just sent this
along

From the desk of
George Bush

R2
Need to thank him.
But "Achy Breaky
Heart" may win
CMA award tomorrow
so our letter should
wait 'til Wednesday

Mr. Kent Schiner
President
B'nai B'rith International
1640 Rhode Island Avenue, N.W.
Washington, D.C. 20036-3278



THE PRESIDENT

October 2, 1992

Dear Kent,

Thanks for your letter of September 15. It was my pleasure to address the B'nai B'rith last month, and I appreciate your giving me the opportunity to address the Jewish American community. I've passed your suggestion for the eve of the celebration of Chanukah to my scheduler, Kathy Super.

Hastily off to Massachusetts and Florida. This has been a tough political year, but I feel confident about November.

Best wishes and thanks again.

Sincerely,

A handwritten signature in dark ink, appearing to be "Bill Clinton".

cc: (in & out)
Rose Zamaria(lcc)

Reading Files

B'NAI B'RITH INTERNATIONAL

KENT E. SCHINER, PRESIDENT

September 15, 1992

President George W. Bush
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C.

Dear President Bush:

It was a distinct honor and personal pleasure to welcome you to the International Convention of B'nai B'rith. Thank you for using the occasion of our Convention to make an important address on the Middle East concerns of the Jewish American community. I believe you can tell from the warm reception you received, that you were carefully listened to, and your remarks satisfactorily received.

As you may know, B'nai B'rith presidents have to campaign for office, and our campaign lasts more than a year, so I have a keen sense on a small scale of the intense pressures to which you are subjected. Your time with us was most special. On behalf of the B'nai B'rith family, I offer you our gratitude, and our very best wishes for your continuing good health and happiness.

Members of your staff suggested that I lead a small delegation to the White House sometime in December, on the eve of the celebration of Chanukah, so that I might present you with a set of the gold and silver coins which the State of Israel has struck in honor of the 150th Anniversary of B'nai B'rith. Soon after November 3, I will telephone your appointment secretary to schedule such a visit.

With high regard and every good wish.

Sincerely,



Kent E. Schiner

R2
write him
back

OK
very
short
visit

Ms. Jean Rogers
Administrator
Division of Health & Social Services
101 South Webster
Madison, Wisconsin 53703

GEORGE BUSH

WASHINGTON

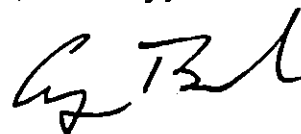
October 2, 1992

Dear Jean,

Just a quick note to thank you for the great work you do with the Children First Program in Wisconsin. Our meeting on Wednesday was very informative and encouraging. I was impressed to see such positive attitudes. Thanks so much for all you did to make my visit such a success.

You've done a great job, keep up the good work!
With best wishes,

Sincerely,

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

Miss Louisa Bush
37 Picardy Lane
St. Louis, Missouri 63124

GEORGE BUSH

WASHINGTON

October 2, 1992

Dear Louisa,

Thanks so much for all your help on my recent trip to St. Louis. The event was a big success and I loved the enthusiastic crowd. It was great seeing you and your dad, though I wish we had more time to visit.

I'm glad to have you on my team. Thanks for all you are doing. Please give my love to your mom and dad.

Best wishes

Love

GB

Richard Tissiere

Local 472 endorsement
rally in Newark, NJ

Sept. 30, 1992

Mr. Richard Tissiere
President and Business Manager
Heavy and General Construction
Laborers Local 472 Union
700 Raymond Boulevard
Newark, New Jersey 07105

GEORGE BUSH

WASHINGTON.

October 2, 1992

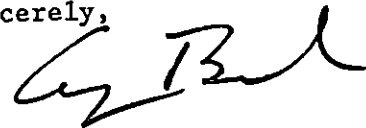
Dear Richie,

My sincere thanks for such a wonderful event in New Jersey on Wednesday. Your endorsement means a lot to Barbara and me and I am grateful for your support. Please pass along my thanks to everyone at Local 472 for such a warm and enthusiastic welcome. I left feeling upbeat and confident.

I'm Looking forward to a time when we can meet at the White House. Today, I'm back on the road -- off to Boston and Florida. We will win!

With best wishes to you and your wonderful family,

Sincerely,





THE PRESIDENT

Daily
10-2

October 1, 1992

To: Dick Darman

Are more people at work
now that at any time
in the history of the U>S????

GB

Answer attached

10-2

~~Data~~ let's redo and
formulate answer
Employment is up since
I've been Pres - not down
was $\frac{x}{116,101,000}$ Jan 89 $\frac{y}{117,737,000}$ now

October 1, 1992 2 A11 : 19

Question: Are more people at work now than at any time in the history of the United States?

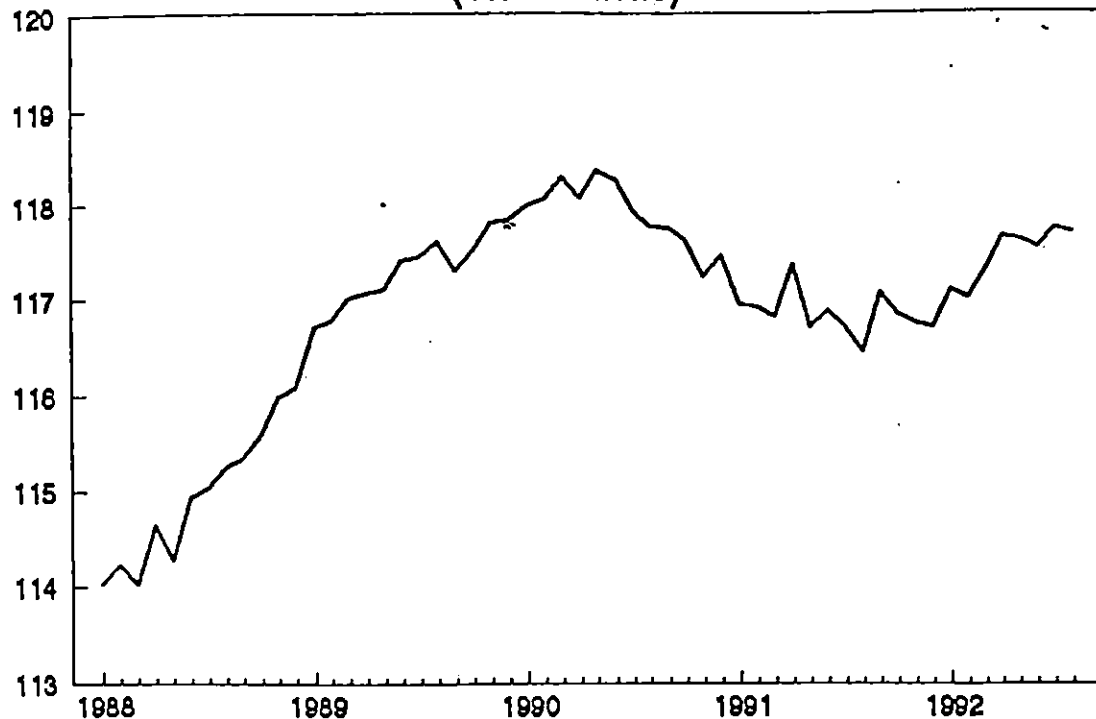
Answer: No. The number of people employed was 117, 737 thousands in August 1992, compared to an all-time high of 118, 374 thousands in May 1990.

Attached are two graphs showing the monthly employment levels over the past four years, using household-based and payroll-based employment series.

Attachments

CIVILIAN EMPLOYMENT

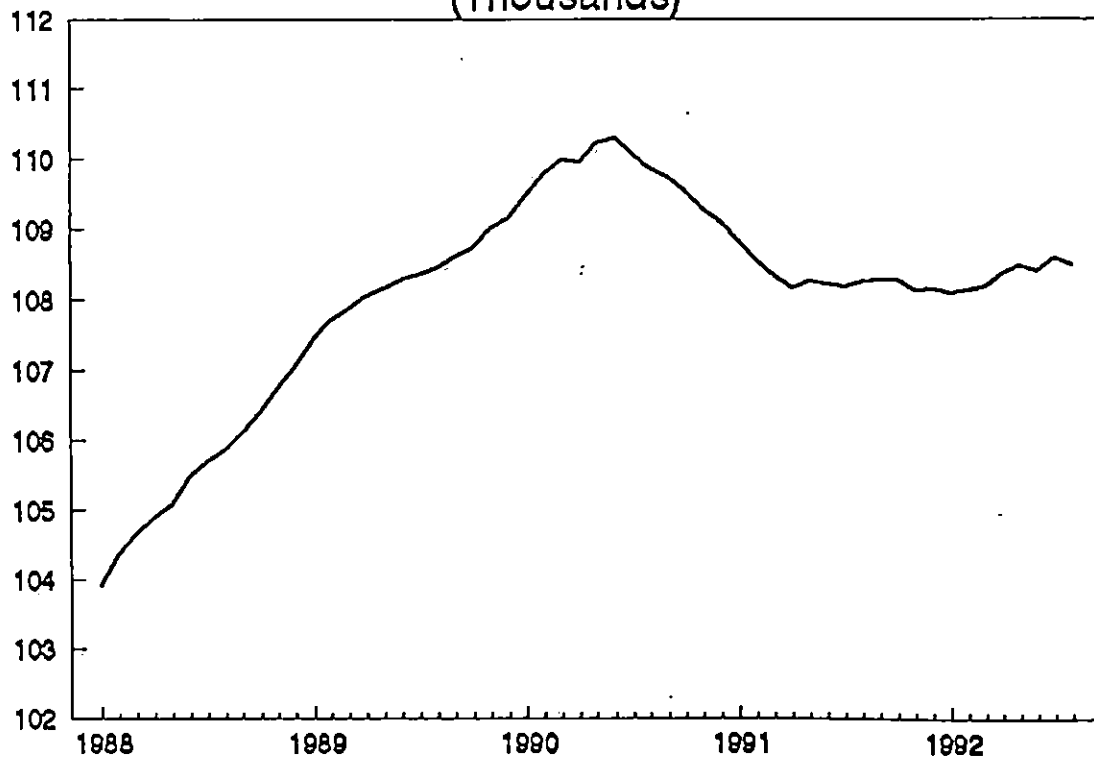
(Thousands)



Source: Total Civilian Employment reported in the Bureau of Labor Statistics Households Survey

NONFARM PAYROLL EMPLOYMENT

(Thousands)



Source: Total Civilian Employment reported in the Bureau of Labor Statistics Establishments Survey

U.S. EMPLOYMENT
(Thousands)

		Civilian Employment	Nonfarm Payroll Employment
1988	Jan	114,049	103,931
	Feb	114,244	104,384
	Mar	114,053	104,662
	Apr	114,659	104,908
	May	114,300	105,092
	Jun	114,952	105,483
	Jul	115,062	105,697
	Aug	115,275	105,869
	Sep	115,356	106,111
	Oct	115,618	106,419
	Nov	115,998	106,740
	Dec	116,101	107,064
1989	Jan	116,733	107,447
	Feb	116,801	107,700
	Mar	117,043	107,877
	Apr	117,093	108,049
	May	117,136	108,160
	Jun	117,439	108,292
	Jul	117,474	108,364
	Aug	117,635	108,454
	Sep	117,339	108,617
	Oct	117,543	108,747
	Nov	117,830	109,022
	Dec	117,863	109,161
1990	Jan	118,007	109,488
	Feb	118,080	109,810
	Mar	118,306	109,997
	Apr	118,090	109,969
	May	118,374	110,241
	Jun	118,267	110,304
	Jul	117,948	110,078
	Aug	117,785	109,877
	Sep	117,763	109,737
	Oct	117,631	109,548
	Nov	117,273	109,284
	Dec	117,476	109,101
1991	Jan	116,977	108,845
	Feb	116,937	108,557
	Mar	116,834	108,344
	Apr	117,388	108,178
	May	116,730	108,265
	Jun	116,909	108,227
	Jul	116,729	108,190
	Aug	116,484	108,267
	Sep	117,089	108,293
	Oct	116,867	108,285
	Nov	116,772	108,139
	Dec	116,728	108,154
1992	Jan	117,117	108,100
	Feb	117,043	108,142
	Mar	117,348	108,200
	Apr	117,675	108,377
	May	117,656	108,496
	Jun	117,574	108,423
	Jul	117,772	108,600
	Aug	117,737	108,517

310 FIRST STREET, S.E.,
WASHINGTON, D.C. 20003

daily
THE PRESIDENT HAS SEEN ^{10/2}



The Presidential Trust

BOBBY HOLT
National Chairman

GB-

You done good in Chicago and Big "D" Trust events.
Won't be with Mosbacher at Team 100 event or in
Boston Friday night. David Bates will fill you
in on Simon Fireman et al at the event. Be back
Saturday.

Bobby
9-30-92

Republican National Committee • 310 First Street, S.E. • Washington, D.C. 20003
Paid for by the Republican National Committee

THE WHITE HOUSE
WASHINGTON
October 2, 1992

MEMORANDUM FOR THE PRESIDENT

FROM: C. BOYDEN GRAY *Ch*
SUBJECT: "Op-Ed" on Iran-Contra

Attached is the final version of the "Op-Ed" piece on Iran-Contra. We provided a copy to the Washington Post yesterday and are awaiting an answer. *OK*

*to be modified
we need to get
this message out*

G

10-2-92

*Tony Snow Daily
I'd like this
widely circulated
If it has
but*

Recent controversies about President Bush's possible "involvement" in the Iran-Contra scandal add up to a big nothing. To see how, one must examine the extensive public record of the activities that formed the tangled web of Iran-Contra. These include the so-called "Iran initiative;" efforts to support the Nicaraguan "Contras;" and the Contra resupply network run by Oliver North and supported in part by the diversion of funds from the Iran initiative.

Once you untangle these strands and examine the President's statements about them, the "new revelations" degenerate into stale hokum. They contain absolutely, positively nothing new.

The Iran Initiative: President Reagan in January, 1986 approved an initiative seeking to improve long-term relations with Iran. The U.S. would demonstrate its goodwill toward elements in Iran more sympathetic toward U.S. interests than the Khomeini regime by, among other things, transferring arms to them. This would enhance these Iranians' credibility inside their country, which was at war with Iraq and feared Soviet intervention.

Proponents of the initiative plainly contemplated that the Iranians would demonstrate their good faith by helping obtain the release of hostages. But neither these proponents nor President Reagan intended to trade arms for hostages. They hoped to establish a strategic relationship that would serve our national interests. President Bush consistently has said he supported President Reagan's decision, with some reservations.

The Contra support efforts: The then-Vice President also was

generally aware that there were private efforts to aid the Contras in 1985 -- a fact reported repeatedly in 1985-86.

Iran-Contra: Although George Bush President knew the general outlines of the Iran initiative, and that private parties were assisting the Contras, he did not know of the diversion of Iran-related funds to the Contras until just before it was revealed publicly in November 1986. Similarly, he knew that Oliver North was the focal point on the NSC staff for matters regarding the hostages, counterterrorism and the Contras. But he did not know that North was directing a Contra arms resupply network utilizing secret bank accounts and shell corporations.

This lack of knowledge should not surprise anyone. The Iran-Contra scheme unfolded amid extraordinary secrecy. Unlike most significant covert actions, it proceeded on an ad-hoc basis -- not through the formal National Security Council process. Organizers called cabinet-level principals together hastily, with no prior notice of the agenda. No one took or circulated formal minutes of the gatherings, or formally recorded most of the decisions made by President Reagan. As the Tower Commission reported, the issues were never subjected to rigorous staff review or a full debate with all the NSC principals present.

The then-Vice President criticized these failures in his interview with the Tower Commission and has repeated the critique publicly. He has acknowledged that the flawed process led to very serious mistakes in policy. In particular, it hindered Vice President Bush and others in appreciating that the concept they

supported originally would deteriorate in practice into trading "arms for hostages" -- something they never would have endorsed.

Frankly, it is difficult to imagine finding anything new with regard to the Iran initiative. Few public policy issues ever have been as thoroughly investigated and chronicled as Iran-Contra and the then-Vice President's role in administration decision making in 1985-86. The events have been put under a microscope by the Tower Commission; a year-long, \$10 million Congressional investigation; a six-year, \$31 million Independent Counsel investigation; a private lawsuit that involved days and days of depositions going over the same ground; and intensive questioning from the media throughout this period, including the 1988 campaign.

And in fact, nothing new has surfaced. Consider the recent charges against President Bush.

The Shultz note: Bill Clinton and others have tried to cast doubt on the President's credibility by citing a 1987 note dictated by George Shultz after a phone conversation with Caspar Weinberger. The note mentions Weinberger's surprise at the then-Vice President's comment, reported on August 6, 1987, by David Broder that he had been unaware of how strongly Shultz and Weinberger opposed the proposed sale of arms to the government of Iran. It also notes that George Bush was "on the other side."

The then-Vice President was indeed "on the other side" -- as he always has acknowledged -- and over the years he has paid a huge political price. Neither the fact that he does not recall the two Secretaries' strongly objecting to the initiative, nor their

recollection that they did, is news in 1992. These differences in recollection were precisely the point of the David Broder article on August 6, 1987 -- and thus have been matters of record ever since.

So the Shultz phone note adds nothing new to the record.

These differences cannot be resolved definitively, but they can be understood easily. Here's the key: George Bush was not present at most of the several meetings where Shultz and Weinberger recall expressing their strong objections. Indeed, he attended only one of these meetings -- on January 7, 1986.

President Reagan has stated that George Bush was not present when Shultz and Weinberger voiced their objections to the initiative. The two secretaries have indicated that they did not raise their concerns with the Vice President privately. In short, the splintered process employed in the initiative may well have created a classic failure to communicate.

President Bush has said that he might have judged the initiative differently if he had heard that the initiative had provoked a "raging fight," especially in light of his work as chairman of the Reagan administration's Task Force on Terrorism. But he had no operational role in the Iran initiative and in that sense, as he once explained to Dan Rather, was "out of the loop."

The Teicher/Secord testimony: Former NSC staffer Howard Teicher asserts that he briefed the President on the Iran initiative three times during the spring and summer of 1986. These briefings, he implies, contradict past statements by Mr. Bush.

They do no such thing, and the account doesn't demonstrate that Mr. Bush knew more about the initiative than he has acknowledged. Teicher has stated that his briefings to the then-Vice President concerned "the basic framework for the Iran initiative: Arms, hostages, leading to a strategic dialogue" -- not "the operational details of arms or money or who was doing what to whom." Indeed, such details had never been fully disclosed to Teicher. So Teicher's account, far from contradicting the President, is consistent with what George Bush has said publicly for more than five years.

Richard Secord also has hinted that the President played a different role in the Iran initiative than he has acknowledged. The details betray him as well. General Secord's new memoir provides no new facts, no new firsthand recollections, not even any new hearsay, to demonstrate that George Bush played any greater role in the initiative or in Iran-Contra than has been documented by the Tower Commission and the Congressional Committee. In fact, Secord's book contains only four brief references to George Bush in its 360 pages.

In short, today's "news" is old stuff -- or in Secord's case, no stuff at all. One can describe it as news only by misrepresenting the record, implying that the President at some point disavowed any knowledge of the initiative or involvement of the hostages. His critics have distorted the meaning of his comment that he was "out of the loop" in just this way. But again: George Bush has not said that he had no general knowledge of the

initiative. He said he had general knowledge of the initiative and supported it based on that knowledge, despite some reservations.

End of story.

Almost: Today's conventional wisdom holds that the recent allegations about Iran-Contra neutralize doubts about Bill Clinton's draft history and foreign-policy acumen. This speculation exposes the nakedly political use of the recent stories. It also threatens to obscure a policy question of vital importance for our nation's future: Which presidential candidate better understands how to conduct foreign policy -- not merely with a hostile Congress, but in a world littered with potential foes?

As President, George Bush has shown his mettle, demonstrating his grasp of the subtleties of international relations, building a successful anti-terrorism policy, and leading the nation through a period of perilous, epoch-making change. He always has understood that one cannot create foreign policy haphazardly. You must establish processes of rigorous internal debate and review. He has done so -- correcting the mistakes of Iran-Contra -- and has crafted a foreign policy of rare coherence and effectiveness.

As we get the facts straight, let's also keep our perspective. It would be an outrage if a recycled non-scandal pushed aside the President's real record and diverted attention from the crucial fact that our next President must be able to lead not only the United States. He must lead the world.

#

C. Boyden Gray is counsel to the President.

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
05. Summary	Re: Head of State Correspondence Summary [originally closed as 03]. (2 pp.)	09/1992	(b)(1)	C

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Friday, October 2, 1992 [2]

Date Closed: 9/27/2019

OA/ID Number: 90724-002

FOIA/SYS Case #: 2009-0166-S[4]

Appeal Case #:

Re-review Case #:

Appeal Disposition:

P-2/P-5 Review Case #:

Disposition Date:

AR Case #:

MR Case #:

AR Disposition:

MR Disposition:

AR Disposition Date:

MR Disposition Date:

RESTRICTION CODES

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

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

Deed of Gift Restrictions

- C(1) Closed by Executive Order 13526, governing access to national security information
- C(2) Closed by statute or by the agency which originated the information
- C(3) Closed in accordance with restrictions contained in donor's deed of gift [formerly listed as only C]
- PRM. Removed as a personal record misfile

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

- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
06. Summary	Re: Head of State Correspondence Summary [originally closed as 04]. (1 pp.)	09/1992	(b)(1)	C

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Friday, October 2, 1992 [2]

Date Closed: 9/27/2019

OA/ID Number: 90724-002

FOIA/SYS Case #: 2009-0166-S[4]

Appeal Case #:

Re-review Case #:

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Disposition Date:

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MR Case #:

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Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
07. Memo	Re: POTUS to Lawrence Eagleburger [originally closed as 05]. (1 pp.)	10/01/1992	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Friday, October 2, 1992 [2]

Date Closed: 9/27/2019	OA/ID Number: 90724-002
FOIA/SYS Case #: 2009-0166-S[4]	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

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10-2

Date

Need
change - contra change
on Iraq -

concise bullet point
a) start I
b) B-Y agreement

BUSH WILL SHARPEN ATTACKS ON A CONFIDENT CLINTON AS DEBATES NEAR

Bush operatives plan a negative ad blitz before the debates, hoping to rattle Clinton into making a high-profile mistake. They figure the Democrat will adopt a cautious strategy during the parleys, giving Bush openings for more aggressive gambits. But Bush has failed to get his own positive message across clearly enough to lay the groundwork for the attacks on Clinton.

Clinton handlers, their public insistence on a single moderator to the contrary, privately have been largely indifferent as to format. Clinton has been getting debate briefings for weeks and viewing tapes of Bush's previous debates. His handlers vow he will be ready -- but some privately worry about his verbosity, and that he won't be able to get off memorable one-liners.

One Bush advantage in the debate talks has been his more experienced team, led by Robert Teeter.

("Washington Wire," Wall Street Journal, A1)

CLINTON INDICTS BUSH'S WORLD LEADERSHIP

MILWAUKEE -- In a sweeping call for a "pro-democracy foreign policy," Bill Clinton Thursday delivered a broad indictment of President Bush's world leadership and portrayed the President as an indifferent bystander toward the spread of democratic principles around the globe.

Speaking in a measured tone that belied the harshness of his words, Clinton accused Bush of an "eagerness to befriend potentates and dictators" and warned that "in the long run (Bush's) neglect of our democratic ideals abroad could do as much harm as his neglect of our economic needs at home."

"He simply does not seem at home in the mainstream, pro-democracy tradition of American foreign policy," Clinton said of his opponent before an ethnically diverse and friendly audience in the ornate Pabst's Theater here.

"He shows little regard for the idea that we must have a principled and coherent American purpose in international affairs -- something he calls 'the vision thing.'"

Bush campaign spokeswoman Alixe Glen said Clinton's charge runs counter to what has occurred. "Since 1989 some 43 countries have moved toward democratic government -- a movement that is unparalleled in history," Glen said. "President Bush's policies have taken the rhetorical support for democratic government and put it into practice, encouraging these democratic movements around the world."

(Edward Walsh, Washington Post, A12)

CLINTON'S HEALTH PLAN SAVES MORE, STUDY FINDS

Bill Clinton's health-care proposal would save the nation \$746 billion in outlays over the next eight years if enacted, compared to \$157 billion for President Bush's proposed changes, according to a study released Thursday by a five-member bipartisan panel of present and past federal health officials. The study also concluded that the Clinton plan would cut the number of Americans without health insurance from 35 million today to zero by the year 2000, whereas the Bush plan would leave 27 million uninsured. The study was performed by Lewin/ICF, a well-known consulting firm on health economics, and monitored by the panel.

(Spencer Rich, Washington Post, A12)

-more-

**BUSH AD ON TAXES DECRIED AS FALSE BY CLINTON CAMP
TV Spot Relies On Series Of Disputed Assumptions**

President Bush Thursday began airing a vivid attack ad suggesting that Bill Clinton will raise taxes on middle-class workers, but campaign officials acknowledged that the claims rest on a series of disputed assumptions.

Pressed about the ad's contention that a Clinton administration would increase taxes on some middle-class individuals by more than \$2,000 a year, Charles Black told reporters that the ad used the word "could."

"Based on what he presents in his plan, Black said, the ad "is entirely logical." But the 30-second commercial, which flashed specific tax increases under pictures of a steamfitter (\$1,088), scientist (\$2,072) and other workers, conveys the impression that the figures are part of Clinton's proposal.

Sen. Gore said it was "the most misleading and deceptive national political advertising I've ever seen." Media advisor Frank Greer called it "a bald-faced lie" and James Carville said Bush's numbers "came from outer space."

(Howard Kurtz, Washington Post, A1)

Campaigns Battle Over Bush Tax Ad

President Bush began airing an ad claiming Bill Clinton would be forced into a sharp middle-class tax increase to keep his campaign promises that drew a roar of protest Thursday from the Democratic camp.

"It is a disgrace to the American people that the President of the United States would make a claim that is so baseless and so without foundation," Clinton said, "so shameless in his attempts to get votes under false pretenses." (Mike Robinson, AP)

BUSH, CLINTON TEAMS AGREE ON THREE DEBATES; PEROT LIKELY TO JOIN

With Ross Perot's re-entry into the presidential race throwing the campaign into uncertainty, negotiators for President Bush and Bill Clinton reached agreement Thursday night to have at least three presidential debates, according to a source familiar with the talks. The details of the deal are scheduled to be announced Saturday. "We expect negotiations to be completed Friday," Robert Teeter said Thursday night. (Michael Kranish, Boston Globe)

Tentative Deal Set On Debates

Advisers to President Bush and Bill Clinton agreed in principle Thursday to a series of three presidential debates and one vice presidential debate, beginning Oct. 11 and ending Oct. 19, sources familiar with the negotiations said late Thursday night.

The two sides agreed to one debate with a single moderator and another with a panel of reporters. The final debate, sources said, could be a combination of the two.

(Dan Balz and Ann Devroy, Washington Post, A1)

Presidential Phone Calls



10²⁰ minutes or

DATE: 12-2-92 TIME: 10
Incoming/outgoing

WITH: Sen Helms

SUBJECT: attached

FOLLOW UP: _____

R2 -

A MUST TODAY

POINTS TO BE MADE FOR PHONE CALL TO
SENATOR HELMS -- NICARAGUA AID HOLD

-- Jesse, I'm calling you on Nicaragua. Democracy in Nicaragua is viewed as one of our great successes. I know there are problems but you must understand I cannot abandon this program now. Jesse, I need you on this one; I want to do this together. I want to release a portion of the funds, but not the entire \$50 million we had proposed. It is really essential to do this. I cannot afford the charge we are abandoning one of our great success stories.

If response is negative:

✓ -- I'm disappointed. I guess this is where we'll have to agree to disagree. I have no choice but to go forward without you. I hope we can sit down in the future and talk about the long term concerns and reach a consensus.

BUSH LIBRARY PHOTOCOPY - George Bush Handwriting

*regret it don't agree with you
if money sent to him, you'll lose Florida
ruling*

*son in law in bed with Sandra
with freedom forces,*

*"If you roll in not
slightest hand
feeling" on my part.*

*Back for you, Back for U.S.
Larry met yesterday - with moon looking
get him to tell you what he thinks*

BUSH LIBRARY PHOTOCOPY - George Bush Handwriting

Provision bad
Sued But -
But none End Dance

10/2/92 1:00PM
Roosevelt Room

REVISED

TEAM 100 MEMBERS

OUTSTANDING MEMBERS

Larry Bathgate
Craig Berkman
Sam Bamieh
Dan Cook
Max Fisher
John Moran
Robert A. Mosbacher
Tim Timken

NEW MEMBERS

Norm Brinker
Alice Gustafson
Robert Gustafson
Al Lerner
Marilyn Lewis
Tom Loeffler
John Snow
Chris White
Gene Fife
Elliot Vernon
D. Morton Davis

RNC STAFF

Will Nixon

3 + 1 v.p.
Me 2
11 - 13
new format = 15
50 hrs, 50 min = 19

1) Richman.
2) F. Lansing.

1/2 domestic } debates
1/2 foreign }



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

September 21, 1992
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5323 - Cuban Democracy Act of 1992
(Torricelli (D) New Jersey and 34 others)

The Administration supports House passage of H.R. 5323. The bill provides a plan for a free and democratic Cuba. It embodies many of the measures the Administration has taken to bring about a peaceful, democratic transition in Cuba. It helps promote change by providing incentives to encourage a peaceful transition to representative democracy.

However, the Administration will continue to seek improvements in the bill during its further consideration by Congress. As currently written, H.R. 5323 could, without intending to do so, weaken the U.S. trade embargo of Cuba. Consistent with Administration policy, the legislation should strengthen the provision providing for civil penalty authority for the Department of the Treasury as a weapon against embargo violators. The current version of the legislation encumbers the use of civil penalties with excessive procedural requirements, impairing the use of civil penalties to discourage violations of the embargo.

Pay-As-You-Go Scoring

H.R. 5323 would increase receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. OMB's preliminary scoring estimates of this resolution are presented in the table below. Final scoring of this proposal may deviate from this estimate. If H.R. 5323 is enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all legislation on direct spending and revenue will be issued in monthly reports transmitted to Congress.

ESTIMATES FOR PAY-AS-YOU-GO
(in millions of \$)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1993-97</u>
Receipts	1	2	2	2	2	9

Miami, Florida

Issues

1. Homestead AFB -- President signed the supplemental that did not fund rebuilding. Is he still committed to rebuilding, will it be reflected in his next budget?

Answer:

o I was disappointed that the Democratic-controlled Congress failed to include funding in the supplemental I signed.

o I signed the bill because it provides urgent assistance to victims who have suffered enormous physical and emotional stress.

o However, I am committed to rebuilding Homestead. I will continue to fight for full funding, continue fighting for the community.

o It's the right thing to do for national security reasons and the right thing to do to get the region back on its feet.

2. Some military units have begun pulling out of South Florida. What is the timetable for their withdrawal?

Answer:

o As they complete their assignments, some units will be reassigned. Over time, there will be a reduction in the numbers of personnel.

o But I am committed to keeping our military personnel there as long as necessary to finish the job.

3. Will you sign the Cuban Democracy Act?

Answer:

o I am a strong proponent of this bill because it will facilitate a key objective of my Administration: snuffing out the dictatorship of Fidel Castro.

o Cuban-Americans should be concerned about Gov. Clinton because he bears a striking similarity to a previous Democrat -- both Southern governors with no foreign policy experience. I am concerned that Governor Clinton would resume Carter's rapprochement to Cuba.

Houston, Texas

Issues

1. How does the Perot announcement affect your campaign here in Texas and nationally?
2. You will be coming to San Antonio next week to meet with the leaders of Mexico and Canada regarding NAFTA. How will this trade agreement affect Texas?

Background:

- o NAFTA is very popular in Houston
- o Sen. Gramm has announced he would make passage of NAFTA one of his top priorities in the next session of Congress.

Answer:

- o Throughout my Administration, I've fought for opening markets.
- o In Texas, there are 100,000 more export-related jobs than there were just five years ago, as your trade with Mexico has increased 139%
- o NAFTA promises to expand access to Mexican markets and help America compete in the global economy.
- o I should note that no one knows where Bill Clinton stands on this important issue. As with so many issues, he's trying to have it both ways.

3. Texas has lost many oil and gas jobs over the past 12 years. What will you do to get Texas' oil and gas industry back on track?

Answer:

- o We submitted a National Energy Strategy in February of 1991 that relies on the power of the marketplace and the common sense of the American people.
- o The NES is designed to increase the use of natural gas.
- o We've proposed to reform the Alternative Minimum Tax (AMT).
- o We've worked to eliminate disincentives to domestic oil and gas production which currently exist in the law.

3. Crime has been a major issue in Houston. Your crime bill has been bogged down in Congress. In your second term, how will you help fight crime?

Answer:

- o I submitted a comprehensive anti-crime bill to Congress 1,219 days ago, but the Democrat-controlled Congress has failed to act. The American people deserve better.
- o To apply pressure on Congress, I recently sent an action plan to fight crime to the Hill to crack down on carjackers, gangs, drug-related crimes, and sexual offenders.
- o In Gov. Clinton's Arkansas, the criminals have it easy. Violent crime increased by almost half between 1986 and 1991.

urgent

(complete writethru _ bush quotes; money trader comments; bundesbank fails to ease)

Jobless rate falls in September

By JEFF BATER

UPI Business Writer

WASHINGTON (UPI) _ The nation's jobless rate fell to 7.5 percent in September, the lowest in four months, but America lost 57,000 jobs, the government said in its final unemployment report before Election Day.

The jobless rate fell 0.1 percentage point from 7.6 percent in August, said the Labor Department, reporting figures calculated from a survey of American households. The rate was last 7.5 in May.

President Bush called the surprising slide in the unemployment rate "very good news" for the weak U.S. economy, which he acknowledged has made his fight for re-election "much tougher."

"Look, as long as anybody's out of work, everybody has to care about it. But I think this is encouraging news," the president said in an interview on ABC-TV's "Good Morning America."

"It certainly goes against the political grain where some are saying everything's getting worse," Bush said. "It isn't. ... We've had five consecutive quarters of growth, not recession, but growth nationally. ... We got to keep going."

The president again took a poke at congressional Democrats, saying the economy would be doing better if they had approved some of his initiatives.

"I wish some of the things I wanted to stimulate the economy had been put into effect I think we'd be doing a lot better," Bush said.

The Labor Department, in its unemployment report, said non-farm payroll employment declined 57,000, following a downwardly revised 128,000 decline in August. Labor initially estimated the August decrease at 83,000.

Non-farm employment is calculated from data culled in a separate Labor survey of American businesses, and is therefore generally considered by private analysts a better indicator of the U.S. employment picture.

The numbers in the report, while still reflecting weakness in the job market, are not as bleak as economists had been forecasting. Some analysts predicted the jobless rate would rise to 7.8 percent and non-farm employment would shed as many as 150,000 jobs.

Analysts, banking on the chance the jobless rate would soar, have predicted the Federal Reserve Board might ease the discount interest rate for the second time in three months to jump-start the economy.

Money traders on Wall Street, conceding Friday's jobless data weren't as bleak as forecast, indicated a distinct weakness in the labor market as well as the economy, and that the new jobless numbers should prompt the Federal Reserve to ease credit conditions in the near term.

The Fed's Open Market Committee meets behind closed doors next Tuesday to decide whether to press interest rates lower.

Overseas, Germany's central bank, the Bundesbank, did not lower interest rates _ as it was expected to do _ at its regular meeting Friday. That action could sway the Fed away from easing the discount rate.

In its unemployment report, the Labor Department said manufacturing employment in September declined by 26,000.

"This movement indicates that the manufacturing industry continues to be weak," the Labor Department said. "Job losses over the past year totaled nearly 300,000."

The construction industry lost 21,000 jobs in September. Mining employment was unchanged.

The service industry gained 72,000 jobs.

Total government employment declined by 88,000 jobs, offsetting increases in July and August.

"Local jurisdictions have accounted for most of these employment

v59883exec

u p AP-PoliticalRdp UDPATE-2ndAdd 10-02 0292

^AP-Political Rdp, UDPATE-2nd Add

^URGENT<

^WASHINGTON: Bush said.

It was the third time in a week that Bush sat for a network morning show interview.

Asked if Perot's entry would change his strategy, Bush said he would "stay on the positive aspects, but here we'll keep honing in, charge and countercharge with Gov. Clinton, too."

As if to underscore that, his campaign began airing a new ad accusing the Democratic candidate of making conflicting statements on the Vietnam draft, the Persian Gulf War and proposals for congressional term limits. The commercial pictures two men, their faces obscured by dots such as those used to disguise crime victims, and says they have made differing statements on those issues. It then reveals that both are Clinton.

Clinton, whose campaign is based on a pledge to revive the economy, had three Rust Belt stops planned during the day, and aides said he would stress his commitment to creating jobs.

The debate talks dragged on for parts of two days under a cloak of secrecy.

Emerging from a day-long session on Thursday night, Bush campaign chairman Robert Teeter said, "We have made substantial progress on the basic terms of an agreement, including the number of debates, dates and the format."

"No agreement is final until the details are worked out," Teeter said, adding that he expected the talks would be concluded today, with a Saturday announcement of the sites, dates and other details.

"I'm encouraged," said Mickey Kantor, Clinton's campaign chairman.

One of the debates will be chaired by a single moderator, a format favored by Clinton, said one source. Another debate will follow the format Bush had sought, a panel of reporters questioning the candidates.

AP-TV-10-02-92 1013EDT<

swings, which are largely a reflection of a buildup and subsequent wind-down of special summer youth job programs," the Labor Department said.

Labor, in figures derived from its household survey, said 127,273,000 people were in the civilian labor force in September. Of those 117.701 million were employed and 9.572 million were looking for work.

Analysts say those numbers don't reflect the people who out of work but are too discouraged to look for jobs and aren't counted in any survey as unemployed.

Bush conceded the economy "has made the going much, much tougher" in his re-election campaign.

"I'll accept my share of the blame, but we've got the answers to recovery and I'll sit down with the new members of Congress," he said.

upi 10-02-92 09:37 aed

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

*Please note
2 letters also
attached*

THE WHITE HOUSE

WASHINGTON

October 2, 1992

FOR: THE PRESIDENT

FROM: BRENT SCOWCROFT *JA for*

SUBJECT: Telephone Calls and Letters of Condolence to
President Turgut Ozal and Prime Minister
Demirel of Turkey

DATE: October 2, 1992

PURPOSE: To convey regrets and condolences for the
accidental Saratoga firing on the Turkish
Destroyer Muavenet.

BACKGROUND: According to information received at the NMCC
last evening, two SEA SPARROW missiles were
accidentally launched by the USS SARATOGA at
approximately 6:00 pm. At least one of the
missiles hit the Turkish Destroyer MAUVENET.
The USS IWO JIMA, THOMAS GATES, and SARATOGA
mounted search and rescue efforts.

Current information places the number of dead
at five and the number of injured (some
critically) at 14.

A number of contacts have already been made
with Turkish authorities -- Acting Secretary
Eagleburger called the Turkish Ambassador
last evening and General Powell has also
called his counterpart.

We have also prepared letters of condolence
for your signature for both Ozal and Demirel.

SECURE OR OPEN: Open

INTERPRETER: None required

PHONE NUMBER: Demirel: 011-90-4-4192312/90-4-4206605
Ozal: 011-90-1-2302525

CONTACT PERSON: Jane E. Holl, x4996

TIME DIFFERENCE: + 7 hours

SUGGESTED TIMES: Open, October 2, 1992

TOPICS OF
DISCUSSION: See Tab A - Points to be Made

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

DECLASSIFIED

PER NSC WAIVER, #200100-
By MC NARA, Date 7/16/21

~~CONFIDENTIAL~~

2

Date of Submission: October 2, 1992

Attachments

Tab A	Points to be Made
Tab B	Letter to Ozal
Tab C	Letter to Demirel
Tab D	Incident Report

CONFIDENTIAL

~~CONFIDENTIAL~~

POINTS TO BE MADE FOR
TELEPHONE CONVERSATION WITH
PRESIDENT TURGUT OZAL AND
PRIME MINISTER SULEYMAN DEMIREL OF TURKEY

- Turgut [Suleyman], I want to convey my personal sadness on learning of this terrible naval accident. Please accept our most sincere apologies; Turkey's loss is shared deeply by the United States.
- Our hearts go out to the families of the victims. I know the pain they feel cannot be soothed with words, but the people of the United States grieve with them.
- The complete story will take some time to be known, but in the meantime, please accept our offer to be of whatever assistance you may need.
- Barbara joins me in again conveying our heartfelt sympathies and sorrow at this terrible accident.

~~CONFIDENTIAL~~
Declassify on: OADR

DECLASSIFIED
PER NSC WAIVER, #20202
By MC NARA, Date 7/16/21

THE WHITE HOUSE

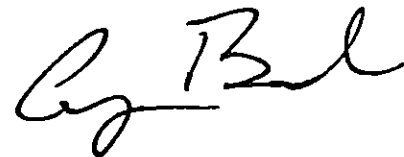
WASHINGTON

Dear Mr. President:

On behalf of every American, I want to express our profound regret and sorrow at the tragic accident at sea that took such a terrible toll. Our hearts go out to the families who must suffer the permanence of the loss. While words cannot relieve their pain, please let these families know that the people of the United States share in their grief.

Barbara joins me in conveying our most heartfelt sympathy.

Sincerely,



His Excellency
Turgut Ozal
President of the Republic of Turkey
Ankara

Turgut - I am sick at heart!
George /

THE WHITE HOUSE

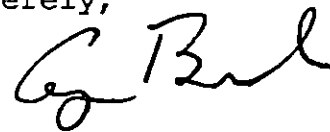
WASHINGTON

Dear Mr. Prime Minister:

Please accept my profound regret for the loss of life and injury that resulted from the tragic accident that involved ships from our two navies. I extend my deepest sympathy particularly to the families who must endure the permanence of loved ones lost. Every American shares in the sorrow of our friends, the Turkish people.

Barbara joins me in conveying our heartfelt condolences.

Sincerely,



His Excellency
Suleyman Demirel
Prime Minister of the
Republic of Turkey
Ankara

*I am deeply grieved by this.
We will get to the bottom of
it - I promise - George*

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
08. Message	Re: Aegean Sea [originally closed as 07]. (1 pp.)	10/02/1992	(b)(1)	S

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Friday, October 2, 1992 [2]

Date Closed: 9/27/2019

OA/ID Number: 90724-002

FOIA/SYS Case #: 2009-0166-S[4]

Appeal Case #:

Re-review Case #:

Appeal Disposition:

P-2/P-5 Review Case #:

Disposition Date:

AR Case #:

MR Case #:

AR Disposition:

MR Disposition:

AR Disposition Date:

MR Disposition Date:

RESTRICTION CODES

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

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

Deed of Gift Restrictions

- C(1) Closed by Executive Order 13526, governing access to national security information
- C(2) Closed by statute or by the agency which originated the information
- C(3) Closed in accordance with restrictions contained in donor's deed of gift [formerly listed as only C]
- PRM. Removed as a personal record misfile

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

- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]

c i PM-Turkey-ShipHit 10-02 0384

PM-Turkey-Ship Hit,0379

Stricken Turkish Warship Towed Home After Missile Accident
With PM-US-Turkey-Ship, Bit

ANKARA, Turkey (AP) The Turkish destroyer that was struck accidentally by a missile from a U.S. aircraft carrier was being towed to its home base today, the Turkish General Staff official said here.

Five Turkish sailors were killed in the hit on the Muavenet, including its commanding officer, Capt. Korkut Gungor, and 15 were injured.

The accident occurred in the Aegean Sea during a NATO Military exercise.

A Pentagon spokeswoman, Maj. Katherine Ingram, said the Muavenet was about three miles from the USS Saratoga when two missiles were fired accidentally. One of them struck the Muavenet on the bridge.

U.S. Gen. John M. Shalikashvili, commander of NATO forces in Europe, said an investigation was under way.

"Let me express on behalf of myself and on behalf of the United States our apologies over this most tragic incident and convey our sympathy to families of the victims," Shalikashvili said.

The incident was not expected to cause problems in the close military cooperation between the United States and Turkey.

Premier Suleyman Demirel made clear today that Turkey would not make an issue of it.

"What happened is an accident and we do not know what error is behind it," Demirel said.

Turkey was the third-largest recipient of military assistance from the United States throughout the Cold War years, in return allowing its chief NATO partner to operate electronic surveillance bases to monitor the former Soviet Union.

U.S. military assistance to Turkey this year was set at \$578 million.

But the bulk of the technical equipment of the Turkish army dates to World War II or the Korean War, although efforts have been made recently to upgrade its M-48 tanks and supplement them with the German-supplied Leopard I.

The F-104 Starfighter, the combat jet of the 1950s long phased out by other NATO countries, forms the backbone of the Turkish air force. Frequent crashes have taken a high toll of pilots.

In recent years, Turkey has been making a major effort to reduce its dependency on outdated hardware by building up a sophisticated defense industry. The United States, Germany and France are the main partners.

APTV-10-02-92 0723EDT

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
09. Map	Re: Greece [originally closed as 08]. (1 pp.)	n.d.	(b)(1)	

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Friday, October 2, 1992 [2]

Date Closed: 9/27/2019

OA/ID Number: 90724-002

FOIA/SYS Case #: 2009-0166-S[4]

Appeal Case #:

Re-review Case #:

Appeal Disposition:

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Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
10. Map	Re: Turkey [originally closed as 09]. (1 pp.)	n.d.	(b)(1)	C

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Friday, October 2, 1992 [2]

Date Closed: 9/27/2019

OA/ID Number: 90724-002

FOIA/SYS Case #: 2009-0166-S[4]

Appeal Case #:

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Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
11. Note	Re: P.M. Demirel [originally closed as 10]. (2 pp.)	10/02/92	(b)(1)	

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Friday, October 2, 1992 [2]

Date Closed: 9/27/2019

OA/ID Number: 90724-002

FOIA/SYS Case #: 2009-0166-S[4]

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Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
12. Note	Re: Turgut Ozal [originally closed as 11]. (1 pp.)	10/02/92	(b)(1)	

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Friday, October 2, 1992 [2]

Date Closed: 9/27/2019

OA/ID Number: 90724-002

FOIA/SYS Case #: 2009-0166-S[4]

Appeal Case #:

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--- Friday --- October 2, 1992 ---

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--- THE DAILY BRIEFING ON AMERICAN POLITICS ---

Updated Each Morning At 11:50

(c) The American Political Network, Inc.

282 North Washington Street, Falls Church, VA (703) 237-5130

FOUR DEBATES IN NINE DAYS

Bush, Clinton camps agree in principle to 3 pres., 1 veep matchup all from 10/11-19. Perot, Stockdale said in. (#4)

WHAT IS IT ABOUT THOSE BRITS?

NEW BUSH AD apes Tory attack, on Labour with questionable figures on taxing middle class.

NEW CLINTON AD capitalizes on Bush "lips" footage, turns "guess who pays" tag line back on Bush; another defends AR record. And Perot said shopping for 30-min. buy. (#5)

ANOTHER GOODY FOR THE MIDWEST

Bush exempts ethanol from Clean Air Act. (#6)

HEALTHCARE: Nonpartisan study says Clinton plan cheaper, provides better access. (#17)

FLORIDA HOUSE RESULTS

Hastings, Brown win in new heavily black CDs. (#23) Also: LA House primaries tomorrow.

WI SEN: FEINGOLD BY 21

Another poll shows Kasten on the ropes -- America's most vulnerable Senator? (#21)

SPOTLIGHT

OK, HERE'S THE DEAL

Pollsters, pundits and operatives agree: Perot either hurts Clinton or Bush or both or neither.

EFFECT IN TOP TEN STATES:

TX: Perot no longer threat to win, but will keep it close. One sees 6-7% of Perot 12% coming from "Bush's hide." (#13)

MI: Clinton up 22 pts. Perot pulls 4X more GOP vote than Dem. (#10)

CA: Maverick luster gone. Would hurt Clinton if it were closer. (#9)

NY: Bush NY dir. calls for visit. Poll shows Clinton losing 6% going from 2- to 3-way. (#11)

OH: GOP "upbeat." (#12)

CNN/USA/GALLUP TRACKING:

Clinton 52%, Bush, 35%, Perot 7%; 72% say no chance to Perot. NOTE: 48% said no chance to Bush. (#26)

===== QUOTE OF THE DAY =====

"The people don't want a government of ego-driven, power-hungry individuals."

-- Ross Perot, announcement speech, CNN, 10/1.

THE APN BULLETIN BOARD

FROM TODAY'S GREENWIRE: Congress set to vote on "historic" energy bill; Sen. Bryan likely to filibuster over Yucca Mtn.
FROM TODAY'S DAILY REPORT CARD: Johnston Co. NC, will pay college tuition for students who adhere to agreement.
FROM TODAY'S ABORTION REPORT: House votes today on gag rule after 10/1 Senate override; unlikely to follow suit.
FROM TODAY'S AMERICAN HEALTH LINE: Leaders in Congress seek consensus on tax bill; will health reform amendment endure?

HOTLINE/DATABASE INDEX

WHITE HOUSE '92

PEROT: Back again, for the first time. (#1)
PEROT: Selected reax. (#2)
THINKING THREE-WAY (CONT'D): Guesses and cliches. (#3)
DEBATES: All sound and no fury. (#4)
ADWATCH: Dueling economy ads out; draft ad due out today? (#5)
BUSH: Ethanol reg. announced, busy week in Congress. (#6)
CLINTON: Clinton hits Bush on foreign policy. (#7)
STOCKDALE: The deep-thinking war hero. (#8)

THE TOP TEN

CALIFORNIA (54): Weighing Perot. (#9)
MICHIGAN (18): Clinton up by 22. (#10)
NEW YORK (33): Clinton by 17-points with Perot in. (#11)
OHIO (21): Perot hurts Clinton or Bush or both or neither. (#12)
TEXAS (32): Bush to make big play of trade pact signing. (#13)
THE OTHER FORTY: CT, KY, MA, SC. (#14)
CANDIDATE SCHEDULES (#15)

ISSUES '92:

BAD BANKS (#16)
HEALTH CARE (#17)

SENATE WATCH

CO: Considine targeted by NARAL. (#18)
NY: Charge, counter-charge. (#19)
OH: DeWine ad "counteroffensive" on abortion question. (#20)
WI: Poll shows Feingold by 21 points. (#21)
SENATE SMURFS: AL, KY, SD. (#22)

ON THE HOUSE:

FL RUNOFF RESULTS (#23)
BRIEFINGS (#24)

HOTSPOTS: TX: Guerrero comes clean on the air. (#25)

POLL UPDATE:

CNN/USA TODAY/GALLUP TRACKING: 48% say won't vote Bush. (#26)
BATTLEGROUND '92 TRACKING: Clinton lead up to 11. (#27)
TV MONITOR (#28)

? ? ? ? OVERLOOKED ? ? ? ?

Tomorrow's Louisiana primary will not feature insurance salesman David Duke on the ballot for the first time in three years. He won his state Rep. seat in '89 in a February election.

*1 PEROT: BACK AGAIN, FOR THE FIRST TIME

Ross Perot officially declared his candidacy, saying his "volunteers in all 50 states have asked me to run." He apologized for quitting in 7/92, adding: "I thought that both political parties would address the problems that face the nation. We gave them a chance. They didn't do it" (mult.).

NETWORK WELCOME MATS: ABC's Jennings: "There are a lot of Republicans and Democrats who wish that Ross Perot had not come back ... but he's a very determined man to say the least" (10/1). NBC's Brokaw: "Perot, preaching homilies and offering apologies ... He kept paying for a Perot organization, and today, he cashed in" (10/1). CBS' Rather: "Suddenly, it's a 3-man race and it could be a very different battle for the White House" (10/1).

WHAT TO EXPECT: ABC's Dean: "Perot made it clear he would limit the kinds of questions he would answer ... Perot will continue to operate in a highly unorthodox, unpredictable manner. Limiting public appearances, ignoring political reporters, while spending a lot of time and a lot of money on TV" (10/1). Perot coordinator Orson Swindle: "Television is the medium of politics and that obviously will be the dominant method getting the message across" ("GMA," ABC, 10/2). NBC's Myers: "Perot clearly hopes this campaign will rehabilitate his tattered image, but he runs the risk ... he will be remembered not just as a quitter, but as a spoiler" (10/1). N.Y. TIMES' Toner: "In a remarkably combative news conference for an announcement day, [Perot] lambasted the news media ... and asserted he would keep his campaign focused solely on the issues he wanted to highlight: 'I don't care what you do. Just have fun, get raises and bonuses, play gotcha. ... I care about this country'" (10/2). "The mutual hostility ... may be a harbinger for the tone of Perot II ... Reporters loudly snickered" at Perot's comment about "ego-driven, power-hungry people" (Firestone, NEWSDAY, 10/2). UVA's Larry Sabato predicts a media "feeding frenzy" on Perot: "Part of it is penance that the press is doing because of the boosterish coverage of Perot last spring" (ST. LOUIS POST-DISPATCH, 10/2).

ECON. PLAN: NBC's Myers: "He said he'd adjust his plan if the economy wasn't strong enough to take the tough medicine he prescribed" (10/1). W. POST header: "Perot's Fiscal Battle Plan Holds Some Pain for Nearly Everyone" (10/2). L.A. TIMES' Peterson: "A plan that defies all political wisdom on the economy" (10/2). SAN JOSE MERCURY NEWS' Witt notes Perot spring/summer statements on issues like tax increases and entitlements, and compares them to the plan laid out in his book (10/2). Perot, asked if his proposed 50-cent federal gas tax increase would disproportionately hurt the middle class: "I won't dignify that question with a comment" (mult., 10/2).

PAID TV: Most reports noted Perot's comments as he left the press conference: "Got to go to work ... got to pay for the ads" (mult., 10/2). AP reports Perot hired TX ad agency Temerlin McClain to buy TV time -- specifically a 30-minute block on ABC 10/9 (W. POST, 10/2). BOSTON GLOBE's Black & Kiernan report Perot offered the Tsongas-Rudman Concord Coalition a 30-min. slot on prime time to talk about the deficit, but "associates of Tsongas and Rudman described it as unlikely [they] would assent, given Perot's reactivated candidacy." Both have endorsed their parties' candidates (10/2). W.S. JOURNAL editorial addressed to heads of the 3 networks: "Gentlemen: If your policies on

political [ads] weren't so restrictive, we all might have been spared the Ross Perot spectacle" (10/2).

INSPECTOR STUFF: NBC's Myers reported Perot investigated a NJ volunteer, Tom O'Neil, going back into his personal and financial documents for 30 years; Perot "was even suspicious of his own former campaign manager." GOP strategist Ed Rollins: "He accused me at one point in time of being a plant from the [WH]

... I said 'Ross, I'm getting up every day, coming in here trying to win your campaign.'" NBC's Russert: "The American people, when they select a president, they don't just vote for an economic plan, they vote for someone based on character and temperament" (10/1). W. POST's Cooper reports a House Subcmte is investigating whether the Perot investigations (see HOTLINE, 10/1) "violated federal consumer laws when it obtained the credit records of ... volunteers" (10/2). Other Perot volunteers who have been investigated said they have complained to the FTC about "improper" credit checks; GA-based Equifax, a credit-report firm, is "reviewing" similar complaints by ex-volunteers. Perot 10/1 "defended" his actions, and hit the GOP and Dems for "dirty tricks": "There's paranoia there. We're not even in the game when it comes to investigations, compared to what they're doing" (DALLAS MORNING NEWS, 10/2). NEW REPUBLIC's Blumenthal revisits reports Perot investigated a former lover of one of his daughters (10/19 issue).

GET THIS: BOSTON GLOBE's Wilkie reports, "At one point a few weeks ago, according to a prominent Clinton strategist," ex-TX Gov. John Connally "approached the Clinton campaign in an attempt to negotiate a Perot endorsement" of Clinton. Connally "was unable to broker the endorsement" (10/2).

*2 PEROT: SELECTED REAX

ECON. PLAN ARCHITECT JOHN WHITE: "Ross says he's going to run, and I think that's a mistake. And I told him so. ... he is going to confuse the election process, and he risks demeaning the issues he brought to the fore. ... There is evidence, in the way in which he withdrew and when he did it, that raises doubts about whether he has the temperament to be President" (L.A. TIMES, 10/2). EX-PEROT SPOKESPERSON JAMES SQUIRES: "He is not under any illusion that he is going to win, or do anything but come in third" (DETROIT NEWS, 10/2). W. TIMES' MAJOR GARRETT: "[Perot is] devoting his vast financial empire to battling the two major parties and repairing his tarnished reputation as a quitter" (10/2). N.Y. DAILY NEWS SUBHEAD: "Ego Man fails reality check" (10/2). HEADER OVER PHILA. DAILY NEWS' SANDY GRADY: "Ego is driving this financial kingfish" (10/2). MARK SHIELDS: "It will be very tough for Bill Clinton to make the case that he represents radical change because the change by Ross Perot is far more dramatic." GOP POLLSTER RICHARD WIRTHLIN: "The Ross Perot that announced today is almost a professional politician -- it's a very different Ross Perot that we saw last July." SEN. DAVID BOREN (D-OK): "When all is finally said and done, at the end of the race, people are going to realize there are two choices, two people who have a chance to win" ("M/L," PBS, 10/1). VA GOV. DOUG WILDER (D): "Both distracting and irrelevant" (Release, 10/2). PHIL. INQUIRER'S B.J. PHILLIPS: "This was our last chance to beg him to please, please be our president, and I wasn't sure everyone had groveled enough" (10/2). S.F. EXAMINER'S BILL MANDEL: "America loved him as a summer replacement series, but now it's autumn and things are getting serious" (10/2). AEI'S KARLYN KEENE: "This way at least there is a chance that something

might happen. Anything that changes the environment helps Bush move off the dime." GOP STRATEGIST BILL BENNETT: "He gives [Bush] an opportunity to say ... there are three people in this room, two of 'em want to raise your taxes" (KNIGHT-RIDDER, 10/2). USA TODAY HEADER: "The 'fix anything' guy is back" (10/2). DETROIT NEWS' JIM GANNON cites the "most Machiavellian theory": "Perot will continue to do maximum damage to Bush, but see his own poll ratings decline, and then on the eve of the election, pull out and endorse ... Clinton, assuring the outcome he wants while purchasing access and influence with a grateful Clinton administration." Adds GOP STRATEGIST DAVID KEENE: "... And some software contracts" (10/2). USA TODAY EDITORIAL: "Real presidential choice is between Bush and Clinton" (10/2). U-TX' BRUCE BUCHANAN: "I don't believe these people who say it's all over for Perot ... Nobody's deeply in love with either Bill Clinton or George Bush" (ST. PETE TIMES, 10/2). Pat Buchanan: "The Perot movement is one of the most healthy things in American politics" ("Nightline," ABC, 10/2).

*3 THINKING THREE-WAY (CONT'D): GUESSES AND CLICHES

Perot's entry "points toward an unpredictable climax to a campaign that political analysts say Perot can't possibly win." Pollster Claibourne Darden: "[His entry is] absolutely negligible" (Gordon, DETROIT NEWS, 10/2). Mason-Dixon/PMR pollster Brad Coker: "If Perot starts spending big on his campaign, overall he'll hurt Clinton more than Bush" (W. TIMES, 10/2). "Opens up a race that seemed frozen in place" (Cannon/Fiedler, KNIGHT-RIDDER, 10/2). "Perot's wild ride to the White House ... is a wreck waiting to happen, most mainstream political analysts believe" (Raine, S.F. EXAMINER, 10/2). "Perot could dramatically scramble the deck -- or merely play out a losing hand. ... In Clinton's private polling this week, aides say, Perot's support actually dropped in many states as he moved toward his announcement" (Brownstein, L.A. TIMES, 10/2). Senior Bush aide: "Nothing about the Ross Perot presence hurts us. Hey, we're the ones who are losing this election" (N.Y. TIMES, 10/2). Bush adviser Charles Black: "He helps Bush in a lot more states than he hurts Bush, so it suits us just fine to have him in here. We'll be very kind to him any chance we get" (KNIGHT-RIDDER, 10/2). Black on Perot's impact: "Tell me how much money he's going to spend and I'll tell you" (N.Y. NEWSDAY, 10/2). RICHMOND TIMES-DISPATCH editorial: "May confirm the election of Bill Clinton. Heaven help us" (10/2). Balto. SUN's Germond writes although it is now a 3-way race, "it is by no means a different campaign from what it was a week ago. On the contrary, all the objective indicators -- meaning both the national opinion polls and those in the states" -- show Clinton with a "comfortable, although not unassailable lead" over Bush (10/2). W. TIMES' Pruden: "Thus George Bush, once called the luckiest man in American politics because he gets break after break when most men are lucky to get just one, got one last opportunity to take charge in the final month of the campaign" (10/2). Dem consultant Brian Lunde: "I think the guy is one good message away from being a real factor, from changing the dynamic of the race" (L.A. TIMES, 10/2). Dem consultant Jerry Austin: "He does absolutely nothing to this race" (W.S. JOURNAL, 10/2).

FROM A FEW KEY STATES: TX pollster Richard Murray: "Perot doesn't like Bush, but Baker is Perot's kind of Texan. I think Baker wanted him in this race to shake it up, and get a new deal of the cards" (N.Y. NEWSDAY, 10/2). Fred Barnes on TX: "Perot

could make a difference. ... but in the end you will have the John Anderson factor, people are going to want to vote someone who will win." Bob Beckel: "Now what's going to happen is that [Bush] is going to have to go back to campaign hard" in TX. IL GOP consultant Joanne Maxwell recounted her 82-year-old mother's reaction to the speech yesterday: "My mom said the bridge group members looked at each other for a second and all said in unison, 'what a twit'" (S.F. EXAMINER, 10/2). MI pollster Ed Sarpolus: "In the focus groups I've done, people say we gave Perot a chance, and he wasn't tough enough. They've shut the door on him" (L.A. TIMES, 10/2). NBC's Cochran reported the WH feels Perot "will hurt them" in FL and TX, but that his entry helps Bush in CA. "The trouble with that analysis ... is that Clinton is so far ahead [in CA], that it's hard to see how Perot could cut into that support and take that state away from Clinton." NBC's Russert noted "must win" states for Bush are FL and TX and Perot could also cause trouble for Bush in MI and OH" (10/1). ABC's Bury noted the Clinton camp feels that Perot hurts Bush in FL and TX and hurts them in AZ, PA, IL and MI where he hurts them "by a point or two, not enough to throw the election any way" (10/1). NBC's Mitchell: "Since they are the front-runners, anything that changes the dynamics of this campaign could hurt them" (10/1). CBS' Threlkeld: "Perot's candidacy will probably help Clinton by taking votes away from Mr. Bush in state's the [GOP] must win," TX, GA, FL, NC. But Perot may cost Clinton votes in states he needs," PA, OH, IL, MI, CA (10/1). Ex-Perot pollster Frank Luntz: "He hurts Bill Clinton with the popular vote, though he could win [TX] and a couple of other states and may cut into George Bush's vote" ("Money Politics," CNBC, 10/1).

51-STATE RELEASE: After completing polling in 50 states, plus DC since the GOP convention, Mason-Dixon Political/Media Research shows Clinton leads in 25 states with 302 Electoral Votes; Bush leads in 8 states for 70 EVs. They conclude Perot "affects" the race in six states (CO, DE, MS, MO, VA, KY), moving each from "lean Bush" or "lean Clinton" to "toss-up" (ORLANDO SENTINEL, 10/2). PMR's Del Ali: "Even if all the competitive states go to Bush, he still loses" (S.F. EXAMINER, 10/2).

*4 DEBATES: ALL SOUND AND NO FURY

W. POST reports the Bush and Clinton camps "agreed in principle" to three pres. debates and one VP debate, beginning 10/11 and ending 10/19: Pres. debates: 10/11, 10/15, 10/19. VP debate: 10/13 (mult., 10/2). The camps agreed to one single-moderator debate, one with a panel of reporters and the final debate, "sources said, could be some combination of the two." The plan "sets the stage for an unprecedented nine-day marathon in mid-month that could prove crucial to the outcome of the campaign." Bush-Quayle chair Bob Teeter and Clinton-Gore chair Mickey Kantor announced at around 11:00p "that the two sides had reached tentative agreement on the number, timing and format of the debates, but ... refused to provide details. ... The major sticking point ... sources said, involved the timing of the last debates." While the Bush camp "pressed" for debates on 10/25 and 11/1, Clinton's team "vigorously opposed" the idea and "Bush's team eventually gave in." Though the Commis. on Pres. Debates is a "likely sponsor," other possibilities exist (Balz/Devroy, 10/2). Teeter and Kantor will meet today to "hammer out the final details" an announcement is expected for 10/3 (Rosenstiel, L.A. TIMES, 10/2).

3-WAY: Both camps said "they were ready" for 3-way debates

with Perot. Perot, who said he wants in on the debates but was not represented at the meeting: "Whenever they debate, we'll debate" (ATLANTA CONSTITUTION, 10/2). Neither side invited Perot into the negotiations. Clinton comm. dir. George Stephanopoulos: "I don't think that's necessary" (L.A. TIMES, 10/2). Commis. spokesperson Bob Neuman said they "would reach a conclusion within a couple of days on whether Perot would be eligible" for their debates. Neuman said if Perot does participate, then Jim Stockdale "would likely" be included in the VP debates (Waldman, N.Y. NEWSDAY, 10/2). Perot Coordinator Orson Swindle on whether Perot will join the debates: "I think he will join in" ("Nightline," ABC, 10/1), but "we have not been notified" ("Today," NBC, 10/2). NBC's Cochran: "[GOP] sources tell NBC News the Bush side offered four new dates ... none of them on weekends. ... Sources ... say Clinton wants no debates after [10/18]" (10/1).

*5 ADWATCH: DUELING ECONOMY ADS OUT; DRAFT AD DUE OUT TODAY?

A new Bush-Quayle ad "trashing" Clinton's economic proposals began airing 10/1 and "provok[ed] a heated response from Clinton, who said it was based on faulty math and 'bogus' assumptions." The ad suggests how much Clinton's \$150B, 4-year economic recovery plan "could cost the average voter. ... Grim-faced citizens" are each given a 'bill' for Clinton's proposals ranging from \$1,088 to \$2,072." The ad concludes: "You can't trust Clinton economics. ... It's wrong for America." Clinton's response while campaigning in WI: "It is a disgrace to the American people that the president ... would make a claim that is so baseless, that is so without foundation, so shameless, in its attempt to get votes under false pretenses." Clinton admitted the ad could work "unless I answer it." The Bush ad omits Clinton's promised middle-class tax cut and it assumes the Clinton health plan "will fall exclusively on taxpayers." Clinton has said the plan would be offset by cost controls (BOSTON GLOBE, 10/2). Clinton's Stephanopoulos: "We expected this. The economy is dead in the water so the Bush campaign is coming out with negative attack ads" ("Today," NBC, 10/2). L.A. TIMES reports the Bush ad is running nationally "and with greater frequency in the eleven battleground states" of CO, CT, GA, IL, KY, LA, ME, MI, NC, OH and PA (10/2). Bush adviser Charles Black stressed the use of the word "could" in the ad and said it is airing in "most of the country" (W. POST, 10/2). Bush has also bought ad time during CBS' "60 Minutes" for the next five Sundays (DALLAS MORNING NEWS, 10/2). USA TODAY's Phillips: "The ominous music and solemn female narrator create a frightening atmosphere that is sure to grab even inattentive viewers" (10/2). Bush aides expect the ad will "trigger" a "'nerd war' between budget experts" from the campaigns, but that "when the dust settles, voters will be left with the impression that Clinton is likely to raise taxes on the middle class" (Kurtz, W. POST, 10/2). W.S. JOURNAL's Harwood & Birnbaum note the ad is "remarkably similar to attacks used by the British Conservative Party in fending off a resurgent Labor party earlier this year." British PM John Major's "come-from-behind victory has become a model for Bush aides, who have met at least twice with their British counterparts to discuss campaign strategy." The Tory spot asked "how much extra would Labour tax you," and answered the question with a crane driver, a salesman, an engineer and a personnel director. The Bush spot says, "Here's what Clinton economics could mean to you," and shows possible tax hikes on a

steamfitter, scientist, housing lender, and two sales reps (10/2). The Bush campaign "plans to release an ad today that attacks Clinton's credibility on the draft among other topics" (Gunther, PHILA. INQUIRER, 10/2). NEWHOUSE's Baden writes, "Bush's aides are hoping history repeats itself. They have prepared a fusillade of negative political ads that portray ... Clinton as personally unfit for the [WH], the failed governor of a backward state and the purveyor of a scorched-earth economic plan. Some of this may sound familiar. It is, after all, the basic thrust of Bush's attack strategy that buried" Michael Dukakis (10/2).

CLINTON ADS: Clinton launched two TV ads. Partial text: ANCR: "1988." Bush: "Read my lips, no new taxes." ANNCR: "Then George Bush signed the second biggest tax increase in American history." Bush: "Read my lips." ANCR: "Bush increased taxes on the middle class. ... We can't afford four more years" (Release, 10/1). The Clinton camp declined to say where the ads are running but they were shown in WI where Clinton campaigned 10/1 and where Bush visited 9/30 (Lewis, DALLAS MORNING NEWS, 10/2). The Clinton ad also says Bush "wants to give a \$108,000 tax break to millionaires" referring to the capital-gains tax cut. It adds: "Guess who's going to pay?" mimicking Bush's ad that mock's Clinton's record (Berkowitz, N.Y. NEWSDAY, 10/2). The second is a 30-second ad on his AR record. Partial text: ANCR: "For 12 years he's battled the odds in one of America's poorest states and made steady progress. ... Even Bush's own Secretary of Labor just called job growth in [AR] 'enormous.' ... No wonder his fellow governors, Democrats and Republicans, have named him the nation's most effective governor" (Release, 10/1). USA TODAY's Phillips: "Unlike the Bush ad attacking Clinton, this spot does not create a scary atmosphere, but it reminds voters of Bush's reversal on tax hikes" (10/2).

PEROT: CBS, NBC and ABC each said Perot has reserved a 1/2-hour for "next week." Perot associate Dennis McClain, pres. "of the biggest advertising firm in Texas," has formed a new ad group called "Team 270" -- after the number of electoral votes needed to win (N.Y. NEWSDAY, 10/2). The CBS Perot buy will pre-empt "Rescue 911," 10/6 at 7:00p Dallas time and serve as a "warm up" for Game 1 of the Nat'l League playoffs. CBS said Perot paid \$380,000 for the half-hour. On ABC, Perot paid "upwards of \$500,000" for an 8:30p block that will pre-empt the new comedy series "Camp Wilder" and leads into "20/20." Perot wanted to buy the 10/6 7:00p (Dallas time) block but was "rebuffed" because the hit comedy "Full House" airs then. CNN reported no ad buys from Perot. Perot said he intends to "talk big time" about the economy during the commercials "which presumably will be video companions" of his book (Bark, DALLAS MORNING NEWS, 10/2). Senior Bush official: "We better buy TV time now because if we don't, Perot will buy all the network time from now until Nov. 3" (W. TIMES, 10/2).

*6 BUSH: ETHANOL REG. ANNOUNCED, BUSY WEEK IN CONGRESS

"Handing out a pre-election gift to farm state voters" Bush "announced regulatory changes and tax benefits" 10/1 to "promote" the use of corn-derived ethanol fuel. The new regulation will require "at least some" gas sold in five cities, Philadelphia, New York, Chicago, Milwaukee and Hartford be blended with ethanol. Ethanol "has formidable political clout behind it" this year, as Bush has "been besieged with questions" about how he will promote its use, "particularly in Illinois." The Archer

Daniels Midland Co., based in Decatur IL, is "the largest campaign contributor" to the GOP and "has a strong hold on the ethanol industry. The WH "played down the political aspects" of the decision, "pointing out that wrangling over this issue" dates back to the '90 Clean Air Act. Bush said the decision will "help America's farmers ... will help clean our air, and ... will promote our energy security by increasing the use of domestically produced renewable fuels" (Demick, PHILA. INQUIRER, 10/2).

Stephanopoulos: "Bush's desperate election year attempts to buy the loyalty of farmers he spent four years undercutting has reached a new level of absurdity" (Clinton release, 10/1).

"Hours before" Bush's announcement, Quayle "stood before a John Deere tractor and a stand of browning corn stalks" at an ag. fair in Columbus IN, and "told a group of farmers about the 'good news.'" Quayle: "Clinton's response to ethanol has been rather simple. He has repealed the tax incentive for gasohol in the state of Arkansas. You've got a clear-cut choice of who's going to be on the side of farmers" (Schneider, N.Y. TIMES, 10/2).

"GAG RULE"/MFN: The Senate voted to override Bush's veto "of legislation allowing abortion counseling at federally funded clinics" and "approved several major foreign-policy initiatives, including aid for Russia and loan guarantees for Israel." While the 73-26 vote "unexpectedly large" the "real test for the legislation is expected to come today in the House." Backers of the abortion legislation said "they saw only an outside chance of winning" the override (Dewar, W. POST, 10/2). The Senate 10/1 voted to sustain a Bush veto of legislation "intended to curb favorable trading status for China." The bill "would have forced the President to deny most-favored-nation duty status to imports from state-owned Chinese industries." The vote to uphold was 59-40 (Clymer, N.Y. TIMES, 10/2). Senate Judiciary chair Joe Biden (D-DE) "will try to shake a broad crime bill from 10 months of legislative limbo today by fighting a filibuster against it." The legislation "authorizes \$3 billion in aid to state and local law enforcement for a variety of anti-crime programs" (Davidson, W.S. JOURNAL, 10/2). The National Religious Broadcasters group, "ally of President Bush on family-values and abortion issues" has said it "will work against him on legislation to overhaul the cable industry." In a 10/1 letter to the WH, the group "contended that cable operators arbitrarily exclude Christian stations from cable systems" and they have "mounted an 'all-out campaign' against an intrusive White House effort in the past week to persuade" 9 GOP Senators "to switch votes and side with Bush in an override fight." A WH official said the "argument" to the 9 Senators is "pure loyalty" and added "if the president loses his first override in four years three weeks before Election Day, it will add another nail to his political coffin" (Devroy, W. POST, 10/2).

MOOD SWINGS: L.A. TIME's Gerstenzang notes the Bush campaign -- "and more importantly, the mood of President Bush himself -- has undergone a sudden swing to the sunny side." While "this new feeling may just be surface deep" it is "showing through the upper levels of Bush's team." Examples include dep. manager Mary Matalin "dances in an aisle as Bush completes a daylong tour of Tennessee" (10/2). But BOSTON GLOBE's Mashek & Wilkie report, "the melancholy" in the campaign "has reached the point where even staunch defenders are questioning the political skills" of James Baker, noting, "Baker, once a calming presence at the side of his candidates, has not traveled with Bush this fall. ... On the campaign trail, Bush seems to be a candidate

still in search of a theme, even with Baker directing traffic for him" (10/2).

NOT JUST FAX ATTAX: The Bush campaign has joined the Clinton campaign in using the on-line service, U.S. NEWSWIRE, to send out news releases to the media. The Clinton campaign is also providing those that only have FAX to call U.S. NEWSWIRE's toll free # 800/945-8845 on a touch-tone phone, punch in a fax number, and receive a menu of all information is sent immediately -- there is a charge for pieces ordered. The menu is free.

*7 CLINTON: CLINTON HITS BUSH ON FOREIGN POLICY

"Continuing a campaign offensive designed to keep President Bush off balance," Clinton criticized Bush on his "strong suit -- foreign affairs." Speaking in Milwaukee to a diverse audience that included 35 ethnic groups brought together by the University of WI's Inst. of World Affairs, Clinton "portrayed Bush as a leader grounded in the failed 'power politics' of the past who is indifferent to pro-democracy movements around the world and instead has 'coddled' dictatorships, preferring 'a foreign policy that embraces stability at the expense of freedom." Clinton did "praise Bush for his handling of the Persian Gulf war but said he was 'angered' by [Bush's] appeasement of Saddam Hussein before the war and 'disappointed' by his 'callous disregard' for democracy in Iraq after the war" (Oman, ARKANSAS DEMOCRAT-GAZETTE, 10/2). L.A. TIMES' Decker calls Clinton's speech a vain attempt "to wrestle attention back to himself," but notes "the effort was virtually lost in the tumult over whether" Perot would enter the race. Everywhere he went, Clinton was met with increasing evidence that while he might be the frontrunner, he does not necessarily garner the commensurate attention." Almost every question was about Perot, and "not a question was raised about his theme of the day" (10/2). N.Y. TIMES' Friedman writes Clinton's campaign "seems to have concluded that foreign affairs may actually be a fertile area for him to criticize" Bush. Nonetheless, Clinton's own proposals "raised many questions," including how he would pay for them (10/2). "Bush campaign officials sharply disputed the thrust of the Clinton speech, pointing out, for example, that while Clinton criticizes Bush for failing to embrace Yeltsin early, [Clinton] was even later to do so. And while Clinton now speaks of backing Bush in the Persian Gulf War, he equivocated until after the war was won" (Walsh, W. POST, 10/2). W. TIMES header: "Clinton calls Bush friend of dictators" (10/2). N.Y. TIMES header: "Clinton Asserts Bush is Too Eager To Befriend the World's Dictators" (10/2).

GORE: Gore visited a racially troubled high school in Wausau, WI where he promoted "racial harmony and generational change." He later joined Clinton at the Univ. of WI in Madison, for an hour-long radio call-in program on "Rockline." The program was broadcast on more than 150 radio stations and, by satellite, on campus TV stations (AP/Balto. SUN, 10/2). Though Gore "never impugns Dan Quayle's intelligence on the campaign trail," other Dem Reps. are more than happy to sling mud for him" (W. POST, 10/2).

NOTE: Hillary was honored in NY with a Bank Street College medal for her "extraordinary contribution to children and education" (Clinton release, 10/2). Two men dressed as chickens "clucked" about Clinton's draft record outside Clinton's national HQs yesterday. The chickens, hired by an outside group, were called "Slick Chicken Willie" (RICHMOND TIME-DISPATCH, 10/2). W. POST's Achenbach profiles AR under header: "Little Rock, Where

Spin Meets Homespun." Subhead: "At Clinton HQ, Washington Operatives Get a Taste of America" (10/2). In a W. TIMES op-ed, Eagle Forum's Phyllis Schlafly outlines "some questions [she] would like to ask Bill Clinton." Several include how he can serve as commander in chief when he hasn't served in the military, and "'Do you think that the nickname 'Slick Willie' is typified by your series of devious responses to questions?'" (10/2).

THE DALLAS PEROT DANCE: PHILA. DAILY NEWS' Elmer Smith compares Clinton's approach to Perot and Jesse Jackson: "Clinton better hope that inquiring minds in black communities all over America don't start to wonder why it was OK for him to grin and buck-dance for this billionaire vote-broker when he's barely been civil to the man who ran the most successful [Dem] registration drive in history." N.Y. TIMES' A.M. Rosenthal hits both campaigns under header, "The Great Grovel" (10/2).

*8 STOCKDALE: THE DEEP-THINKING WAR HERO

Retired Navy vice admiral James Bond Stockdale "devotes his life to the solitary study of ethics, morality and leadership" at the Hoover Institute at Stanford University. "That's about to change." In announcing his running mate, Perot called Stockdale "a man of steel" who "has been hammered on the forge of brutality." That "forge was the Hoa Lo (Fiery Furnace) prison" in North Vietnam where Stockdale "spent eight years as a prisoner of war after he was shot down in 1965." In the prison camp, he was "tortured, kept in leg irons for two years and forced to endure solitary confinement for four." Hoa Lo "is also his bond" to Perot, who worked to "improve conditions" for POWs. Stockdale on Perot: "I'd trust him with my life. He's no sleazeball begging for favors" (Ness, S.F. EXAMINER, 10/2). Stockdale also served as the president of the Citadel, a private school in Charleston SC (Swanson, DALLAS MORNING NEWS, 10/2). Stockdale, like Perot, is a graduate of the Naval Academy. "The son of an Illinois toilet maker" Stockdale graduated from the academy with Jimmy Carter in 1947 (Shribman/Noah, W.S. JOURNAL, 10/2). Hoover Institution colleague Martin Anderson said Stockdale "may be the stronger half of the ticket" adding, "if he gets in a debate with Quayle and Gore, people are going to say, 'Gee, how come we've never seen this guy before.'" Stockdale says, "I've always been just a knee-jerk Republican. ... It seemed almost part of decency" adding Perot "has liberated me -- I'm open to suggestion. ... My political views are more pragmatic" (Yang, W. POST, 10/2).

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*9 CALIFORNIA (54): WEIGHING PEROT

L.A. TIMES' Skelton revisits the most recent TIMES poll (conducted 9/10-13, see HOTLINE, 9/15) to gauge the impact of Perot's re-entry: "In California, as elsewhere in the country, the maverick independent lost credibility by quitting the race in July. ... What relatively little support Perot still has also is 'soft.' Whereas roughly 9-in-10 Clinton supporters and 8-in-10 Bush backers said they are 'certain' to vote for their candidate, only slightly over half of Perot's followers are similarly committed. The Perot waverers tended to favor Clinton over Bush. Likewise, people who parted company with Perot in the summer tended to line up with Clinton more than Bush, interviews showed." L.A. TIMES Poll dir. John Brennan, on the CA vote: "In order for Perot to seriously affect the election, two things have to be true. First, the race between Bush and Clinton has to be fairly close. Second, the Perot vote has to 'cut' -- that is, pull substantially more from one man than the other. Right now, neither of those things seem true in [CA]" (10/2).

*10 MICHIGAN (18): CLINTON UP BY 22

WJBK-TV poll conducted 9/25-30 by Mitchell Research surveyed 603 likely voters; margin +/- 4% (Mitchell release, 10/1).

	ALL	DEM	GOP	DTROT	ELSWR	TICKET SPLITTERS	BUSH '88	DUKAKIS '88
Clinton	49%	84%	10%	53%	45%	49%	22%	86%
Bush	27	2	68	26	28	22	50	1
Perot	9	3	12			11	12	4

*11 NEW YORK (33): CLINTON BY 17-POINTS WITH PEROT IN

Marist Institute for Public Opinion surveyed 583 likely voters on 9/24, 28-29; margin of error +/- 4% (release, 10/2).

	UP-						
3-WAY	W/LNRS	STATE	NYC	SUBRBS	FAV/UNFAV	2-WAY	
Clinton	52%	44%	60%	48%	60%/ 33%	Clinton	58%
Bush	35	36	26	30	38 / 59	Bush	36
Perot	10	12	6	11	22 / 57	Perot (vol.)	2
Undec.	3	8	9	12		Undec.	5

NEWHOUSE NEWS' Salant reports when Perot re-entered the race, Bush-Quayle NY dir./ex-state Sen. Douglas Barclay phoned the national HQ "renewing his request for a presidential visit." He argued that Perot "suddenly made New York a state Bush could win." While Dem consultant Glen Totten says Perot is unlikely to cut into Clinton's "enormous" lead, Barclay claims Perot could take away liberal Dems who were never enthusiastic about Clinton and "anti-Bush" GOPers who might have voted for Clinton. Barclay: "Certainly the president can come through and hit Buffalo, Rochester, Syracuse, Albany. ... It's great to have surrogates but it would be better to have the president." NY Dem chair John Marino would welcome Bush: "The only time George Bush has come to New York is to go to the United Nations or to fly to New Jersey. ... The more you come here the more it's going to remind the people of Syracuse, the people of Albany and the people of [NYC] that you haven't been here for the last 12 years" (Syracuse POST-STANDARD, 10/2).

*12 OHIO (21): PEROT HURTS CLINTON OR BUSH OR BOTH OR NEITHER

Cleveland PLAIN DEALER's Frolik: "Ross Perot is back. And most Ohio political pros simply aren't sure what that means. ... Republicans generally were more upbeat about Perot's return." While OH Dem chair Gene Branstool thought Perot's 7/92 withdrawal would be too damaging for him to be viable, Clinton OH chair/AG Lee Fisher "still fretted Perot might hurt the Democrats among voters whose No. 1 desire is change" (10/2). CINCINNATI ENQUIRER's Wilkinson reports Univ./ Cincinnati pollster Alfred Tuchfarber and Univ./Akron pollster John Green "differ sharply" on Perot's effect. Tuchfarber says Perot "is more likely to hurt" Clinton, while Green "is convinced Perot's effect will be a wash" (10/2).

TO DREAM, PERCHANCE TO WIN: W.S. JOURNAL's Shribman: "The conditions for a Clinton victory may exist here, but -- this being Ohio -- [GOPers] remain confident that, as usual, the state's 21 electoral votes will wind up in their column" (10/2).

POLL: BEACON JOURNAL's Adams reports a poll released by Paul Werth Assoc. shows Clinton 43%, Bush 30, Perot 9% (10/2).

*13 TEXAS (32): BUSH TO MAKE BIG PLAY OF TRADE PACT SIGNING
MIAMI HERALD's Bussey reports Bush will join Mexican President Carlos Salinas de Gortari and Canadian President Brian Mulroney "for a ceremonial initialing" of NAFTA in TX on 10/7. "The ceremony will have little bearing on the agreement, which must be ratified by Congress next year. But it gives Bush the chance to spotlight his economic program in a state with strong Hispanic ties" (9/29). Sen. Lloyd Bentsen (D-TX) "said he expects Clinton to stake out a position" on NAFTA "by Election Day" (FORT WORTH STAR-TELEGRAM, 10/1).

PEROT FACTOR: DALLAS MORNING NEWS' Attlesey reports, "Pundits and pollsters said Perot's revived ... bid assures that the race in Texas will remain close and he probably will hurt Bush slightly more" than Clinton. Analysts believe Perot "now has no chance of carrying the state." They said he will get at least 6%, not "probably no more" than 15%. U/Houston's Richard Murray: "If he gets 12 percent, six or seven points will come out of Bush's hide, a couple of points would be from people who would not have voted otherwise, and three or four points will come from Clinton" (10/2). Bush-Quayle TX chair Jim Oberwetter said the Bush camp "will not alter its game plan to win the state for George Bush, although Bill Clinton may have to. ... Texas voters will now see that George Bush has broken from the pack" (Bush-Quayle release, 10/1).

*14 THE OTHER FORTY

CONNECTICUT (8): C.S. MONITOR headline: "Connecticut's Recession Could Spell Loss for Bush" (Dillin, 10/2).

KENTUCKY (8): Louisville COURIER-JOURNAL's Al Cross writes Perot's re-entry "probably makes" the race "closer" in KY, "but he is far from proving that he can shake Bill Clinton's lead over President Bush. Perot has lost about half of the modest support he enjoyed in [KY] at the beginning of the summer, and those who still support him disagree about how much of his vaunted grassroots strength he can regain in the month left in the race." Bush-Quayle KY chair/Sen. Mitch McConnell: "Anything that shakes up the race is good for us." McConnell said Bush can now carry KY with less than a majority, "which is much more achievable." Clinton KY dir. David Wofford, on McConnell: "He can spend his time with numbers. I'm playing with issues" (10/2).

MASSACHUSETTS (12): Bush makes a "quick visit" to Boston

tonight for a fund-raiser and to receive the endorsement of the Boston Police Assn. The Boston Police endorsed Bush over Dukakis in '88 (Mashek, BOSTON GLOBE, 10/2).

SOUTH CAROLINA (8): "With barely a month to go ... change is afoot in the deep South. The fractious groups that once made up the Democratic Party, but which have warred in presidential years since 1980, are coming ever-so-slowly back together. ... Notably, the trend back toward the [Dem] Party seems less an endorsement of Clinton -- despite his Southern tie -- than it seems an indictment of Bush's policies." Ex-SC Gov Dick Riley (D): "This is the first year in a long time that we Democrats have been able to put our presidential bumper stickers on the outside of our cars." Voter registration is "hitting record levels" in every Southern state, which election clerks attribute to Perot, interest among young voters and "most of all -- a Democratic presidential candidate who speaks without an accent" (Fiedler, KNIGHT-RIDDER/MIAMI HERALD, 10/2).

*15 CANDIDATE SCHEDULES

	10/2	10/3	10/4	10/5	10/6
CLINTON 501/399-3840 D. Seldin	Dayton Toledo OH Flint MI	St. Louis MO DC	Raleigh Kinston NC	FLBusTrip starts Daytona	Gainsville FL
GORE 501/399-3840 K. McKiernan	DC Denver CO AlberquNM	AlberquNM Pasco SeattleWA	Seattle WA WichitaKS	FLBusTrip starts Daytona	
BUSH 202/336-7080 T. Clarke	Boston MA Clearwatr FL	Clearwatr Homestead OrlandoFL	DC	Camp David ?	
QUAYLE 202/456-7034 D. Beckwith	Springfld CpeGirard MO	DC	DC	Takoma WA Palo Alto L.A. CA	L.A. Fresno CA
PEROT 214/788-3000 S. Holman	NYC	Dallas TX	Dallas TX		

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*16 BAD BANKS: PLEA BARGAIN WITHDRAWN IN ATLANTA; MORE ON BCCI

DoJ prosecutors "abruptly postponed their efforts to seek life imprisonment" for Christopher Drogoul, Atlanta branch manager for Banca Nazionale del Lavoro (Mantius, COX/ATLANTA CONSTITUTION, 10/2). U.S. District Judge Marvin Shoob "threw out" Drogoul's guilty plea, and granted prosecution's "requests for a full trial in the case" (Watson/Meddis, USA TODAY, 10/2). A trial "could produce more revelations about the bank's secret dealings with Iraq." Acting U.S. Atty Gerrilyn Brill "said it was necessary because of the defendant's testimony that top officials of the ... bank knew about and encouraged more than \$2 billion in secret loans to Iraq." Shoob "concluded there was 'an effort to absolve BNL-Rome of complicity in the Atlanta-branch loans,' and that U.S. intelligence agencies as well as 'high-level BNL officials' were aware of the Iraqi loans arranged through Atlanta." The DoJ's "shift will bring a temporary end to what has been an embarrassing set of court hearings for the Bush administration" (Fialka, W.S. JOURNAL, 10/2). "By taking the case to trial, the Government may blunt the accusation that it is reluctant to let the evidence play out in public and is trying to settle the matter more quietly with a guilty plea. A trial will not take place until after the election in November" (Tolchin, N.Y. TIMES, 10/2). "The three-week hearing on Drogoul's sentence was marked by a series of embarrassing disclosures about the government's handling of the case, although Administration officials said that it had not been a consideration" in the U.S. Atty's action (Smith, W. POST, 10/2).

SENATE BERATES MANY FOR BCCI: "A four-year investigation," by a Senate Foreign Relations subcmte "concluded that the CIA, the Justice Department and U.S. and British banking regulators all failed to recognize and contain the international bank fraud of BCCI. However the report said that the investigation found no direct evidence that any one individual in the U.S. Executive Branch made a decision not to pursue an investigation" of the bank, "and it found no evidence of payoffs to U.S. politicians" (Walsh, W. POST, 10/2). The report details a "multimillion-dollar lobbying campaign" involving ex-Sen. John Culver (D-IA), as well as an aide to Sen. Orrin Hatch (R-UT). Subcmte chair Sen. John Kerry (D-MA): "B.C.C.I. constituted international global crime on a level that boggles the mind" (Baquet, N.Y. TIMES, 10/2). W. POST reports a court-appointed heart specialist has concluded Ex-Sec/Def. Clark Clifford's "chances of a fatal heart attack will increase if he stands trial in New York in the BCCI case." Clifford, who is charged with lying to banking regulators about BCCI's "illegal ownership" of First American Bank, has pleaded not guilty (Walsh, W. POST, 10/2).

*17 HEALTH CARE: BI-PARTISAN STUDY FAVORS CLINTON PLAN

A study on the Bush and Clinton health care plans, sponsored by Families USA, performed by Lewin/ICF, "a well known consulting firm on health economics, and monitored" by a five-member bipartisan panel of present and past health officials, was

released yesterday. It found Clinton's "proposals would save the nation \$746 billion in outlays over the next eight years if enacted, compared to \$157 billion for President Bush's proposed changes." However, Families USA's Ron Pollack "cautioned that neither candidate had specified all aspects of his plan, and that subsequent details could change the numbers." Panel member Stuart Altman, Nixon/Ford deputy asst. HEW sec.: "I'm prepared to stake whatever limited reputation I have that this is an objective, honest attempt" to compare proposals (Rich, WASH. POST, 10/2). PHILA. INQUIRER's Rankin notes the analysis "relies on questionable assumptions that both plans would work as promised even though both lack critical details." It also "did not include the important intangible of quality" (10/2). Eisenhower HEW Sec./panel member Arthur Flemming: "We also conclude that under the Clinton plan fewer Americans would need to fear financial catastrophe if illness strikes their family" (S.F. EXAMINER, 10/2).

A.M. TALK: Both Bush and Clinton were questioned on their plans in interviews on morning TV talks shows. Clinton concluded his 3-part interview with NBC's Katie Couric on "Today," with a segment devoted to health: "The big difference between the Bush plan and mine ... is that I have a system to control costs ... not just for government purchased health care ... but for the private sector too." Couric: "A lot of people think your plan smacks of national health insurance. What's the difference?" Clinton: "The government doesn't run the health care system. This preserves private choice of doctors, private providers, like hospitals and clinics. It gives the private insurance companies the opportunity to participate in managing health care. But, we're going to mandate insurance reforms so small business people and farmers have access to big pools of coverage so that their costs are just as low as big businesses. So that you can't be denied insurance coverage if you change jobs and someone in your family has been sick. And there will be national system to hold costs down. But the system will be a private system with market forces to take advantage of the opportunity of less government regulation but more government cost control" (10/2).

BUSH: His interview on ABC's "Good Morning America" only touched on health. Bush: "Our plan makes insurance available to the poorest of the poor, and yes your right, through vouchers. ... What we don't need ... is a wage and price control, a government board to set everything. Competition ... is the way to get the prices down. ... Turning to the federal government, rationing health care that comes with that, the failure of price controls in the past, argues for our plan not for what Gov. Clinton is putting forward" (ABC, 10/2).

*18 COLORADO: CONSIDINE TARGETED BY NARAL

The race between ex-state Sen. Terry Considine (R) and Rep. Ben Nighthorse Campbell (D-03) is "one of three nationwide being targeted" with independent expenditures by NARAL -- NY and MO being the others. NARAL pres. Kate Michelman said the race was selected "because the stakes are so high, the choice is so stark, and we are just one Supreme Court justice away from total criminal ban on abortion." Considine is strongly pro-life; Campbell is pro-choice. Considine manager Dick Wadhams: "They are an extremist organization, way out of the mainstream of Coloradans. What Coloradans are really concerned about is balancing the federal budget." Michelman "accused" Considine of "trying to downplay" abortion "because he is worried about the pro-choice vote turning out against him (Sanko, ROCKY MOUNTAIN NEWS, 9/30).

M.I.A. ON VOTES: Campbell's "voting attendance record slipped" from 74% to 70% during September, "even as he turned down requests for debates" with Considine, "citing a busy congressional schedule." Wadhams: "It's clear that Congressman Campbell was insincere when he claimed he could not debate because of the crush of congressional business." Campbell has "turned down six requests from Colorado civic organizations for October debates" (Herrick, ROCKY MOUNTAIN NEWS, 10/1). NEWS editorial: "If Campbell maintains his current attitude, such head-to-head encounters may become a rare phenomenon during the remaining five weeks of the campaign. ... Sometimes, the clash of political ideas produces a few sparks, and -- horrors! -- an insult or two as well. Which is no reason to avoid a political debate, especially if you're a politician" (9/30). Campbell released a response to an attack from Considine "warning the public that there may not be any more debates." Campbell listed debates he plans to attend: 10/21 in Denver, 10/27 in Pueblo and 10/30 in Denver taped for the following day (Release, 10/1).

MORE MILITARY: Campbell, who has "attacked" Considine as a "draft dodger" now "finds himself trying to clarify part of his own military history." At issue is a claim made in Campbell campaign literature and past interviews that while serving as an "air policeman during the Korean war," he and "a squad of soldiers were trapped behind enemy lines for five weeks." In '82, Campbell recounts the story, "For a long time we didn't know where we were, and nobody else did either." But in an interview 9/92, Campbell said that "although the area in which he served in Korea was never infiltrated by guerrillas, he never got closer than 9 miles to enemy lines." Campbell said the story was "confused with one in which a military postal error put him out of touch with his mother for five weeks" (Herrick, NEWS, 9/30).

*19 NEW YORK: CHARGE, COUNTER-CHARGE

"Signaling more down-and-dirty brawling," AG Bob Abrams (D) "challenged" Sen. Al D'Amato (R) to release his closed-door testimony before the Senate Ethics Cmte. Abrams: "If you don't do it, I think there is a fair inference that you've got something to hide." Abrams' assault evoked the brass-knuckle tactics that dominated the Dem primary. D'Amato said he doesn't "have the authority to release his ethics testimony." D'Amato spokesperson Zenia Mucha: "They're not ours to release. ... Abrams is a sleazebag whose only approach to politics is to

slander, distort and engage in character assassination." Chief counsel of the Senate Ethics cmte Wilson Abney "said D'Amato could ask the panel to give him a transcript 'in the public interest.'" Abney added, "he didn't know how the panel would respond" (Lombardi, N.Y. DAILY NEWS, 10/2). Mucha then "challenged Abrams to make public an investigative report" on a top aide, Dep. First Asst. AG James McSparron, "who may have committed a felony by filing sworn state forms understating the selling price of an apartment building." Abrams picked an outside investigator to look into McSparron's actions, but findings have are not yet public (Dicker, N.Y. POST, 10/2).

THE AD WAR: Abrams 9/30, "unleashed the first in a series of [TV ads] attacking the character and record" of D'Amato (Precious, ALBANY TIMES-UNION, 10/1). Length: 30-seconds. Text: ANNCR: "Bob Abrams. His record squeaky clean. His reputation beyond reproach. But Al D'Amato. Scandal after scandal. Housing grants for his friends. Contracts for his contributors. And backroom deals for his brother. A Senate ethics investigation concluded D'Amato allowed his office to be systematically misused for personal gain. Now D'Amato is attacking Bob Abrams' integrity? Come on, Al! Who do you think you're kidding?" (N.Y. TIMES, 10/1). Video: "Color shots of Abrams that attempt to make him appear confident and in control as the narrator quotes a newspaper editorial. ... A black and white photo of D'Amato then comes on the screen, followed by newspaper headlines that question the senator's ethics. ... The ad ends with a color shot of D'Amato -- his mouth slanted sideways in an image the Abrams' ad people obviously think shows the senator in an untrusting, cagey pose. The photo grows in size, as the narrator notes the recent D'Amato attack ads on Abrams." A second ad, also 30-seconds, "begins by using the same unflattering photo of D'Amato. ... It then employs the not-so-subtle techniques Abrams and D'Amato." As an "unconscious elderly man lies in bed being treated by a nurse," the narrator notes D'Amato's opposition to national health insurance. ... Later, while the narrator talks of Abrams' backing of such a plan, "the image is of a healthy looking elderly man, sitting up, being checked by a doctor" (Precious, TIMES-UNION, 10/1).

PEROT EFFECT: NEWHOUSE's Salant notes in a two-way, if Bush "looks like a loser on election day," Republicans may have stayed at home." Mucha: "It helps us because it brings disaffected Republicans out to vote." Dem consultant Glen Totten: "I find it hard to see the Perot voter ... choose Al D'Amato over Bob Abrams" (Syracuse POST-STANDARD, 10/2).

GAG ME: D'Amato voted to override Bush's veto of the "Gag Rule," which would have banned abortion counseling from staff at federally funded family-planning clinics (Clymer, N.Y. TIMES, 10/2). Also, NARAL is posting a 1'x 2' ad on subways this month: "Abrams Pro-Choice; D'Amato No Choice" (NARAL release, 10/1).

SEE YOU SOON? Ex-Rep. Gerry Ferraro (D) conceded 9/30 but "made no mention of campaigning for Abrams." Final vote totals show Ferraro lost to Abrams by over 11,000 votes out of 1.15 million cast (N.Y. NEWSDAY, 10/1). Ferraro may "come under increasing pressure from party leaders," like Gov. Mario Cuomo (D), to "join ranks" with Abrams (Verhovek, N.Y. TIMES, 10/1).

*20 OHIO: DEWINE AD "COUNTEROFFENSIVE" ON ABORTION QUESTION

New 30 sec. spot for LG Mike DeWine (R), now running statewide. Visual: DeWine's wife, Fran, seated, to camera. PARTIAL TEXT: "Something's wrong when a politician uses abortion

in a political campaign -- to save his skin. Mike knows his position isn't always popular. He respects people who disagree. But it's something he's personally believed in all his life. I ought to know, I'm Fran DeWine, Mike's wife and partner for 25 years." Glenn is currently airing an ad attacking DeWine's pro-life position (see HOTLINE 9/30). COLUMBUS DISPATCH's Curtin: "Following the political rule of responding immediately to an attack," DeWine had this spot on the air "within 24 hours of Glenn's first ad on the abortion issue. ... It appeals to voters' sentiments that abortion should not be a primary focus of the Senate race. Using DeWine's wife ... is an attempt to make the message more effective with women" (10/1).

DEBATES: DeWine "renewed his call for a series of televised debates, saying Glenn is hiding behind TV ads" (10/1). Director Dale Butland: "Every time [DeWine] drops in the polls or wants to change the focus of the campaign away from his ... unpopular positions on a issue, he trots out his debate complaint" (Glenn release 9/30).

***21 WISCONSIN: POLL SHOWS FEINGOLD BY 21 POINTS**

WI Public Radio poll conducted 9/24-28 by St. Norbert College, surveyed 407 likely voters; margin of error +/- 4.9% (release, 10/2). Tested: State Sen. Russ Feingold (D) and Sen. Bob Kasten (R).

	ALL	FAV/UNFAV	SUPPORT?	FEIN	KAST
Feingold	54%	61%/15%	Definitely	66%	52%
Kasten	33	47 /40	Somewhat	23	34
Undec.	12		Soft	10	14

A new TV ad by Kasten's camp "says the policies" of Feingold "would raise taxes on some middle-class families \$1,000 and \$15,000 on an average small business." Though Feingold "has not called for any such taxes," the Kasten camp "said they would be the inevitable result of Feingold's proposals for health insurance reform and deficit cutting." Feingold manager Bob Decheine: "People who were involved in Bob Kasten's opponent's last campaign told us that the first victim in a Kasten campaign is the truth." Decheine continues: "We are demanding that the Kasten campaign remove this ad from the air and apologize for the distortions it contains" (Lamke, MILWAUKEE SENTINEL, 9/30).

DEBATE: A Kasten-Feingold debate is scheduled to be broadcast live on WI Public Radio/TV 10/16 (McDade, WI STATE JOURNAL, 9/30).

EXPOSURE: W.S. JOURNAL's Gigot: "What do you call a career politician who opposes term limits, votes against welfare reform, rejects education 'choice' even for public schools, frets about biotechnology and waxes nostalgic about the 1960s? A dead duck? A Bronze Age relic? Would you believe, the candidate of 'change'? Such is the brilliant achievement of" Feingold (10/2).

***22 SENATE SMURFS**

ALABAMA: Mason-Dixon poll conducted 9/22-23, surveyed 829 likely voters; margin +/- 3.5% (ANNISTON STAR, 9/29). Tested: Sen. Richard Shelby (D) and businessman Richard Sellers (R).

	ALL	MEN	WOM	BLK	WHT
Shelby	62%	64%	60%	77%	57%
Sellers	18	17	19	7	22
Undec.	20	19	21	16	21

KENTUCKY: Political Media/Research poll conducted 9/23-27 surveyed 809 likely voters; margin +/- 3.5% (WKRC-Cincinnati, 9/30). Tested: Sen. Wendell Ford (D) and David Williams (R).

	ALL	MEN	WOM	GOP	DEM	IND
Ford	60%	59%	61%	39%	71%	59%
Williams	19	23	15	34	12	16
Undec.	21	18	24	27	17	25

Ford launched a new ad this week. PARTIAL TEXT, Ford, in shirtsleeves and rural setting, addressing the camera: "About five years ago, a buncha senators, uh, came to me and wanted to have a bank, similar to the one they had, uh, in the House, where all those checks. ... And I said, 'No way. We're not gonna have a bank on our side.' ... If it ain't good for Kentucky, it ain't good for Wendell Ford." Ford "tried to distance himself from Washington without letting on" that Williams has tried to use the bank issue against him. The ad "tried to debunk any notion that as majority whip and an 18-year incumbent, Ford is a Washington insider" (Cross, Louisville COURIER-JOURNAL, 9/30).

SOUTH DAKOTA: Political Media/Research poll conducted 9/25-26 surveyed 812 likely voters; margin of error +/- 3.5% (Sioux Falls ARGUS LEADER, 9/30). Tested: Sen. Tom Daschle (D) and teacher Charlene Haar (R).

	ALL	MEN	WOM
Daschle	56%	57%	55%
Haar	33	32	34
Undec.	11	11	11

*23 FL RUNOFF RESULTS

FL 03: Dem: State Rep. Corrine Brown, radio talk show host Andy Johnson. GOP: FL Physicians Assn. exec. dir. Don Weidner, businessman Steve Kelley. Results with 99% precincts reporting (AP, 10/2). Brown is expected to win easily in this newly-created black-majority CD.

DEM RUNOFF			GOP RUNOFF		
Brown	27,871	64%	Weidner	4,290	59%
Johnson	15,582	36	Kelley	3,037	41

FL 13: GOP: Entrepreneur Brad Baker, real estate developer Dan Miller. Results with 99% precincts reporting (AP, 10/2). Miller faces Rand Snell (D).

GOP RUNOFF		
Miller	33,890	53%
Baker	30,443	47

FL 20: GOP: Consultant Beverly Kennedy, atty Marilyn Bonilla. Results with 100% precincts reporting (AP, 10/2). Kennedy faces state Rep. Peter Deutsch (D).

GOP RUNOFF		
Kennedy	3,581	52%
Bonilla	3,247	48

FL 23: Dem: Ex-Federal Judge Alcee Hastings, state Rep. Lois Frankel. GOP: Real estate developer Ed Fielding, atty Oliver Parker. Results with 100% reporting (AP, 10/2).

DEM RUNOFF			GOP RUNOFF		
Hastings	22,043	58%	Fielding	2,416	54%
Frankel	16,290	42	Parker	2,031	46

*24 HOUSE RACE BRIEFINGS

KY 04: Rep. Jim Bunning (R-04) and '91 Gov candidate Dr. Floyd Poore (D) met in the only scheduled debate. They "traded some charges over substantive issues during the first half of the debate," but then got into "personal matters." Bunning said Poore "ran behind in his child-support payments" in the '70s and Poore "responded by saying Bunning's wife, Mary, filed for divorce because of alleged infidelities." Later, Poore apologized to Mary Bunning (Louisville COURIER-JOURNAL, 9/29).

MD 05: In a debate, Rep. Steny Hoyer (D) "railed against the legacy of the Reagan-Bush years" and real estate broker Larry Hoagan (R) blamed Congress. Bill Jonston (I) is also running in this new majority-Dem, but "conservative," CD (W. POST, 10/1).

MD 06: Del. Tom Hattery (D), who defeated 7-term Rep. Beverly Byron (D) in the primary, charged that retired teacher Roscoe Bartlett (R) lied in a 9/24 debate when he claimed he was not old enough to serve in WW II. Bartlett was originally classified as a 1-A but had it changed by a local draft board 8/13/44 to a 1-D by using a "rare" divinity school deferment. Bartlett: I "had every intention of answering the call to the ministry in my church" (Hagerstown HERALD-MAIL, 9/26).

MA 05: Ex-Rep. Paul Cronin (R), who made an issue of primary foe Michael Conway's failure to release his tax returns, had a federal tax lien placed on his home in 1990 (B. HERALD, 9/30). Cronin faces ex-county prosecutor Martin Meehan (D), who defeated Rep. Chet Atkins (D).

MA 06: Federal prosecutors in the racketeering and bribery case against Rep. Nick Mavroules (D) are requesting US District Judge A. David Mazzone order Mavroules to provide the FBI with voice samples in an "effort" to prove he is speaking on a tape "discussing a \$5,000 payoff he allegedly accepted in exchange for a prisoner transfer" (B. GLOBE, 9/30). Prosecutors "also demanded to know if he plans to offer an alibi" at his trial (B. HERALD, 9/30). Mavroules faces ex-state Rep. Peter Torkildsen (R). The NRSC will "plug" \$60,000 into the campaigns of Torkildsen and Peter Blute (R) in the 3rd CD (B. HERALD, 10/1).

NJ 06: New Brunswick HOME NEWS' Patella claims Rep. Frank Pallone (D-03) "wants it both ways" as he "has made his self-described outsider status in Congress a major theme, but has also adopted" a "rusting" '74 Ford Maverick as his mascot campaign car and issued a "Declaration of Independence" citing examples of when "he broke ranks" with cong. Dems. State Sen. Joseph Kyrillos (R) says "Pallone's rebel posturing contradicts his record as a spender and a fundraiser" (9/29).

NY 23: Half the money raised by Erie Co. Exec. Dennis Gorksi (D) in his bid for retiring Rep. Henry Nowak's (D) seat comes from contributions from his political appointees. Some donors said "they gave gladly,:" others said their giving "was carried out in an environment of coercion" (BUFFALO NEWS, 9/27).

PA 19: Paul Kilker (D) and Tom Humbert (I) "debated an empty chair" because Rep. Wm Goodling (R) was "busy" in D.C., but the explanation "did not satisfy some in the audience." Goodling was repeatedly criticized for bounced checks (YORK DAILY RECORD, 10/1). Goodling has not been cleared by the DoJ for his 430 bounced checks (W. TIMES, 9/29).

PA 13: Ex-TV reporter Majorie Margolis Mezvinsky (D) claims Montgomery Co. commis. Jon Fox (R) gave one of his largest contributors a political appointment. Fox "blasted" Magolis Mezvinsky for the \$4,000 she spent investigating him (Norristown TIMES HERALD, 9/28). Fox acknowledged that he can not campaign solely on personal time. Margolis Mezvinsky said the admission "confirmed my worst suspicions" (PHILA. INQUIRER, 9/26).

VA 08: Pro-choice Rep. Jim Moran (D) called pro-life Kyle McSlarrow (R) "out of step" on abortion and accused him of "toning down" his views since the primary in order to win votes (FAIRFAX JOURNAL, 9/30). McSlarrow said Moran "sold out" to contributors in trying to steer a congressional investigation away from supporters. McSlarrow "acknowledged" he tried to justify the actions of some contributors but said he never took action to benefit them (W. POST, 9/22).

===== HOTSPOTS =====

*25 TEXAS: GUERRERO COMES CLEAN ON THE AIR

Ex-RR Commis. Lena Guerrero (D), who resigned under charges that she misrepresented her U-TX academic record, "started an unprecedented [TV] blitz [9/29] to directly apologize to Texas voters for falsely claiming that she had graduated from college." The 30-sec. spot, running statewide, "features Guerrero talking straight into the camera" (FT. WORTH STAR-TELEGRAM, 9/30). Guerrero is also meeting "with influential business leaders, labor [orgs.] and newspapers." At a "raucous union rally" at Clinton-Gore HQ: "I know that people think that somehow I got this job by misrepresenting myself, but let me be very honest with you: People like me don't get jobs like this and then get to keep them 'cause we're pretty, OK?" (S.A. LIGHT, 10/1).

HISPANICS RALLYING: DALLAS MORNING NEWS' Hoppe reports in South TX, "the disappointment ... is crystallizing into something else: energized support." Rio Grande Valley leaders say Guerrero supporters "will come to her aid, creating the highest voter turnout ever in the Valley for a general election" (10/1).

===== POLL UPDATE =====

*26 CNN/USA TODAY/GALLUP TRACKING: 48% SAY WON'T VOTE BUSH
1,052 registered voters surveyed 9/28-30; margin +/- 3%
(CNN, 10/1). 333 RVs surveyed nightly for rolling 3-day sample.

3-WAY		CORE SUPPORT	SOFT SUPPORT	POTENTIAL VOTERS	NO CHANCE	FAV / UNFAV
Clinton	52%	34%	18%	16%	32%	54% / 38%
Bush	35	23	12	17	48	40 / 56
Perot	7	1	6	21	72	20 / 66

2-WAY		HOW MUCH HAVE YOU THOUGHT ABOUT THE RACE?	
Clinton	54%	Quite a lot	75%
Bush	38	Some (vol.)	5
		Only a little	18%
		None (vol.)	2

WHO SUPPORT IN CD?			WHO HAS THE BEST PLAN FOR ECONOMY?		
Dem	52%	GOP 39%	Bush	24%	Clinton 42% Perot 14%

*27 BATTLEGROUND '92 TRACKING: CLINTON LEAD UP TO 11

1,000 registered voters, surveyed 9/27-30 by The Tarrance Group, with analysis by Ed Goeas (R) and Celinda Lake (D); margin of error +/- 3%. Battleground surveys 250 RVs nightly to provide a rolling 4-day sample for uniform tracking purposes. Date shown is final of 4 survey dates (10/2).

2-WAY	DATE: 9/30	29	28	27	24	23	22	21	20	17	16	15
Clinton	49%	48%	48%	49%	48%	49%	48%	48%	47%	48%	49%	49%
Bush	38	39	41	40	41	40	39	39	41	41	40	40
Perot (vol.)	2	2	2	2	2	2	2	2	2	2	2	1

	FAV / UNFAV	BETTER JOB HANDLING FOREIGN TRADE
Bush	38% / 52%	Bush 60%
Clinton	49 / 38	Clinton 25

*28 THIS MORNING: ABC's "GMA" hosted Bush; DNC chair Ron Brown on the debates; Perot nat'l coord. Orson Swindle on Perot; and Dem strategist Susan Estrich and Bay Buchanan on the Perot effect. NBC's "Today" hosted Clinton in a taped interview; Clinton comm. dir. George Stephanopoulos and Bush advisor Charles Black on the debates. "CBS This Morning" hosted Dem strategist Bob Beckel and Fred Barnes on Perot (10/2).

LAST NIGHT: All nets led with Perot. PBS' "MacNeil/Lehrer" focused on Perot with Sen. David Boren (D-OK), Rep. Vin Weber (R-MN) and Perot nat'l coord. Orson Swindle. Also featured were Mark Shields, David Gergen, GOP pollster Richard Wirthlin, Dem pollster Peter Hart and Joint Center for Political and Economic Studies' Eddie Williams. "Crossfire" hosted Orson Swindle and ex-TX Gov. John Connally. "Larry King Live" hosted Sen. Warren Rudman (R-NH) and Paul Tsongas on the deficit. ABC's "Nightline" focused on Perot's character with Pat Buchanan, Sen. Tom Harkin (D-IA) and Perot Coordinator Orson Swindle (10/1).

LAUGHS: NBC's Leno on Stockdale: "It's really a very important position. If at any point Mr. Perot can not run, Stockdale will have to step in and quit for him." On the only thing that keeps Quayle from going to private school: "Entrance exams" ("Tonight," 10/2). NBC's Letterman on Perot: "He said, regarding the American public, I am totally committed to serving you; isn't that what the waitresses say at Denny's?"

LETTERMAN'S TOP TEN SIGNS PEROT IS GOING TO DROP OUT AGAIN

10. He's back in again.
9. Hasn't bothered to change answering machine message that says "Hi I'm out of the race right now ..."
8. He's got that faraway look in his eye that he always gets right before he drops out.
7. Hasn't canceled his month long trip to Germany for Oktoberfest.
6. A reporter asked him about an issue.
5. Whenever someone says, "I'm going to vote for you," he says, "Huh? Oh yeah, great."
4. New campaign slogan: "I'm your man 'till Columbus Day."
3. Overheard saying, "The cramps have started again."
2. He's already scheduled a "Larry King" interview to make "an important announcement."
1. Accepted a job at Dairy Queen.
("Latenight," 10/2).

===== TV SOUNDBITE =====

"The Perot movement is one of the most healthy things in American politics."

-- Pat Buchanan, "Nightline," ABC, 10/2.

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

October 2, 1992

STATEMENT BY THE PRESIDENT

All Americans, and people of compassion everywhere, remain deeply troubled by the cruel war in Bosnia and the broader turmoil in what was Yugoslavia. We took several important initiatives in August, and today I am announcing further steps to help ease this conflict.

The United States has been working intensively with other concerned nations to contain the conflict, alleviate the human misery it is causing, and exact a heavy price for aggression. This international effort has produced some results. The recent London Conference set up an international mechanism for addressing all aspects of the Yugoslav problem and put in motion an active negotiation. The tenuous truce in Croatia is holding. International observers are on their way to neighboring countries and to Kosovo and other parts of the former Yugoslavia to prevent the violence from spreading. The UN trade embargo has idled roughly half the industry of Serbia, whose leader bears heavy responsibility for the aggression in Bosnia. Our demand that the Red Cross be given access to detention camps has begun to yield results, and the release of detainees has now begun. The UN resolution we obtained to authorize "all necessary measures" to get relief supplies into Bosnia has led to the creation of a new UN force to be deployed for that purpose.

We will continue to honor our pledge to get humanitarian relief to the people of Sarajevo and elsewhere in Bosnia. To this end, I have directed the Secretary of Defense to resume American participation in the Sarajevo airlift tomorrow morning. I wish I could say that there is no risk of attack against these flights, but I cannot -- although we are taking precautions. We can be proud of the Americans who, along with courageous personnel from other countries, will go in harm's way to save innocent lives.

Still, the savage violence persists in Bosnia. Despite agreements reached at the London Conference, Bosnian cities remain under siege, the movement of humanitarian relief convoys is still hazardous, and innocent civilians continue to be slaughtered. At London, the parties agreed to a ban on all military flights over Bosnia. Yet the bombing of defenseless population centers has actually increased. This flagrant disregard for human life and for a clear agreement requires a response from the international community, and we will take steps to see that the ban is respected.

Now, a new enemy is about to enter the battlefield: winter. Some weeks ago, I asked for an assessment of the effects that the combination of war and winter could inflict on the suffering people of Bosnia. The answer was profoundly disturbing:

thousands of innocent people -- some uprooted, others trapped -- could perish from cold, hunger, and disease. Anticipating this danger, the United States has been working with other nations and with the UN to mount a major expansion of the international relief effort and to support the tireless negotiations of UN and EC envoys, Cyrus Vance and David Owen, to get the fighting stopped.

I want the American people to know what the United States intends to do to help prevent this dreadful forecast from becoming a tragic reality. I have decided to take a number of further steps:

- First, having authorized a resumption of U.S. relief flights into Sarajevo, I am prepared to increase the U.S. share of the airlift.
- Second, we will make available air and sea lift to speed the deployment of the new UN force needed immediately in Bosnia to protect relief convoys. The United States will also provide a hospital and other critical support for this force.
- Third, the United States will furnish \$12 million in urgently needed cash to the UN High Commissioner for Refugees for the purpose of accelerating preparations for the winter. This is in addition to the \$85 million in financial and material support we have already committed.
- Fourth, we will offer to the UN and the Red Cross help in transporting and caring for those who are being freed from detention camps. We have already provided \$6 million for this purpose.
- Fifth, in cooperation with our friends and allies, we will seek a new UN Security Council Resolution, with a provision for enforcement, banning all flights in Bosnian airspace except those authorized by the UN.
- Sixth, we are taking steps in concert with other nations to increase the impact of sanctions on Serbia. I call on the Serbian authorities to cooperate fully with the UN and to comply with its resolutions.

There is no easy solution to the Bosnian conflict, let alone the larger Balkan crisis. So we will persist in our strategy of containing and reducing the violence, making the aggressors pay, and relieving the suffering of victims -- all the while lending our full support to the quest for a settlement. History shows that what this troubled region needs is not more violence but peaceful change, and I am confident that the steps I am announcing today will help the innocent victims, strengthen the hand of the negotiators and reinforce the pressures for peace.

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STATEMENT

BY

J. MORTON DAVIS

CHAIRMAN OF THE BOARD

OF

D.H. BLAIR & CO., INC.

BEFORE THE

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

Hearings on the U.S. Economy and Proposals to Provide
Middle Class Tax Relief and Economic Growth

WHY IT IS IMPERATIVE THAT OUR NATION TAKE ACTION TO
CREATE INCENTIVES FOR INVESTMENT IN SMALL EMERGING
COMPANIES AND A RECOMMENDATION OF THE SPECIFIC ACTIONS
TO JUMP START OUR ECONOMY AND ACHIEVE SIGNIFICANT SHORT
TERM AND LONG TERM ECONOMIC GROWTH

February 6, 1992

Chairman Rostenkowski, Congressman Archer and distinguished members of the Committee.

I am J. Morton Davis, Chairman of the Board and shareholder of D.H. Blair & Co., Inc., a New York investment banking firm, founded in 1904, specializing in investments in emerging growth companies.

It is an honor to appear before this Committee to discuss why I believe it is imperative that our nation take action to create incentives for investment in small emerging companies, and to present to you recommendations of specific actions to jump start our economy and achieve significant short term and long term growth.

It would be a shame if the legacy of the Bush administration with its magnificent foreign policy and other significant achievements would be that of an administration which presided over the decline of the United States as a world economic power. It would be a shame, and it's not necessary.

We are, I believe, at a pivotal moment in our nation's economic history.

We Americans hear of the Bush administration's foreign policy triumphs and other achievements, and we would like to

believe that we are winners. However, we look at our daily lives, and we cannot avoid the feeling that we are losing. We are a creative people, and we want to create. We are a nation of pioneers, of risk takers, of dreamers, and we want an economy that will encourage us to create better products and better lives. Instead, we are losing jobs at an alarming rate, our budget deficit is at record levels, our competitive position in world markets continues to weaken, our level of technological advances is shamefully low for a country our size and with our resources, our President is forced to travel around the world to beg our trading partners to buy our products and we are in the midst of a severe recession. Established companies have been cutting back jobs, and unlike prior recessions where there have been lay-offs, these job cuts appear to involve permanent reductions in employment. Our economy is stagnating, and for the millions of workers who are unemployed our country is already in a depression.

Quick and decisive action is necessary to address these problems. Many proposals have already been made to stimulate economic growth, create jobs and improve our ability to compete in the world marketplace. These programs range from an across the board reduction in the capital gains tax rate, to tax credits, to government-sponsored job programs. However, none of these programs appears likely to produce the desired results. Instead of trying for a quick fix, there needs to be consideration of a program which is most likely

to stimulate a new round of economic growth which can rescue our stagnant economy and be sustained.

The selected approach should be one that would most rapidly:

1. create new jobs;
2. stimulate capital investment; and
3. promote the development of new products and technologies which will enable United States' businesses to effectively compete in world markets.

A program designed to stimulate the growth and development of small businesses is most likely to accomplish this result.

In all probability we are not going to beat the Japanese or other newly industrialized countries in the older mature industries, but we can surely improve our competitive position and leave them decades behind in what our pioneering and entrepreneurial spirit has always done best -- specifically, the development of new technologies and new products in such emerging fields as biotechnology, telecommunications, space and aerospace, superconductivity, laser technology, medical and pharmaceutical products and cures and all of the exciting yet undreamed of products of the 21st Century and beyond.

If we look historically at our economy, it is small, entrepreneurial businesses which have created the most new jobs, invested the greatest percentage of their assets in new equipment, and have provided the greatest percentage of technological breakthroughs and new products for each dollar invested. Small companies have been generally at the forefront of most important technological breakthroughs whether in medicine, biotechnology or data processing. The entrepreneurial effort, resourcefulness and creativity which have characterized small businesses have led to technological development and spurred the growth of our economy.

There are unending daily announcements of people being laid off by large corporations and those jobs are, in most cases, gone forever. It's only the new smaller companies that can create the new jobs needed. More than a third of America's workers are employed by businesses with fewer than 100 employees.

Small companies are the testing and proving grounds for new ideas and technologies that, aside from the sheer size of our market, have been America's greatest strength. Starting and promoting small businesses -- part of the American Dream -- is what built our country. One need only think of how Edison's inventions and Henry Ford's first assembly line changed the world forever, or, more recently, of how Ray Kroc

went from selling multimixers from the back of his station wagon to build McDonalds, to how Steve Jobs turned a few PC's into Apple Computer, and to how Bill Gates' first software program mushroomed into the giant Microsoft Corporation, and you begin to get an idea of the billions of dollars of goods and services and the millions and millions of jobs that exist today thanks only to past investment in developing companies. We as a people are amazingly good at developing new technologies and new products -- better than anyone else in the world -- and this is where we can shine competitively and truly excel.

In analyzing each of the desired objectives to revive the economy, it seems clear that new and smaller firms create the overwhelming percentage of new jobs and that stimulation of the economy is most likely to be accomplished by encouraging this sector of the economy.

There is substantial empirical evidence to support this conclusion. Numerous studies have concluded that small and newly created firms play an important role not only in job creation but in the process of technological innovation and new product development, processes critical to future U.S. competitiveness. The following are only a few examples.

A recent study by the U.S. Commerce Department pointed out that from 1982 to 1989 large United States multi-national

corporations generated a domestic employment gain of less than 1%, while the nation's total non-agricultural payrolls rose approximately 21%. Our large corporations, which in 1982 represented approximately 21% of the nation's employment, accounted for less than one tenth of 1% of the 1982-1989 job growth and fell from 21% to 17% of total employment during the period from 1982 to 1989. Additionally, these major corporations, which accounted for the overwhelming percentage of the nation's sales volume, contributed less than 15% of the country's total gross national product growth from 1982 to 1989.

A study completed by the National Association of Securities Dealers, Inc. and the Economic Research Bureau of the State University of New York at Stony Brook in December 1989, entitled "The Economic Impact of IPOs on U.S. Industrial Competitiveness", provided startling data as to job and technology advances provided by companies publicly raising money for the first time. The study covered 426 initial public offerings in 1983, 1984 and 1985 and tracked the performance of these companies through 1987. These offerings related to companies which are typically start up or smaller companies ("IPO firms"). The findings demonstrated that: (a) industry employment by all public companies dropped at an average annual rate of 6.5% while the IPO firms increased their employment at a rate of 29.8%; (b) IPO firms grew more than three and a half times faster than

industry in general, increasing their sales at an average annual rate of 34.6% compared with 9.4% for industry as a whole; (c) while IPO firms could be expected to increase their invested capital faster than industry in general, the margin of difference was more significant than would have been expected -- IPO firms grew at an average annual rate of 51.8%, or more than seven times faster than the industry average of 7.2%; and (d) IPO firms increased their capital spending more than 10 times faster than industry in general, or 62.7% versus 6.0%.

A third study entitled "Tax Incentives For Investing in Emerging Firms; A Strategy For Enhancing U.S. Competitiveness" by Robert J. Shapiro of the Progressive Policy Institute generally concluded that "emerging firms create most of the new jobs in the U.S., generate more technological advances than other companies and generally provide more of the innovations that are critical to U.S. competitiveness." The study further stated that "by definition, a new company creates employment; in fact the data [discussed in this study] show that new and young companies are primary forces in new job creation." Mr. Shapiro in his study also concluded that small corporations outpaced established companies in their rates of expenditures, especially for research and development and commercialization of new products and services.

Another study, which was conducted by the Massachusetts Institute of Technology, reported that from 1982 to 1986 the total number of Americans working increased by 9.2 million. Firms which were organized during this period, however, created nearly 14.2 million jobs, and another 4.5 million new jobs were created by companies with less than 100 employees. Thus the new jobs created during this period by these newly-organized businesses exceeded the entire job growth during this period. The Fortune 500 Companies actually decreased their total employment by 20% over the last decade.

In "The State of Small Business: A Report to the President, U.S. Small Business Administration", it was reported that slowly growing large corporations account for 85% of the U.S. economy, but only 16% of new jobs; whereas 7% of the smaller companies (most of which have fewer than 100 employees) create nearly 23% of all new jobs.

My own experience gained over the past 25 years during which my firm, acting as investment banker, has raised equity capital for hundreds of new and emerging small companies overwhelmingly supports this statistical evidence. Capital formation for these companies instantly translates into new jobs and new products. **The very next day after we give the IPO company a check they are out hiring people, creating new jobs, buying capital equipment and creating new products and services that promise to improve our health and the quality**

of our lives and that of our children and grandchildren.

Unlike more seasoned companies which over the past years have been reducing their work force, smaller companies instantly utilize their newly raised funds to hire new employees, to buy new capital equipment and to expand their businesses rather than to repay old debts and for other non-productive purposes. When smaller companies raise capital, they make immediate expenditures for research, for development of new technologies and to develop and promote new products. These new companies, in fact, develop the most exciting new technologies and new products in all areas, resulting in major medical breakthroughs and the development of advanced technologies. These represent the most significant business sectors where we can express our competitive superiority over the Japanese and other foreign competition.

Larger U.S. corporations clearly understand the important role of smaller companies in creating important technological advances. This is evidenced by the increasing number of instances in which large U.S. corporations enter into joint research and development efforts with small entrepreneurial companies or acquire or make substantial equity investments in these companies to gain access to their technology base. These actions reflect a recognition that these smaller companies with their more dynamic, pioneering, entrepreneurial, non-bureaucratic structure are responsible for much of the nation's growth and are better able to find

creative solutions to problems, which is necessary in the creation of new technology and new products.

I believe that these numerous concrete facts and examples demonstrate quite clearly that investment in smaller emerging companies is necessary in order to bring the economy out of its doldrums and launch a new era of economic growth. The question then is, what is the best approach to encourage such investment? My proposal is to provide tax incentives for investors in such small businesses, as follows:

1. **To incentivize such investments, there should be no taxes on gains realized from investment in small companies so long as such gains are reinvested in other small companies within six months (very much like the tax treatment afforded one who sells one's home and repurchases another within two years).**
Because we cannot afford to introduce impediments and disincentives to investments in small emerging businesses, there should be no minimum holding period for an investor to benefit from these gains. A minimum holding period is not necessary to promote this type of investment. Indeed, a minimum holding period is counterproductive to such investments. First, a holding period drastically limits the pool of potential investors to those who can afford to tie up their funds for a long time.

Secondly, a holding period significantly lessens the incentive by removing the possibility of a quick gain, and as a result of such reduced incentive, necessarily reduces the number of persons willing to risk investing in small entrepreneurial companies. What we need to achieve is the positive results which derive from such investments. As long as the investment serves to launch a new company or the expansion of an existing business with the attendant creation of new jobs, we need not require "patient capital" which is "locked in" for five or ten years. The goal is to stimulate small businesses by incentivizing investors in these enterprises without giving a tax benefit windfall to anyone whose investment does not immediately help to generate jobs and economic growth. This is accomplished by the requirement that the entrepreneurial investor must reinvest the proceeds from sales of small business securities in another small business within six months (in order to avoid a full tax on the gain from the original sale). The reinvestment requirement will provide investors with sufficient flexibility, while ensuring a continuing pool of investment capital for this important sector of the economy. **New small businesses create jobs and create value!**

2. In order to encourage the kind of high risk taking required, losses from investments in small companies should be deductible against any and all forms of income -- not just passive gains. Since 1958, through the issuance of so-called 1244 stock, the tax code has promoted capital formation for small businesses by permitting certain ordinary loss deductions, but has limited and otherwise restricted such deductions in a way which makes the benefit of such provisions relatively meaningless for most investors in today's economy. There should be no limit on the amount of the write-off for losses from investments in small companies. We must encourage risk taking that stimulates growth.

While a workable definition of a small emerging business that would qualify for this preferred tax treatment needs to be finalized, I believe that a suitable definition of a "small company" is a company having either less than 100 employees or annual sales of less than \$10,000,000. Furthermore, in order to insure the productive use of such investments, companies whose principal activity is managing real estate and investments or financial businesses which do not create employment opportunities could be excluded.

This is a targeted tax incentive with enormous leverage

which, through natural market forces and without the introduction of any costly new government bureaucracy, can produce tremendous positive results far out of proportion to the potential of any lost revenue. It encourages investments by the little guy, the middle class, to help start and grow small businesses which produce large job growth. It's not a 'windfall' for the rich. It's not a giveaway. It's not a quick fix. It's a politically "sound, perceptionally fair, voter friendly" tax policy. It is both appropriate and desirable to reward risk taking that promises rewards to society.

Capitalism's unparalleled success is due to incentives. Across the board capital gains tax incentives do not specifically bring about the goal of increasing capital formation in the most productive sector of our economy...emerging growth businesses. **Targeted, effective incentives, not open to abuse or excess, must be implemented for investment in America's productivity and long term growth.**

While as Chairman and shareholder of a leading underwriter of initial public offerings by emerging growth companies I would benefit from any increase in the number of such offerings, it is the experiences and insights gained from my over quarter century's involvement with small and medium sized businesses that makes me confident that this

proposal would without a doubt provide incentives for capital formation in the most effective sector of America's economy, immediately and in the future. Enactment of my proposal would encourage an influx of needed capital into small businesses. The desired results of new jobs, new spending for capital equipment and expanded development activities would be seen almost immediately after the capital is raised. The need for access to equity capital for small businesses is even more acute in today's environment because of the lending abuses of the 1980's, and the weaknesses of the banks which apparently are unable or reluctant to make loans to start up and early stage businesses. Accordingly, equity capital is the only real source of funds for smaller businesses.

The availability of such capital would also spur new entrepreneurial efforts and new business formation. It would have a multiplier effect. Not only will this help stimulate the economy, but the social benefit of making new business opportunities available for talented individuals, including scientists and engineers who may not otherwise be able to find jobs or business opportunities in the present economic climate, may be equally important. It will help bring all of the exciting emerging new technologies out of the universities and into the commercial world. The potential for business growth and new entrepreneurial business formation is overwhelming.

Even if the effect of such targeted tax benefits would be to adversely effect the budget it would still be the correct action to implement because it would be an investment in our country's future. It would "jump start" the economy now and produce positive results in the form of jobs, economic growth and new competitive products and technologies for the short and the long term. However, unlike some of the other current proposals, this proposal should not increase the budget deficit. Since the proposal is limited to small companies, the amount that would ultimately be tax deferred is small and will have far less of an impact on the federal budget deficit than an across the board cut in capital gains. Moreover, any lost revenues as a result of this tax incentive program for small companies would be greatly outweighed by the reduction in payments for the jobless and for welfare and by the additional tax revenues which can be expected to be generated by additional jobs, salaries and profits from the expansion of existing small businesses and the creation of new businesses.

Moreover, unlike an across the board cut in the capital gains rate and the many other proposals that reduce the tax on capital gains and thus lose forever a portion of the tax otherwise payable on capital gains, my proposal merely defers the tax on the gain resulting from investments in small companies. It creates incentives for reinvestment in other small companies, thereby expanding the benefits of such

investments exponentially, but ultimately taxes the full gain at the general tax rate. Just as the deferral of taxes on IRAs allows those investments to grow, my proposal would incentivize the reinvestment of profits from investments in small companies and permit those funds to continue working, not just for the investor, but also to create still more jobs, purchase yet additional equipment and spur even greater advances in science and technology.

I do not believe that an across the board reduction in the capital gains tax rates would accomplish the desired result of stimulating business growth and technological development. Unlike my proposal, a broad based capital gains tax reduction would not be sufficiently focused to provide capital to the segment of the economy which can best utilize this capital to generate new jobs and economic growth. Much of the tax break would encourage non-productive securities transactions and, at best, the reduction in capital gains rates would only minimally stimulate capital raising by small businesses. In fact, a decrease in capital gains tax would be likely to increase the budget deficit without providing an immediate stimulus to business and employment. A study released by the Congressional Research Service in January 1992 concluded that the effects of a capital gains rate cut would be "negligible and suggest that the capital gains tax cut will have no noticeable impact on the overall performance of the economy."

How does it help if a preferential capital gains rate encourages someone to sell one good stock and buy another? How does it help the economy if one sells IBM where he has a big gain and buys American Telephone? Giving a capital gains tax benefit across the board gives "the rich" holding shares they already bought and own a windfall at a cost to the budget. Although an across the board capital gains tax cut may actually encourage a one time "bubble" collection as people take advantage of a lower tax to "cash in" some of their gains, it doesn't necessarily immediately create new jobs and new capital formation as my proposal does. The reward of a preferential incentivized tax rate should only be for investments in new young companies that create new jobs and purchase new equipment, in other words, those companies which clearly generate economic growth.

The Matsui and Moody proposal (H.R.3741) and Senator Bumpers' proposal (S.1932) to provide tax benefits for long-term investment in high risk ventures are to be applauded for recognizing the importance of investments in small businesses as a key catalyst to economic growth, and for seeking to employ the capital gains tax as a means to incentivize such investments. I believe these proposals can, however, be significantly improved by the removal of the provision that such investments be held for a specified period as a condition to preferential tax treatment. These

proposals generally require that to qualify for any tax deferrals the investment in high risk ventures must be held for at least five years. Because of the required extended holding period, I do not believe that such proposals would provide sufficient incentive for the risk taking attendant in investing in a new or small business. **The virtue of these proposals is not the length of time one holds the investment but that it inspires the investment to create the new jobs, purchases of new capital equipment and the development of new emergent technologies that will improve our competitive position and our standard of living.** I believe the important thing is to stimulate a continuing pool of capital for smaller businesses, which does not happen with the imposition of any minimum holding period, but which is accomplished by the requirement of my proposal that an investor must reinvest the sale proceeds in another small business within six months from the sale to obtain the tax benefits. The potential for profit -- the very foundation of our capitalist system and, more importantly, the incentive to invest in small emerging companies -- and the total amount available for such investments, will dramatically increase if investors have the ability to realize their profits easily and quickly. While the investor should not be limited in his ability to reap the benefit of his investment in small businesses, the immediate impact on the budget should actually be minimal in view of the fact that such investments historically require time to achieve significant appreciation in value.

Overall, I believe that the tax incentives I propose should provide sufficient economic benefits to investors to encourage them to invest in younger businesses and small businesses and to take the risks inherent in investing in start-up ventures. The proposal should further provide a substantial flow of capital to that segment of the economy which has historically produced the most new jobs, new products and new technological advances. The economic cost of the tax incentive program (if any at all) would not be great and would be far outweighed by the economic and social benefits resulting from the program. It would encourage the development of entrepreneurial enterprises and risk taking, which typically produce the greatest rewards and have made our country great during its most productive years. We seem to have gotten away from development of entrepreneurial businesses, in which owner-managers, without the bureaucratic limitations of larger businesses, have been able to develop creative solutions to problems and generate advances which have in the past enabled American businesses to compete successfully world-wide. We must again become a productive society. We should start producing what the rest of the world wants and needs from us -- new, exciting, technologically superior products. Small companies have generally been in the forefront of developing such products and technologies.

My tax incentive program for small businesses would be a significant start in the right direction to launch a new era of economic growth perhaps comparable to that generated by the Industrial Revolution. The Democrats can support it and love it as well as the Republicans. It doesn't reward money under the mattress or blue chip stock certificates locked in bank vaults. It doesn't reward the substitution of equity for LBO debt at large corporations which does little to encourage new investment in equipment, research and job formation. What it **does** reward is risk taking -- taking risks in the emerging growth businesses which create new jobs and new technologies -- the same risk taking that made America great, and the same risk taking that can make America great again.

Mr. Chairman, thank you again for the opportunity to appear today to present this testimony.

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A two-step plan to create 2 million new jobs before Election Day.

J OBS. JOBS. JOBS.
If rhetoric could create jobs, the economy would be rolling in prosperity by now. Clearly, what's required is decisive, bi-partisan action by the Administration and Congress; legislation capable of prompt enactment, designed to do two things which everyone agrees need doing:

1. Jump-start the economy.
2. Create long-term growth and opportunity.

More than a third of America's workers are employed by businesses with fewer than 100 employees. Small businesses built America's economy. Henry Ford, working in his garage. Ray Kroc, the founder of McDonald's, selling out of the back of a station wagon. Charles Revson, of Revlon, selling nail polish door-to-door. Steve Jobs, creator of Apple Computer. Bill Gates, who started Microsoft.

Seed money.

As an investment banker, I have raised equity capital for hundreds of companies.

The very next day after we give new companies a check, they are out hiring, creating jobs, investing in R&D, buying capital equipment, and creating new products and services to improve health and quality of life for us, our children and grandchildren.

Seed money creates growth. Instantly.

The mother lode of jobs.

Historically, small entrepreneurial businesses have created the most new jobs, invested the greatest percentage of assets in new equipment, and provided the greatest percentage of technological breakthroughs and new products per dollar invested.

It's no accident that these breakthrough companies created entire industries.

Between 1982 and 1986, newly organized firms created 14.2 million new jobs. Companies with fewer than 100 employees created an additional 4.5 million new jobs. Meanwhile, the Fortune 500 companies decreased their employment by 20% over the last decade.



Step One: The Multiplier Effect.

My proposal is to provide tax incentives for new investments in small businesses.

Not in IBM. Not in General Motors.

Not for old investments.

In the small entrepreneurial companies that are capable of quantum growth.

To incentivize such investments, there should be no taxes on gains realized from investment in small companies, so long as such gains are reinvested in other small companies within six months. (Very much like the tax treatment afforded those who sell a home and purchase another within two years.) There should be no minimum holding period.

We're not looking to lock in "patient capital." The sooner the money is reinvested, the faster it can go to work again.

This multiplier effect increases the pool of investment capital, and keeps it flowing to where it can do the most good.

Step Two: Encourage risk-taking.

To encourage high-risk investing in start-up situations, losses from these investments should be deductible against any and all forms of income – not just passive gains.

There must be no limit on the amount of write-off for losses from investments in small companies.

We must encourage the kind of risk taking that stimulates growth.

Two million new jobs?

This proposal is not a windfall for the rich. Not a giveaway. Not a quick fix.

It is a politically sound, voter-friendly, targeted incentive to launch a national market forces without



incentive to leverage natural market forces without costly new government bureaucracy.

Almost nineteen million new jobs were created in small businesses in the four years between 1982 and 1986, despite the fact that there was no incentive offered that was in any way comparable to this proposal.

In addition, interest rates were not at a seventeen-year low. On the contrary.

Capital is seeking opportunity.

Opportunity is seeking capital.

Mr. President, Mr. Speaker, Mr. Majority Leader, the time is now, before more millions of Americans lose their jobs to persistent economic stagnation.

Yourselves, perhaps, included.

J. MORTON DAVIS

Chairman of the Board, *D. H. Blair Investment Banking Corp.*
Chairman of the Board, *American Public Priorities Institute*
Author, *"Making America Work Again"* (Crown Publishers 1983)

This ad is a summary of the two-step targeted tax incentive for small businesses proposed by Mr. Davis in testimony before the Ways and Means Committee of the House of Representatives on February 6, 1992. If you have any comments or questions concerning these proposals, or, more importantly, if you would like to join with Mr. Davis in helping to make America work again, please feel free to write to him at 44 Wall Street, New York, NY 10005. If you agree with Mr. Davis that investing in small businesses is a key to the future economic growth of our country, and if you support his proposal described above, he urges you to write to President Bush and your Senators and Congressmen. Stand up and be counted.