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Perot, [Ross]

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Perot

WAYS AND MEANS AMENDMENT

- ◆ On Tuesday, November 4, 1975, Representative Phil Landrum offered an amendment to a major tax bill in the House Ways and Means Committee.
- ◆ "The measure would have permitted individuals with tax losses of over \$30,000 to carry them back for three years to offset taxes paid on capital gains in those three years."
- ◆ The measure passed by a vote of 20-14 at 10:30 p.m. on Tuesday, November 4, 1975.
- ◆ "Thus as the committee acted, it went unnoticed that the Landrum amendment represents what may be the most gigantic tax break in history for one person. That person is H. Ross Perot."
- ◆ "According to authoritative estimates, the Landrum amendment would result in a Treasury check for Mr. Perot that would probably total at least \$15 million dollars."
- ◆ Mr. Perot sold \$57.2 million worth of EDS stock in 1971. He was subject to more than \$20 million in capital gains taxes as a result of this sale.
- ◆ "Wall Street sources estimate that Mr. Perot suffered a personal capital loss of at least \$15 million and perhaps much more," on the bankruptcy of the duPont brokerage firm in 1974."
- ◆ This tax law change would have enabled Perot to offset his 1974 losses against his 1971 gains and therefore "would assure him a huge rebate check from the Treasury."
- ◆ "No other individual taxpayer would reap anything remotely approaching the bonanza for Mr. Perot."
- ◆ Mr. Perot hired former IRS Commissioner, Sheldon S. Cohen, who confirmed that he drafted such an amendment on Perot's behalf and said it "apparently was used" as the basis for the committee decision.
- ◆ "Mr. Cohen was in the audience Tuesday night when the committee approved the Landrum amendment keeping a written tally of how members voted."
- ◆ "Mr. Perot contributed \$1,000 to Representative Landrum's election campaign in October, 1974."
- ◆ "Mr. Perot contributed a total of \$27,400 to 12 of the 38 Ways and Means Members."
- ◆ "All of these contributions except the contributions to Mr. Landrum were made after the 1974 elections."

- ◆ "An official of the National Information Center of Political Finance in Washington described Perot's pattern of gift giving unique." He said, "Absolutely no one else gave this kind of money after the election." [Washington Post, 2/14/1975]
- ◆ Ten of the twelve Congressman receiving Perot contributions voted for the Landrum amendment. These are listed below.

MEMBER	PEROT CONTRIBUTION
○ Omar Burleson (D-TX)	\$5,000
○ Joe Waggonner (D-LA)	\$5,000
○ Donald Clancy (R-OH)	\$2,500
○ Dan Rostenkowski (D-IL)	\$2,500
○ James Jones (D-OK)	\$2,500
○ Joseph Karth (D-MN)	\$2,500
○ Herman Schneebeli (R-PA)	\$1,500
○ Phil Landrum (D-GA)	\$1,000
○ Bill Archer (R-TX)	\$ 900
○ James Martin (R-NC)	\$ 500

- ◆ The two Congressman who received money from Perot but voted against the Landrum amendment were James Corman (D-CA), who received \$2,500 from Perot and Al Ullman (D-OR), who received \$1,000 from Perot.
- ◆ Also voting for the measure in committee was former Chairman, Wilbur Mills. In 1972, two officials of the Perot computer company gave \$100,000 to Mr. Mills's unsuccessful Presidential campaign.
- ◆ Earlier in 1975, the Senate Finance Committee approved a similar amendment which was later discarded on the Senate floor. The Senate amendment's sponsor was Democrat Mike Gravel of Alaska who received a 1974 campaign contribution of \$5,000 from Mr. Perot.

[Wall Street Journal, 11/7/1975]

- ◆ The House eventually killed this amendment on December 4, 1975. Representative Fortney Stark called the provision, "somewhat of an embarrassment to the committee." [Facts on File, 12/8/1975]

Perot Would Gam

\$15 Million Benefit

In Tax Panel's Bill

The Texas Had Contributed

To Lawmakers Who Voted

Little Noticed Amendment

By ALBERT R. HUNT

King Reporter of THE WALL STREET JOURNAL.
WASHINGTON—Late Tuesday night, as the House Ways and Means Committee struggled with last-minute details of a major tax bill, Rep. Phil Landrum offered a seemingly routine amendment.

—The Georgia Democrat's measure would permit taxpayers who had capital losses over \$20,000 to carry them back for three years to offset taxes paid on capital gains in those years. (Currently, capital losses may be carried forward but not back.)

—A few legislators, principally Rep. Abner Mikva, an Illinois Democrat, complained that the amendment would only benefit upper-income taxpayers. But the debate was quick and perfunctory, and the measure passed 20 to 14. It was almost 10:30 at night, and committee members were tired. They already had spent more than three months on the tax bill, and they had little stamina for extended debate.

Thus, as the committee acted, it went unnoticed that the Landrum amendment represents what may be the most gigantic tax break in history for one person.

That person is H. Ross Perot, the canny and colorful Texas businessman who lately has suffered some huge business reversals. According to authoritative estimates, the Landrum amendment would result in a Treasury check for Mr. Perot that would probably total \$15 million. Other taxpayers also would benefit, of course. Tax specialists estimate a total Treasury loss of \$166 million from the Landrum amendment. But no other individual taxpayer would receive anything remotely approaching the bonanza for Mr. Perot.

The Lawyer's Draft

Mr. Perot was unavailable for comment yesterday despite repeated efforts to reach him by telephone at his Dallas office.

However, Mr. Perot's lawyer, former Internal Revenue Service Commissioner Sheldon S. Cohen, confirmed that he drafted an amendment on Mr. Perot's behalf and said it "apparently was used" as the basis for the committee decision Tuesday. Mr. Cohen says he doesn't recall who on the committee or its staff received the draft amendment from him.

Mr. Perot contributed \$1,000 to Rep. Landrum's election campaign in October 1974. Indeed, Mr. Perot contributed a total of \$200 to 12 of the 38 Ways and Means members. Curiously, all the contributions except the one to Mr. Landrum were made after the November 1974 elections. On Tuesday night 10 of the 12 Congressmen receiving Perot contributions voted for the Landrum amendment.

Rep. Landrum and the other committee members who received Perot contributions say they didn't have any idea the amendment would provide a giant tax break for Mr. Perot.

Capital gains

12 ★ ★ ★

MARKET SECTION

FRIDAY, NOVEMBER 7, 1975

AP Wire Service Transmitted by Wire to All News Stations

THE WALL STREET JOURNAL

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Yet at least a few Ways and Means members had a notion that the Landrum amendment was something special. "There was vague talk among some of the guys about this (amendment) helping Perot, but it was all sort of hush-hush," says one committee member who insists on anonymity.

The committee hopes to finish work on its omnibus tax bill today. Until the final committee vote, it remains possible that the amendment benefiting Mr. Perot might be knocked out. And, too, the amendment might be discarded or modified during subsequent congressional action. Yet whatever the amendment's ultimate fate, the late-night action by the House committee provides a case study of how special tax breaks find their way into massive and complicated tax bills.

Perot's Agent

Mr. Perot's agent on the matter was Mr. Cohen, whose previous service as IRS commissioner gives him solid connections with the tax writers on Capitol Hill. Mr. Cohen was in the audience Tuesday night when the committee approved the Landrum amendment, keeping a written tally of how members voted.

One Ways and Means member says another experienced tax lobbyist, Carl Arnold, was also operating on Mr. Perot's behalf. Mr. Arnold represents a Perot company, Electronic Data Systems Corp., but in this instance the lobbyist says he wasn't active on Mr. Perot's behalf.

The Landrum amendment, as drafted, corresponds with Mr. Perot's particular tax problems. The measure would be effective retroactively to 1974 and would allow capital losses to be carried back three years to offset capital gains paid as far back as 1971.

Mr. Perot was obliged to pay a huge capital-gains tax in 1971. He says in that year he sold 900,000 shares he had held in Electronic Data Systems for \$67.50 a share. His profit was \$57.5 million, almost all of which was subject to capital-gains taxes because his initial investment was tiny.

The maximum effective capital-gains tax on that transaction was 36.5%. Thus, available public records indicate that Mr. Perot was subject to capital-gains taxes of more

Please Turn to Page 38, Column 3

Perot Would Gain \$15-Million Benefit In Tax Panel's Bill

Continued From First Page

than \$20 million on the sale of the 900,000 shares of stock.

By 1974, however, Mr. Perot's business fortunes had soured. He had invested heavily in a merged Wall Street brokerage firm, ~~but the firm had not~~ ~~lapsed into bankruptcy.~~ A partnership dominated by Mr. Perot had put as much as \$100 million into the bankrupt firm, according to knowledgeable Wall Street sources.

The Wall Street sources estimate that Mr. Perot suffered a personal capital loss of at least \$10 million ~~and, perhaps, much more~~ with the bankruptcy of the brokerage firm. Under the present tax law, Mr. Perot could carry forward these losses to offset any future capital gains. However, his losses were so vast in 1974 that it is highly uncertain that he would have sufficient future capital gains to recover a major portion of his losses.

On the other hand, a tax-law change that would enable Mr. Perot to carry back his 1974 losses and offset them against his 1971 capital gains would assure him a hefty cash check from the Treasury. And that is exactly what the Landrum amendment would do for Mr. Perot.

Earlier efforts have been made to pass measures like the Landrum Amendment. Last year the Ways and Means Committee approved an almost identical amendment, but the overall bill wasn't sent to the House floor.

Earlier this year, the Senate Finance Committee approved a similar amendment as part of a big tax-cut bill, but the amendment was discarded during parliamentary maneuvering on the Senate floor. The Senate amendment's sponsor was Democratic Mike Gravel of Alaska, who received a 1974 campaign contribution of \$5,000 from Mr. Perot.

Proponents of the capital-loss carryback proposal argue that it would encourage wealthy individuals to increase their stock-market investments and is also desirable for reasons of tax equity. Most corporations are allowed a three-year loss carryback, they note, so individuals should be given the same benefit. Under the Landrum amendment, however, only individuals with capital losses over \$20,000 would get the tax break.

Notwithstanding his business reversals, Mr. Perot remains wealthy and is a big contributor to incumbent members of Congress. Last year, according to public records, his campaign contributions were roughly \$200,000. About \$25,000 went to members of the Ways and Means Committee and the Senate Finance Committee.

The members of these committees, however, writing tax bills, have jurisdiction over a number of health programs. Mr. Perot's computer company, Electronic Data Systems, has data-processing contracts worth millions of dollars with federal agencies administering health programs.

Mr. Perot's 1974 contributions to Ways and Means members were as follows: Omar S. Burleson (D., Texas), \$5,000; Joe Waggonner (D., La.), \$5,000; Donald Clancy (R., Ohio), \$5,000; James Corman (D., Calif.), \$5,000; Dan Rostenkowski (D., Ill.), \$2,500; James Jones (D., Okla.), \$2,500; Joseph Karch (D., Minn.), \$2,500; Herman Schmechel (R., Pa.), \$1,500; Chairman Al Ullman (D., Ore.), \$1,000; Rep. Landrum, \$1,000; Bill Archer (R., Texas), \$900; and James Martin (R., N.C.), \$800.

Not only were all but one of these contributions made after the election, but two of the members, Reps. Burleson and Waggonner, didn't have opposition last year. Further, Reps. Jones and Martin are new members of the panel this year, and Mr. Perot contributed to them in late December 1974, a few weeks after their parties had named them to the Ways and Means Committee.

Of 12 members receiving Perot contributions, only Reps. Ullman and Corman voted against the individual capital-loss carryback amendment. Of those voting for it, all who were available for comment said they knew nothing about Mr. Perot's interest in the amendment.

"I never talked to Ross Perot about this or heard from him or had any idea it might affect him," Rep. Landrum says. "Nobody ever talked to me about this. . . . I just offered the same thing that was in the bill last year."

Rep. Landrum adds: "I offered the amendment because it's going to help a lot of individuals and help our capital-formation problems. I've been interested in this for several years. If it happens to help Ross Perot, that's all right, too."

Also voting for the measure in committee was former Chairman Wilbur Mills. Mr. Perot didn't make any campaign contributions to the Arkansas Democrat last year, but in officials of the Perot computer company reportedly gave \$100,000 to Mr. M. in a unsuccessful presidential campaign.

LOBBYING FOR ALLIANCE:

"When Ross Perot influences an issue, it is not lobbying. When somebody else does it, it is. Perot has influenced legislators and lobbied as much as anyone else." -- FAA Administrator, Barry Harris [New York Times, 5/29/92]

RHETORIC:

- ◆ "If you could come to Washington today, wear a helmet and safety shoes because lobbyists running around the halls will kill you." [Miami Herald, 4/20/92]

REALITY:

- ◆ On the Alliance project alone, they (the Perot's) employed one of the most prominent lobbyists in Texas (Rusty Kelley) as well as two Washington firms, Bayless Boland, Bates & Madigan and Lipsen, Whitten & Diamond (formerly Lipsen, Hamberger, Whitten, and Hamberger). This firm has served as a foreign agent for the government of Panama and several British interests. The firm has been staffed almost exclusively by former government officials. At least six of the firm's lawyers were government employees within 10 years of representing foreign clients and Perot. [New York Times, 5/29/92, DoJ Public Records, Washington Representatives (1991)]
- ◆ Russell T. "Rusty" Kelley is a lobbyist for the Texas lobbying firm of Small, Craig and Werkenthin. Thomas Luce is a principal in the Austin firm of Hughes and Luce. Both of these firms were described as "all-star lobbyists" in *The 1991 Texas Lawyer*. [*The 1991 Texas Lawyer*, 1/14/91, 3/4/91]

RHETORIC:

- ◆ "We have to stop lobbyists from buying the government." [Newsday, 10/27/92]

REALITY:

- ◆ "Ross Perot has demonstrated that he's capable of hiring the most able Washington lobbyists on his behalf. He has repeatedly traded on his enormous influence." -- Texas GOP consultant Karl Rove. [Wall Street Journal, 4/28/92]
- ◆ The Perot's biggest lobbying effort--and one that generated the most controversy in Austin, the state capital--was for a proposal to have Alliance declared a **Foreign Trade Zone**. The Foreign Trade Zone idea was intended to attract a McDonnell-Douglas Corporation plant to Alliance. Foreign trade zones are established by the U.S. Commerce Department and are outside the jurisdiction of the U.S. Customs Service. Goods brought into a foreign trade zone are exempt from import tariffs. [New York Times, 5/29/92]

TAXPAYER DOLLARS HAVE FINANCED MUCH OF ALLIANCE AIRPORT

RHETORIC:

- ◆ "The economy is so bad because we have spent beyond our means, particularly at the federal level." -- Ross Perot [Minneapolis Star Tribune, 12/20/91]

REALITY:

- ◆ "Over the last five years, Federal, state, and city governments have invested nearly \$200 million in cash and tax breaks for an airport in the heart of an extraordinary private real estate development spanning more than 17,000 acres of land owned by Ross Perot's family interests here (Fort Worth, TX)." This includes:
 - \$51 million by the FAA for the airport's development.
 - \$30 million by the Federal Highway Administration to build roads and highways connecting Perot holdings to Alliance.
 - \$25 million by the city of Fort Worth on street and sewer improvements.[New York Times, 5/29/92]
- ◆ In addition, the Perot's are seeking an additional \$108 million in Federal funding for a runway expansion at Alliance Airport. [New York Times, 5/29/92]
- ◆ Perot called the December 1991 transportation bill "all show business." However, more than \$30 million of the \$151 billion appropriation is earmarked for two highway projects that will connect Perot family land with an interstate highway. [Newsweek, 5/4/92]
- ◆ The Perots benefitted from "a \$50 million property-tax cut, granted by local officials, that cleared the way for a key deal: American Airlines' decision to put a \$400 million repair center at Alliance." The Northwest Independent School District gave American Airlines a 15 year, 100% tax abatement thereby forfeiting about \$50 million in revenue after being pressured by the Perot Group. [USA Today, 6/20/92, Dallas Business Journal, 12/18/89]
- ◆ The Perot's have invested approximately \$200 million in the land in and around the Alliance Airport area. [CNN, 4/16/92]
- ◆ The Perot Group has used an agricultural tax exemption on 15,420 acres of the land that it is developing near Alliance Airport to save \$1.3 million. On land worth over \$96 million, the Perot Group paid only \$30,000 in taxes. [UPI, 2/14/93]
- ◆ The Drug Enforcement Administration paid \$2.5 million to the Perots For 12.5 acres of land near where it plans to house 90 airplanes. [New York Times, 5/29/92]

ROSS PEROT'S \$15 MILLION LOBBYIST:

On November 4, 1975, the House Ways and Means Committee passed an amendment, sponsored by Rep. Phil Landrum (D-GA), that would have permitted individuals with over \$30,000 in capital losses to carry these losses back for three years. This measure would have given H. Ross Perot a \$15 million tax break. Mr. Perot hired a lobbyist, Sheldon S. Cohen, to write this beneficial legislation. The amendment was later dropped during floor debate.

PEROT HIRED A LOBBYIST TO GET HIMSELF A \$15 MILLION TAX BREAK:

- In 1975, Mr. Perot hired Sheldon S. Cohen to lobby on his behalf. Mr. Cohen was the Chief Counsel for the Internal Revenue Service in 1964 and then became the Commissioner of the Internal Revenue Service from 1965 to 1969. Mr. Cohen confirmed that he drafted an amendment that corresponded to Perot's particular tax situation and said it "apparently was used" as the basis for the committee decision concerning the capital loss carry back. [Wall Street Journal, 11/7/75; Washington Representatives, 1993]
- This amendment would have given Ross Perot a tax break of at least \$15 million. [Wall Street Journal, 11/7/75;]
- According to the Wall Street Journal, "Mr. Cohen was in the audience [on the night of the vote] when the committee approved the Landrum amendment keeping a written tally of how members voted." [Wall Street Journal, 11/7/75]

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PEROT: FOREIGN LOBBYING/INTERESTS

"I don't have a one of them [lobbyists] and I haven't taken a penny of foreign money and I never will." -- Perot [at the last presidential debate, 10/19/92]

PEROT HIRED THEN-PRIME MINISTER THATCHER'S SON AS FOREIGN LOBBYIST:

- ◆ In 1986, Perot hired Mark Thatcher -- the son of then-British Prime Minister Margaret Thatcher -- as a foreign lobbyist on behalf of EDS, while it was bidding for several computer contracts with the British government worth several hundred million £-Sterling.

That year, Perot also put Thatcher up in his home in Dallas.

NOTE: Perot's company claimed Thatcher was hired for confidential Southeast Asian business, but Thatcher had no expertise in SE Asian-computer systems. EDS claimed Thatcher was paid as partner in a "Dallas-based consultancy called Grantham & Co." -- but the firm has no listed office in Dallas. [Observer (UK), 11/22/87; Guardian, 11/21/87]

EDS VIOLATED BRITISH IMMIGRATION LAWS:

- ◆ In 1986, EDS withdrew its bid for a £200 million computer contract with the British government after Perot's employees violated UK immigration laws in pursuit of the deal. The EDS employees had tried to evade the work-visa requirement by claiming their visit was for pleasure when it was actually for business. [Times (UK), 11/21/87; Daily Telegraph (UK), 11/24/87]

PEROT HAS INVESTED HEAVILY ABROAD:

- ◆ Perot's FEC disclosure includes 62 pages detailing Perot's \$33.2 million investment in Landmark Equity Partners II, a venture capital firm which provides start-up money for fledgling computer, medical and bio-technology companies -- especially Japanese ones.

Perot has at least \$11.7 million in foreign investments, including Japanese Yen options, Kansai-Osaka-Nikkei Nikkei-Index Options and Aegemene Bank Nikkei Index Options, German Deutsche Mark Options and Italian bonds. [USA Today, UPI, NY Times, 5/20/92]

PEROT'S IRANIAN PARTNERSHIP LED TO HIS EMPLOYEES' CAPTURE:

- ◆ From 1975 to 1978, Perot forged a partnership with Iranian Abolfath Mahvi to develop EDS business in Iran. According to an EDS memo, Mahvi had a "close connection" to the Shah and "could be very important to EDS in developing business in Iran." [CNN, 5/15/92]

Less than 2 months after Perot began what would be a 3-year partnership with him, Mahvi was blacklisted in Iran -- accused of illegal arms deals and banned from government-related business for 6 months. [CNN, 5/15/92; Chicago Tribune, 7/9/92]

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Perot's partnership with Mahvi led his employees' arrest in Tehran amid charges of corruption and bribery following an Iranian investigation. [Houston Chronicle, 6/29/92]

One of the EDS employees was head of Perot's Iranian subsidiary and the other was manager of EDS' Iranian social security contract. Their bail was set at \$12.75 million, the sum of payments Iran had already made to EDS in the contract. [Chicago Tribune, 7/9/92]

PEROT PAID IRANIAN OFFICIAL INVOLVED IN EDS DEAL WITH THE SHAH:

- ◆ During the 1970s, Perot's company made monthly \$5,000 payments to an Iranian social security official whose duties included approving Iran's monthly payments to EDS. Perot's company promised the official a job if he left the Iranian government. [CNN, 5/15/92]

VIETNAM SAID PEROT DISCUSSED BUSINESS OPPORTUNITIES DURING POW MISSION:

- ◆ Vietnamese officials reported in June that Perot pursued private business opportunities in Vietnam during his 1987 effort to free American POWs. The Vietnamese Foreign Ministry designated Perot an official business agent upon the easing of U.S. trade restrictions.

Perot has denied any business involvement with Vietnam. [USA Today, 6/5/92]

PEROT SOLD U.S. PROPERTY TO JAPANESE MAKER OF TILT-WING AIRCRAFT:

- ◆ While securing federal funding for his Alliance Airport in Fort Worth, Perot sold 15.5 acres of property to the Ishida Group of Nagoya, Japan which hired away employees from Bell helicopter -- with McDonnell Douglas, a U.S. manufacturer of the V-22 Osprey -- to design its own tilt-wing aircraft, the TW-68, for commercial use. [Dallas Morning News, 4/10/91; Puget Sound Business Journal, 8/5/90]

PEROT'S WASHINGTON LOBBY FIRMS ALSO REPRESENTED FOREIGN CLIENTS:

- ◆ Perot hired the Washington, DC lobbying firm of Lipsen, Whitten & Diamond (formerly Lipsen, Hamburger, Whitten & Hamburger) to secure federal funding for his Alliance Airport project and to lobby on behalf of Perot Systems for government contracts.

The firm served as a foreign agent for the government of Panama and several British interests. The firm is staffed almost exclusively by ex-government officials: 6 of the firm's lawyers were government employees within 10 years of representing foreign clients and the firm's representation of Perot. [Washington Representatives, 1985, 1989, 1991; New York Times, 5/29/92; DoJ]

Dec Dec

10⁴⁵ call tonight.

C.D.

Draft # 2

* VP clearly won the fight between facts and fear. And the facts show that NAFTA creates good, high-paying jobs.

* VP forcefully stood up for America's workers as the best in the world and able to compete and win against any foreign competition -- Mexican, Asian or European.

* VP took the high ground and used substance over soundbites. Perot's used false facts and preyed on the fears of American workers.

* VP believes America can compete and win; Perot embraced retreat and defeat. Americans know our country must stand tall in the global economy.

* Clearly established that free trade and exports lead to an expanding economic pie and better jobs for more workers; there is no simplistic alternative; there is no other NAFTA.

* The American public saw first hand that Perot is cynically manipulating NAFTA to further his own political fortunes. Just a year ago, Perot supported NAFTA.

* Tonight's debate, the 2-1 vote in Ways and Means, and seven undecided members declaring their support for NAFTA show that momentum is on the side of a NAFTA victory.

File: PEROT

1

TESTIMONY OF ROSS PEROT
TO THE
HOUSE SMALL BUSINESS COMMITTEE
MARCH 24, 1993

The North American Free Trade Agreement must be carefully evaluated.

First, I suggest that we focus on our financial situation in the United States.

- Our country is four trillion dollars in debt.
- We have gone into debt an average of one trillion additional dollars during each of the last three Presidential terms.
- President Clinton's forecasted plan will place us another one trillion dollars into debt.
- We go an additional one billion dollars into debt each working day.
- We have gone over \$145 billion into debt just since election day.
- Our manufacturing base is declining.
- We exported over two million manufacturing jobs to Asia alone in the 1980's.
- Factory workers making \$440 per week who lost their jobs, are now making \$270 a week -- if they have a job.
- The standard of living has gone down for 4 out of 5 American families during the 80's.
- In 1950, U.S. workers made 15 times as much as Japan and 4 times as much as Germany. Today, both countries are ahead of us.
- In 1950, a dollar was worth a dollar. It is now worth 18 cents.

Businesses in our country carry a number of economic burdens.

- We pay manufacturing workers ten times what they make in Mexico.
- The minimum wage in the U.S. is \$4.25. The Mexican minimum wage is 58 cents.

- The single most expensive item in making a car in the U.S. is health care.
- Our companies spend a great deal on retirement, workers compensation, life insurance and many other benefits.
- The recently-passed employee leave bill adds to the cost of manufacturing.

Our number of manufacturing workers is declining. We now have more people working in government at all levels than in manufacturing.

The top job growth categories in the 1980's in our country were janitor/cleaner, food preparation worker, and cashier -- none of these jobs pay enough to support a family.

We have a history of one-sided trade agreements, where our nation and our people are placed at a distinct disadvantage.

Entire industries have been lost overseas as a by-product of these agreements. Companies, cities and regions of the country have been damaged.

We cannot pay our bills, balance the budget, and pay down our debt if our worker income base is deteriorating. We need a growing, dynamic income base which gives us a growing, dynamic tax base -- instead, at this critical time, our job and our tax base are deteriorating, because of past poorly conceived trade agreements and an adversarial relationship between government and business in our country.

Our successful competitors have an intelligent, supportive relationship between government and business. Their trade agreements benefit their people.

Perhaps the core question is, "How does a company in the United States with all of the requirements and mandates placed on it compete with 58 cents-an-hour labor?"

The capitalist's or investor's view of this agreement can best be summed up by a prospectus of an organization called Amerimex, created by Nafinsa, Mexico's largest state-owned development bank and the Warwick Group of New York.

The plan was to raise approximately \$50 million initially to buy U.S. companies that are labor intensive and marginally profitable.

- The stock of these companies could be purchased at a very attractive price.

- The company's manufacturing operations would then be relocated to Mexico to take advantage of the reduced labor costs.
- To quote from the prospectus:

"We estimated that manufacturing companies that experience fully loaded gross labor costs in the \$7-\$10 range in the U.S. may be able to utilize labor in Mexico at a fully loaded gross labor cost of \$1.15 to \$1.50 an hour . . . This could translate into annual savings of \$10,000 to \$17,000 per employee, creating a dramatic increase in profitability."
- The stock which had been purchased at a low price could then be sold at dramatically higher price, as a result of moving the labor to Mexico.

The characteristics of these companies are --

- Low to mid-range technology manufacturing.
- Moderate to good growth.
- With sales in the range of \$10 million to \$100 million.
- Excellent management and sales teams willing to remain with the company.
- Proven products.
- A labor component of 20%-30% of the cost of goods sold.

U. S. companies meeting these criteria employ 8.6 million workers. 5.8 million production workers meet these requirements.

The next question you might logically ask is when would these companies be sold?

To quote again from the prospectus, "It is anticipated that most investments will be limited from 3-8 years, but some investments may be realized early or later."

To me, this prospectus, which has now been withdrawn by Mexico because it so clearly summarized the impact of NAFTA on the U.S., is the most succinct summary one could make of the adverse impact of NAFTA on the U.S. workers, and the U.S. tax base.

Both Mexico, the U.S., and U.S. companies have waged a huge lobbying effort. An article in the New York Times, August 13, 1992, sums it up.

People in key positions on the 1992 Presidential campaign have been retained as Mexican lobbyists.

A former chief U.S. trade negotiator has been retained by the Mexican government and is being paid several hundred thousand dollars a year for his services.

To quote the New York Times:

- The Salinas administration and its many lobbyists in Washington have fashioned what appears likely to be one of the most elaborate efforts at political persuasion ever undertaken in America by a foreign country.
- A Mexican official said, "We are going to be launching a strategy of being in almost the entire United States, meeting with the editorial boards of local newspapers, meeting with business chambers and talking with other people", an official continued. "The intensity of our campaign will be much greater than it was with the "fast track"."

Let's look at a few facts:

Northern Mexico is rapidly becoming the newest American industrial belt. Nearly 600,000 jobs have been located in Mexico that in the past might have been in the United States.

Mexican workers can match the skills of 70% of the labor force in the United States.

To maintain the low wages that draw American companies to Mexico, President Carlos Salinas de Gortari has gotten commitments from business and union leaders to limit raises.

"It could be years before the gap with American wages narrows significantly", said John Pearlman, chairman of the Zenith Electric Corporation, which has 20,000 employees in Mexico.

An automobile engine plant's employees are a cross section of the new work force.

- 100 are licensed engineers -- earning \$1400 a month on average.

- A U.S. engineer just out of college commands \$25,000 to \$30,000 a year as a starting salary. By comparison, a Mexican graduate engineer expects to earn \$400 a month -- \$4,800 a year -- at one of the factories upon graduation.
- The 700 production workers are high school or technical school graduates, hired for the assembly line at \$1.55 an hour. U.S. auto workers are paid \$16.00 an hour.
- Workers at an assembly for export plant in Juarez are paid 58 cents an hour, Mexico's minimum wage.
- The Confederation of Mexico Workers (CTM) has been less aggressive in demanding raises for workers. Mexican workers' salaries fell 65 percent in real terms during the 1980's.
- In one strike concluded in 1990, ^{VW} dozens of workers were shot and injured by State Police. The plant was shut down. 2,000 workers were fired, and those who remained had a 45 percent pay cut, from \$2.64 to \$1.45 per hour.
- 14,200 plant workers were fired and the union dissolved, former union leaders signed a new contract, again without consulting the workers.
- Assembly-line workers at this plant now make about 9 percent of the \$16.12 hourly base wage of their American counterparts. Their daily wage of \$11.60 does not cover food and housing costs for a family of five, estimated at \$15 a day.
- Mexican workers are in even worse trouble if they are injured on the job -- the law limits workers' compensation for injuries to \$10,127.
- Death benefits are capped at \$6,720. In one situation, the life insurance policy paid \$650 and a \$23-a-month pension.
- Four employees of a marine outboard engine plant were fired last April after they circulated a petition seeking better conditions.
- All four, including a 10-year employee, earned Mexico's 58 cent an hour minimum wage.
- Blue collar jobs now pay only 3.4 percent more than they did four years ago, while inflation was almost 12 percent in just the past year.

In doing so, we must be particularly sensitive not to impact Mexico's sovereignty.

A number of items currently being considered to be included in the supplemental agreements would be very unattractive to Mexico and should be avoided.

- 1) For example, one proposal to monitor Mexico's elections would create great stress between our countries.
- 2) Mexico has accurately pointed out that we are trying to subject them to much more scrutiny than our other trading partners.
- 3) President Salinas has warned that this current debate could damage U.S./Mexico relationships if our discussions do not respect Mexico's accomplishments and intelligence.

He is right.

- 4) Some of our environmental demands include a trilateral commission to inspect and make sure environmental standards are met. This will be offensive to Mexico.

President Salinas has promised the Mexican people that the sovereignty of the country will not be damaged in any way by free trade. We need to be very sensitive to this issue.

There is a great sense of urgency in Mexico to have the treaty ratified and put in effect before the Mexican Presidential elections next year. All of these concerns by the Mexican government and its leaders are legitimate.

We must weigh all of these issues and determine an appropriate course of action. The fail safe course of action would be --

- To respectfully go to our friends in Mexico
- Point out that we have a new President and a new government.
- Explain that we need time to carefully analyse this complex agreement.
- Tell them candidly, but respectfully, that we feel that it would be poor strategy to ratify the agreement and then try to correct its deficiencies with supplemental agreements which may or may not ever materialize.

- Openly explain the problem of losing wages and taxes in our country at this critical time.
- Form a task force and intensively work together to fashion an agreement that will be in the best interests of both countries.
- Propose a multi-year pilot phase to allow both countries to test this agreement to see that it works as planned.
- Have provisions in the agreement that allow the agreement to be altered and improved based on the actual experience of this pilot program.
- Have a clear understanding that either nation may decide to cancel this agreement, if in its judgement, the pilot program is not successful.

I realize that my testimony here will not be welcome by many in U. S. business, and our friends in Mexico.

Basically, Mexico has some of the least costly workers in the world. Our country has the world's most productive work force, but it is expensive. Our workers will lose, because of the wage difference.

Our country will also incur a tremendous loss in taxes at a time when we need a growing tax base.

Economic models have been developed showing that this is a good plan. These economic models make a number of unrealistic assumptions, such as --

- Full employment assumption -- anybody losing a job immediately gets a new job.
- That is not the way it works.
- Just look at the 1980's.

In summary I would recommend that we proceed with care and work out the treaty to our mutual satisfaction before ratifying it.

File: Perot

H.R. Perot
1700 Lakeside Square
12377 Merit Drive
Dallas, TX 75251

March 16, 1993

Honorable
U. S. House of Representatives
Washington D. C. 20515

Dear Congressman

United We Stand America is sponsoring **THE FIRST NATIONAL REFERENDUM - GOVERNMENT REFORM** this Sunday, March 21, on NBC TV at 8:00 pm EST. In addition, over 1,000 radio stations will broadcast this Electronic Town Hall and Referendum.

Thirty-four million ballots have been distributed so that citizens across the country can vote on sixteen government reform issues.

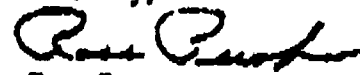
Your constituents who are also members of United We Stand America have asked that you receive a ballot. We hope you will participate. Your ballot and a return envelope are enclosed.

It is our goal that the American people understand the range of viewpoints on the issue of government reform before voting on Sunday. We hope that you will join in the national discussion on these reform issues this week so that your constituents will have an opportunity to know your opinions. In addition, we have written every newspaper, magazine, television and radio station in America, urging them to present the widest possible range of divergent views on government reform prior to March 21.

The ballot results will be tabulated at the Congressional District, State, and National levels. These results will be presented to each Representative and Senator.

Thank you for your participation.

Sincerely,


Ross Perot

cc: United We Stand America
State Coordinators

enc.: National Referendum Ballot
Return Envelope

FILE: Perot

Date: 03/18/93 Time: 16:45

ROSS PEROT TO HOLD ELECTRONIC TOWN MEETING ON GOVERNMENT REFORM

WASHINGTON (MARCH 18) UPI - Texas billionaire Ross Perot sang a familiar theme Thursday by urging Congress to fix a "government that doesn't work" and announcing he will hold an electronic town hall meeting to discuss government reform.

"If we want to solve our nation's problems...the American people need to reassert" control, Perot said during a speech at the National Press Club.

Perot, who won almost 20 percent of the presidential vote last year, spent about an hour discussing ideas on reforming political campaigns, reducing government waste and eliminating the national debt to a sold out luncheon of supporters, observers and members of the media.

The former independent presidential candidate will host a television program Sunday evening on NBC to discuss a "national referendum on government reform." His group, United We Stand America, has sent out 34 million ballots with 16 issues, for people to vote on, related to government reform, which he will discuss during the program. The results will be sent to members of Congress.

"The one thing missing in Washington is there is no dicipline in government," Perot said.

Despite making it clear that he wasn't criticizing the job President Clinton has done so far, Perot said the president's plan doesn't go far enough to reduce the deficit. He also called the president's \$16 million economic stimulus plan a "political handout."

"You can't promise the people candy when they need chemotherapy," he said.

He added that Clinton's promise to provide health care for the more than 30 million people who don't have it and use the savings from reforming the industry to reduce the deficit doesn't add up.

"That's a tight wire walk with no tight wire," he said.

Even though his recent efforts on government reform are more reminiscent of a political campaign than his actions during his failed presidential bid last fall, Perot said he has no intention of becoming a politician.

"I'd rather have major surgery with no anesthesia than be a politician," he said.

file: Perot

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August 16, 1992, Sunday, Late Edition - Final

SECTION: Section 1; Page 1; Column 6; Foreign Desk

LENGTH: 1498 words

HEADLINE: U.S. SAID TO PLAN RAIDS ON BAGHDAD IF ACCESS IS DENIED

BYLINE: By PATRICK E. TYLER, Special to The New York Times

DATELINE: HOUSTON, Aug. 15

BODY: The United States and its allies have decided to provoke a confrontation with Iraq on Monday morning over the right to inspect Baghdad's most closely guarded ministry buildings, American officials familiar with Administration planning said today.

The plan could lead to renewed bombing in Baghdad in coming days and the evacuation of United Nations personnel in Iraq. Some United States Government officials said the timing appeared calculated to give President Bush a boost during the Republican National Convention, which begins on Monday, and could damage the credibility of the United Nations, which is carrying out weapons inspections in the name of the Security Council.

After a series of interagency meetings in Washington this week, and consultations with British, French and United Nations officials, President Bush and his national security adviser, Brent Scowcroft, approved a plan on Thursday calling for United Nations inspectors now in Baghdad to demand access to Baghdad's Ministry of Military Industrialization, Government officials said. The chief of the United Nations special commission that supervises the inspections, Rolf Ekkeus, was said to have left for Bahrain, where inspection teams are based.

Weapons-Development Effort

The ministry, which was not bombed during the Persian Gulf war, supervised Iraq's once-secret program to develop weapons of mass destruction under the management of President Saddam Hussein's son-in-law, Hussein Kamel Hassan.

If Iraqi officials bar inspectors from the building, as they have threatened to do to protect Iraqi national security and sovereignty, cruise missiles or American carrier-based aircraft would strike the building in short order, the officials said, in a demonstration of American resolve that would have an inescapable impact on the political gathering here.

But the action would not necessarily end there. After an attack on the Military Industrialization Ministry, the United Nations would demand access to Iraq's Ministry of Defense, the heart of its national security apparatus, which was relocated to the Ministry of Petroleum building after the allied bombardment of the capital destroyed the original structure in 1991.

Again, any refusal by Iraqi officials to allow access to the building would lead to its destruction by United States aircraft, officials said, adding that the confrontation and bombing could continue through a list of nine targets.

Other United States officials said the Defense and Military Industrialization Ministries were selected not because American intelligence has identified specific documents hidden there, but because the buildings are so important to Mr. Hussein's overall survival that he is certain to refuse access.

One official complained that "we are going to stage an incident" that relates less to the importance of any documents that might be found in the targeted buildings than to the conviction that the steps will provoke a confrontation that will serve as the pretext for military action and "to help get the President re-elected."

No White House Comment

The White House today refused to comment on the planned inspection, or on what steps might be taken if the Iraqis do not cooperate. An Administration official, speaking on condition of anonymity, disputed any suggestion that the timing was related to the convention.

"I would remind you that this is a United Nations inspection team that is organized and implemented by the United Nations and the timing is that of the U.N.'s," he said.

Without referring directly to Iraq, Mr. Bush, in remarks on his foreign policy goals in an interview with David Brinkley that was taped on Thursday, said: "We're going to try to be the guarantor of nonproliferation of nuclear weapons, for example, not sole guarantor, but I feel that strongly. We're going to be the moral inspiration of the world."

Mr. Bush appeared to be expecting a strong mandate from the allies to confront Iraq's broad challenge to United Nations authority this summer as well as a political green light from his Democratic challenger, Gov. Bill Clinton of Arkansas, to take a tougher line against Mr. Hussein.

Initially, Mr. Bush has selected a set of military options that pose the least risk to American military forces, the Government official said, though the loss or capture of any American pilots could deal Mr. Bush a damaging political blow. The success of precision bombing strikes against highly defended Iraqi targets was among the strongest aspects of American military performance in the gulf war.

Spur for Dissidents

And, though more risky steps might have to be considered if Mr. Bush exhausts a target list and finds Mr. Hussein still defiant, he can also hope that the humiliation of renewed bombing will embolden internal Iraqi dissidents who staged an unsuccessful coup against Mr. Hussein in late June.

The Bush Administration telegraphed its planning this week when a senior Administration official, in a background session with reporters, said United Nations inspectors would demand access to Iraqi ministry buildings "within the proximate future."

One reporter was encouraged beforehand to ask the senior briefer about planning against Iraq, and the official replied that if the Iraqi leader "decides we can't inspect certain places" United States military forces in the region "can respond sharply."

"I think it might be useful to demonstrate that he had to obey the United Nations sanctions," the senior policymaker told the reporters while declining to provide further details.

In subsequent days, other officials, troubled by the rush with which the White House asked the State Department and Pentagon to prepare for simultaneous relief and military operations in Somalia and Iraq during the Republican convention, provided additional details. Some officials also expressed concern that to meet what was perceived as an urgent political timetable, unnecessary military risks might be taken.

Element of Surprise

As in earlier military operations threatened against Iraq, the crucial element of surprise would be assured by uncertainty as to the exact timing of the raids against the ministry buildings.

It was not clear whether Saudi Arabia was willing to allow its bases to be used for any new bombing operations. The Saudis are known to be pushing for a much broader attack on Iraq "to finish the job" as one Saudi official recently put it, and may not be willing to publicly support more limited action that is carried out exclusively by United States forces.

Attitude of Britain and France

Likewise, Britain and France, which strongly support punitive raids against Iraq, were not poised to participate, because of the narrow scope of the anticipated missions. But they were expected to lend their full political support at the United Nations.

United States military planners have worked in recent months to refine plans to knock out Iraq's reconstituted air defense capabilities. The defenses of Saudi Arabia, Kuwait and Israel have been beefed up in recent weeks with deployments of Patriot missile batteries and, in Kuwait, United States Marines.

In Baghdad today, the head of the 22-member U.N. inspection team said his group had conducted normal and routine searches for the seventh day and gave no hint to reporters of inspection plans. The United Nations official, Nikita Smidovich of Russia, said he expected the team to leave Iraq on Tuesday.

Terms of Cease-Fire

A crucial element of the looming Baghdad confrontation is the ground under which United Nations inspectors will demand entry to military and Defense Ministry buildings under the cease-fire accord that ended the gulf war. The terms of the accord compelled Iraq to allow United Nations inspectors to search out and destroy Iraq's weapons of mass destruction as well as the laboratories, factories and archives that supported them.

But Iraq maintains that the protection of its national sovereignty demands that the inspections are not turned into espionage missions, the true goal of which is to gather information to topple Mr. Hussein by cracking the ring of security that has kept him alive and, thus far, immune to revolt and coup attempts.

A senior Iraqi official ruled out further inspections in Iraqi ministry buildings in a statement this month that the White House regarded as a serious challenge both to the United Nations and to Mr. Bush's capacity to lead his coalition partners once again in military action.

The senior Administration official said the United States had sent new evidence to United Nations inspectors that Iraq is hiding military documents in one or more government ministries, but he did not identify the ministries. Another government official said the United Nations team was expected to demand access to the Office of Technical Industrialization, part of the Military Ministry, because it was directly linked to secret weapons programs.

GRAPHIC: Photo: The U.S. and its allies have decided to confront Iraq over inspections of its most closely guarded ministry buildings, U.S. officials say. Nikita Smidovich, center, leader of the U.N. weapons inspection team in Iraq, was escorted by Iraqi guards on arrival at a Baghdad hotel on Friday after an inspection. (Agence France-Presse) (pg. 16)

SUBJECT: UNITED STATES INTERNATIONAL RELATIONS; PRESIDENTIAL ELECTION OF 1992; CHEMICAL WARFARE; BIOLOGICAL WARFARE; ATOMIC WEAPONS; ELECTION ISSUES

ORGANIZATION: UNITED NATIONS (UN)

NAME: TYLER, PATRICK E; BUSH, GEORGE (PRES)

GEOGRAPHIC: IRAQ; BAGHDAD (IRAQ)

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The New York Times

August 17, 1992, Monday, Late Edition - Final

SECTION: Section A; Page 1; Column 4; Foreign Desk

LENGTH: 1150 words

HEADLINE: Bush Is Asking Allies to Support Air Action to Protect Iraq Shiites

BYLINE: By PATRICK E. TYLER, Special to The New York Times

DATELINE: HOUSTON, Aug. 16

BODY: President Bush is seeking allied support for military action in southern Iraq to protect Shiite Muslims there from air attacks by Baghdad, American and allied officials said today. The action would be similar to the allied intervention in northern Iraq in 1991 to help protect Iraqi Kurds.

The plan seeks to uphold the humane treatment of Iraqi citizens, as required by United Nations Security Council Resolution No. 688, approved at the end of the Persian Gulf war. But it holds the potential of deepening United States involvement in Iraq and turning loose dissident guerrilla forces that sought to overthrow the Government of President Saddam Hussein after his army was routed in Kuwait.

A senior Administration official said "there is now a greater consensus" among the allies to take action in southern Iraq, a step that the Administration has been loath to take since the end of the war.

Other Plans Reported

Word of the plan to protect the Shiites was the second disclosure in two days of new Administration efforts against Iraq. On Saturday, American officials said the United States and its allies were planning to provoke a confrontation with Baghdad on Monday morning over the right of United Nations inspectors to enter Iraqi ministries. They said that plan could lead to renewed bombing of Baghdad if the inspectors were blocked, and some officials said the timing appeared calculated to give Mr. Bush a boost during the Republican National Convention, which opens on Monday.

Responding sharply to a report in The New York Times today about that plan, Mr. Bush today reaffirmed his intention to enforce the requirements of United Nations resolutions that Mr. Hussein has flouted in recent months.

The intervention plan could lead to American and allied air patrols over southern Iraq in coming weeks, where intruding Iraqi Air Force planes would be shot down in the name of protecting Iraqi citizens from oppression from Baghdad, the officials said.

But it was not clear whether such a plan would leave Iraqi ground forces unmolested if they sought to maintain order by putting down any new insurrection with tanks and infantry, as occurred in March 1991.

Iraq has mounted a number of air attacks this summer on Shiite rebels for the first time since the end of the Gulf war, leaving the Bush Administration somewhat embarrassed that it had once banned all activity by Iraqi fixed-wing aircraft in southern Iraq to protect American troops along the cease-fire line, but last winter allowed such activity to resume.

United States officials also said Iraq had been draining marshlands to root out the hiding places of southern Shiite rebels who have used vast tracts of wetlands as guerrilla redoubts.

A senior official said the immediate goal for intervention in southern Iraq would be to "stabilize" the situation regarding humane treatment, making it more difficult for Mr. Hussein to act against his own citizens.

Worry About U.S. Commitment

But the prospect of such an intervention has disturbed a number of Administration analysts, who have cautioned that it would only add to Washington's obligation to protect a large population that remains at the mercy of well-entrenched Iraqi ground forces and a broad secret police network.

American officials said that Mr. Bush had hoped to announce the new intervention plan this week, during the Republican National Convention, but that consultations with Britain, France, Saudi Arabia and Kuwait bogged down last week over various options under discussion and the logistics of supporting the air ban.

Under the plan, the United States and its allies would declare a "no fly" zone roughly below the 32d parallel in Iraq, thus creating a security zone that would incorporate the major Shiite cities of Najaf, Karbala, Amara, Basra and Nasiriya.

One sticking point was whether United States planes should fly their patrols from Kuwaiti air bases. This would require the United States to violate the gulf war cease-fire resolution, which barred military movements by any combatants in the no man's land along the Kuwaiti-Iraqi frontier that was demarcated at the time of the cease-fire.

Officials familiar with the planning and consultations predicted that intervention had been deferred by only a matter of days. A senior allied official said that both Saudi Arabia and Kuwait were prepared to cooperate with such a venture and no longer feared that insurrection in southern Iraq among the Shiites would lead to a splintering of Iraq that could threaten their interests.

The new intervention plan was reviewed by Mr. Bush and his senior national security advisers on Thursday, and one senior official said it had significant support among the allies. It was part of a package of get-tough measures Mr. Bush approved as he prepared to depart for the convention and which he said he was putting in place without any regard to politics.

The main element of the package, which appeared to be going forward today, is a plan to provoke a confrontation with Iraq over access to Iraqi Government ministries by United Nations inspectors.

Defense Secretary Dick Cheney told reporters at Andrews Air Force Base that the Pentagon "was prepared" to initiate new military action "if called upon to do so." His spokesman, Pete Williams, elaborated, saying the United States could not allow Iraq to "draw a red line around buildings."

"We support the United Nations right and duty to be able to inspect whatever they want to in Iraq whenever they want to do it," Mr. Williams said.

An American official said today that United Nations inspectors in Baghdad were still scheduled to demand access on Monday morning to Iraq's Ministry of Military Industrialization, a building that served as the headquarters for Iraq's decade-long effort to develop or acquire weapons of mass destruction.

Effect of Disclosure Is Unclear

It was unclear whether the disclosure of these plans would affect the timing of carrying them out, but Administration officials said today that they were still determined to force Iraq to accede to the wishes of United Nations inspectors.

Much of the impetus to protect Iraq's minorities from Mr. Hussein at the end of the war stemmed from his history of using chemical weapons against Kurdish guerrilla forces that sided with Iran in the eight-year Iran-Iraq war. And during the insurrection of Shiite Muslims in March 1991, the United States took the unusual step of warning Mr. Hussein not to use poison gas to put down the southern rebellion, a warning that was prompted by intercepted Iraqi military communications.

Shiite Muslims make up more than half of Iraq's population of about 18 million people, and together with 3.5 million Kurds in the north represent a majority that significantly outnumbers Iraq's traditional ruling class, the Sunni Muslims of central Iraq.

GRAPHIC: Photo: Administration officials said the United States might take military action against Iraq if President Saddam Hussein refused access to U.N. weapons inspectors this week. A jet fighter took off from the U.S. aircraft carrier Independence during maneuvers with allied forces yesterday in the Persian Gulf. (Agence France-Presse) (pg. A6)

SUBJECT: MILITARY ACTION; CIVIL WAR AND GUERRILLA WARFARE; KURDS; SHIITE MUSLIMS; UNITED STATES INTERNATIONAL RELATIONS; UNITED STATES ARMAMENT AND DEFENSE; ARMAMENT, DEFENSE AND MILITARY FORCES

NAME: TYLER, PATRICK E; BUSH, GEORGE (PRES); HUSSEIN, SADDAM (PRES)

GEOGRAPHIC: IRAQ

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August 18, 1992, Tuesday, Late Edition - Final

SECTION: Section A; Page 1; Column 1; Foreign Desk

LENGTH: 1587 words

HEADLINE: U.N. Calls Off Inspections Of Iraqi Military Ministry

BYLINE: By ERIC SCHMITT, Special to The New York Times

DATELINE: WASHINGTON, Aug. 17

BODY: Acting at the last minute, United Nations inspectors in Baghdad canceled a visit today to a military ministry considered off-limits by Iraq, apparently abandoning for now a United States plan to demand access to sensitive sites.

American officials had said over the weekend that Washington and its allies might renew bombing raids on Baghdad if inspections were blocked.

The United Nations team, which made one inspection today but did not disclose where, plans to leave Iraq Tuesday. The next round of inspections has not yet been scheduled, leaving uncertain when the United Nations might test Iraq's threat to bar access to military ministries.

Reasons Unclear

It was not immediately clear why the planned inspection of an Iraqi military ministry this morning was postponed. Some Bush Administration officials said the inspectors abandoned the plans out of concern they would appear to be pawns in Washington's effort to confront Saddam Hussein.

Other Administration officials said the White House itself had second thoughts after a report Sunday in The New York Times that described a plan to force inspections. The Times also reported that some officials had said the timing appeared calculated to give President Bush a boost during the Republican National Convention.

Mr. Bush and others have angrily denied any political motivations.

The 'No Fly' Zone

As the possibility of a confrontation over the inspections seemed to recede, Washington continued discussions with Britain, France, Saudi Arabia and Kuwait on creating new safeguards to protect Shiite Muslims in southern Iraq from Iraqi air attacks.

Under the plan, the United States and its allies would declare a "no fly" zone, roughly below the 32d parallel in Iraq, from which Iraqi aircraft would be barred. The proposal came as intelligence reports indicated that President Hussein's Government is preparing to renew an air and ground offensive against the Shiites, Administration officials said today. [Page A6.]

Regarding the inspection today in Baghdad, which was supposed to include the Ministry of Military Industrialization, it was not clear whether any last-minute misgivings originated with the inspectors in Baghdad, at higher levels of the United Nations or among the members of the Security Council.

"After the publicity, they decided it wouldn't be good to continue on," a Defense Department official said. "The publicity killed the idea of any confrontation."

'We Retain the Right . . .'

Defense Secretary Dick Cheney today sharply criticized the New York Times article on forcing inspections. "I think it's a new low in political reporting," he said in an interview on "The MacNeil-Lehrer Newshour" on PBS. "I'm outraged by it."

Tim Trevan, a spokesman for the United Nations special commission in charge of destroying Iraq's major weapons, said at a news conference at the United Nations headquarters in New York that the 22-member team did not visit a ministry "because this time round we didn't have the need to."

"Of course, we retain the right to designate any location in Iraq," Mr. Trevan said. "And when we have the need to, we shall visit any location."

Administration officials said again today that Washington was not calling the shots for the inspectors, although many sites visited were selected based on tips from United States intelligence sources.

"What they elect to inspect and when they do these inspections is strictly for their decision," said Richard A. Boucher, a State Department spokesman.

Trying to Protect Shiites

The plan to protect the Shiites in southern Iraq could lead to allied air patrols over the area with authority to shoot down Iraqi aircraft, Iraqi helicopters and, in at least one instance, fixed-wing aircraft have attacked the Shiite areas, Administration officials said.

In an interview today with the Cable News Network, President Bush referred to the Iraqi flights, saying of President Hussein: "He has been using air power to go after the Shiites in the south and regrettably the Kurds in the north, both regrettable. And so if there is some edict that keeps him from flying, clearly that would deny him one way of harassing his own people."

At the State Department, Mr. Boucher elaborated, saying, "The situation is that over the past several days there's been a significant amount of fixed-wing aircraft and helicopter activity in the south."

"The Iraqi army's pressure against the people in the marshes continues," he continued. "There have been skirmishes that continue to occur. So the military pressure on the population in the south has continued."

If Shiites Get Stronger . . .

In London today, British military officials told reporters that after a special meeting of military and foreign policy advisors that Prime Minister Minister John Major is to convene on Tuesday, British air forces would be put on alert, ready to participate in any patrols over southern Iraq.

The proposal to support and protect the Shiites was adopted only after some sharp disagreement among allied military planners. Some Administration officials, for example, have voiced concern since the gulf war that a resurgent fundamentalist Shiite force in southern Iraq, backed by Iran, could destabilize the region.

Countering this argument, Western officials said that creating a security zone in the south, as the coalition did in the Kurdish area in northern Iraq after the gulf war, would hurt Mr. Hussein politically without significantly strengthening the military hand of the Shiites.

With the focus of attention shifting to the protection of the Shiites, the end of a 10-day inspection by the United Nations weapons experts became a bit of an anticlimax.

Lesser Facility Visited

The team's leader, Nikita Smidovich of Russia, declined to identify the site visited today or to describe the mission's findings. But he said Iraq had not interfered. Senior Defense Department officials said the building inspected today was a "military facility, but not one of any great consequence."

Mr. Trevan, the United Nations spokesman, said that during the 10 days of inspections, the team "found significant additional information concerning the ballistic missiles programs."

"We have learned things that will be very useful and very helpful now in future inspections," Mr. Smidovich said in Baghdad.

The main drama, however, had been reserved for the visits to places identified by officials earlier as Baghdad's most closely guarded ministry buildings. A Defense Department official said today that the principal aim of those visits was to re-establish "who's in charge."

A Question of Precedent

After the three-week standoff at the Agriculture Ministry last month, which ended when the United Nations agreed not to include experts from countries that had attacked Iraq in the gulf war, diplomats and Administration officials said the United Nations teams had to reaffirm their right to go anywhere they wanted in Iraq and to select team members without Baghdad's veto.

At the time, Administration officials argued that while shooting down the Iraqi helicopters looked like an easy thing to do, Iraq could turn into a quagmire. The idea of limiting involvement to protecting the Shiites from air attacks also ran afoul of the Pentagon's doctrine of using overwhelming force to win a decisive victory, so convincingly applied in driving Iraqi troops from Kuwait.

No 'Halfway Measures'

"Somebody said we'll just shoot down helicopters," Defense Secretary Dick Cheney said on April 15, 1991, justifying the refusal to intervene militarily in southern Iraq. "Well, helicopters aren't the only problem. He's got tanks, he's got artillery, and if you're going to get involved in a military action, if you're going to use United States military force, you're going to send our young men and women into combat, we don't like to do it with halfway measures.

"And one of the reasons we were so successful in the gulf at holding casualties down as low as we did on our side, was because we went with overwhelming force," he added.

Another senior Administration official summed up Washington's decision not to protect the Shiites then in one word: geopolitics.

By that he meant that the Administration wanted to maintain the territorial integrity of Iraq as a buffer against Iran. With the possibility of a power vacuum in Baghdad after the gulf war, the Administration feared that any steps to help the Shiites could lead to the creation of an independent Shiite state with links to Teheran. Convincing the Iraqis

Bush Administration officials say they do not favor a breakup of Iraq. But their apprehensions about establishing a protected Shiite enclave -- particularly their fear that such an entity would be subsumed by or indebted to neighboring Iran -- have receded.

The creation of a protected zone in southern Iraq is seen rather as a way to demonstrate to the Iraqi military the costs of allowing President Hussein to remain in power. The air patrols send the message not only that Iraq is subject to economic sanctions, but that Baghdad's sovereignty over its own territory will be compromised unless the President is ousted.

What Would Be Needed

Administration officials conceded privately that Washington knew little about the Shiites when the gulf war ended, failed to anticipate their uprising and tended, wrongly, to lump them with the Iranians. Saudi officials have recently played an important role in allaying some of the wariness about bolstering the Shiites, Administration officials say.

And with the Bush Administration proclaiming foreign policy as its strong suit during the election campaign, and Democrats complaining that President Hussein has been thumbing his nose at Washington, the establishment of the protected zone is seen as a way to cut the Iraqi leader down to size.

Continuing reports from the region, including videotapes of Iraqi raids against the Shiites and a study by the United Nations Human Rights Commission on abuses by the Iraqi military in southern Iraq, have added to the pressure to act.

Protecting the Shiites from air attack could involve 80 to 100 flights a day over southern Iraq and northern Saudi Arabia. And while no Administration officials have talked openly about the possibility of bombing raids, the allies would face considerable pressure to respond if the Iraqis launched ground assaults on Shiites. Such counterattacks would likely be carried out by F-15E's and F-111F's and by Navy A-6's.

While the Administration has discarded its earlier arguments against protecting the Shiites, officials may well have been right when they said last year that an allied threat to shoot down Iraqi aircraft might open the door to further military steps.

GRAPHIC: Map of Iraq showing location of 32d parallel. (pg. A8)

TYPE: News Analysis

SUBJECT: SHIITE MUSLIMS; UNITED STATES ARMAMENT AND DEFENSE; UNITED STATES INTERNATIONAL RELATIONS; ELECTION ISSUES; PRESIDENTIAL ELECTION OF 1992

NAME: GORDON, MICHAEL R; HUSSEIN, SADDAM (PRES); BUSH, GEORGE (PRES)

GEOGRAPHIC: IRAQ

"Re-establishing that precedent was the main goal," the Defense Department official said. "Whatever they found inside the buildings was secondary."

Indeed, the genesis for several Administration decisions in recent weeks was the standoff at the Agriculture Ministry, Administration officials said.

Days after the Administration was widely criticized for allowing Baghdad a say in the makeup of the inspection teams, Washington began pursuing three options.

One included having the United Nations speed up inspections to show that Iraq had to submit to the will of the international organization. Administration officials also said they would press Iraq to end attacks against the Shiites. Finally, Washington began taking steps to elevate the status of opposition groups inside and outside of Iraq.

British Consider Bombing

LONDON, Aug. 17 (Special to The New York Times) — The British Government said today that it was discussing with the United States and other allies whether to resort to force, including bombing missions, to protect the Shiites in southern Iraq.

In what appeared to be a sharp change in the tone of public statements, the Foreign Office characterized the situation in southern Iraq as "shocking" and "intolerable," and said it might be necessary once again to force Iraq to comply with the cease-fire imposed by the United Nations at the end of the Persian Gulf war.

British officials referred specifically to Iraq's use of aircraft against the Shiites. The Foreign Office spokesman said President Hussein's Government appeared to have embarked on a military campaign in recent weeks "to systematically wipe out" civilian opposition in southern Iraq.

'Have Not Ruled Out' Planes

A senior British official, describing options to enforce the cease-fire, said Britain and its allies "have not ruled out the use of British aircraft."

The Foreign Office said the Iraqi assault on the Shiites was the most recent instance of what it described as a pattern of systematic defiance of the cease-fire, which was imposed after Baghdad's forces were defeated in March 1991.

That includes the obstruction of aid shipments to Iraqi civilians, the refusal to take part in talks about the disputed border with Kuwait and the refusal to allow inspections of buildings in which Iraq is believed to be maintaining records or research on weapons of mass destruction.

GRAPHIC: Map of Iraq showing location of Baghdad. (pg. A6)

SUBJECT: UNITED STATES INTERNATIONAL RELATIONS; ELECTION ISSUES; PRESIDENTIAL ELECTION OF 1992; DISCLOSURE OF INFORMATION

ORGANIZATION: UNITED NATIONS (UN)

NAME: SCHMITT, ERIC; HUSSEIN, SADDAM (PRES); BUSH, GEORGE (PRES)

GEOGRAPHIC: IRAQ

JOSEPH R. BIDEN, JR.
DELAWARE



file: Perot

United States Senate
WASHINGTON, D.C.

FOR IMMEDIATE RELEASE:
May 7, 1993

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BIDEN RESPONDS TO PEROT COMMENTS ON BOSNIA

WASHINGTON, D.C.--Senator Joseph R. Biden Jr. (D-DE), Chairman of the Senate Foreign Relations Committee's European Affairs Subcommittee, responded today to Ross Perot's comments in a U.S. News and World Report interview that President Clinton was trying to distract the American public by 'starting a little war in Bosnia.'

"A little war?" Biden said. "Ross Perot should tell that to the tens of thousands of people who have been killed and the thousands of women who have been raped. This is a war of aggression and the failure of the United States to lead will cause us to pay a dear price in terms of future world stability."

"The President has shown outstanding leadership on the issue of Bosnia," Biden continued, "and it was candidate Clinton--back in the summer--who first brought this issue into our political debate. From my meetings and many conversations with the President, I know first hand of his genuine commitment and concern to protect the interests of the United States and to find a way to end the tragedy taking place in Bosnia. Mr. Perot's comments are particular inappropriate at this critical time when the President is gaining support for addressing the situation in Bosnia."

FILE :

Perot

May 8, 1993

MEMORANDUM FOR STAN GREENBERG
DAVID WILHELM
MANDY GRUNWALD
PAUL BEGALA
JAMES CARVILLE
GEORGE STEPHANOPOULOS
DEE DEE MYERS
RICKI SEIDMAN
JOAN BAGGETT
DAVID DREYER

FROM: RAHM EMANUEL

SUBJECT: PEROT

Attached please find a copy of Celinda Lake's Perot survey. One of our political meetings this week will focus on developing a comprehensive strategy to deal with Perot, both for the administration and for the Democratic Party.

DETERMINED TO BE AN
ADMINISTRATIVE MARKING

INITIALS: JGL DATE: 2/6/17
2011-0587-F



~~CONFIDENTIAL~~

TO: US News and World Report

FROM: Celinda Lake
Mellman • Lazarus • Lake, Inc.

RE: Perot Survey

DATE: May 7, 1993

The American Public -- Pissed Off and Pro-Perot

The American public is pissed off and supportive of Perot in large as an articulation of their frustration and anger. Levels of voter alienation are significantly higher today than during Watergate. Over two thirds of voters say that government is run for the benefit of a few, not the average person, and distrust government and politicians to do what is right for the average person or the country. After the election, over 60 percent of voters said that frustration best described how they felt about how government worked (or more accurately did not work), and voters overwhelmingly said they voted for Bill Clinton and Ross Perot because they wanted change (80 percent).

Today, Ross Perot is the most popular political figure on the American scene. As both the Democrats and the Republicans have had to deal with the realities of governing, Ross Perot has had a honeymoon. A whopping 67 percent of voters have a favorable feeling toward Perot - up 10 points from January. Meanwhile, only 53 percent of voters feel positively toward Clinton and only 48 percent positively toward Dole. Perot voters universally love their guy, but even 57 percent of Clinton voters and 63 percent of Bush voters say they like Perot. While there are strong age and class and some gender differences in assessments of Perot, his popularity still cuts across both political parties and most demographic groups. His strongest detractors are seniors and blacks, and a majority of both still like him.

Voters find Perot a ready vehicle for expressing their frustration. "He's pissed off and they are, too." Voters overwhelmingly see Perot as someone who is a strong, focused leader who is for the public good at a time when politicians seem out for themselves and the special interests. Even anti-Perot voters grant him these traits. He sets up a high standard for other political leaders that often leaves them falling short and seeming political and ineffective. At the

US News Perot Survey

2

same time, because voters treat Perot more as a catalyst, than a candidate -- more a provocateur than a president -- they are fairly benign in their judgments about him and harsh in their judgments of others. They do not act on their doubts about Perot, while they are getting increasingly frustrated with both the President and the Republicans in Congress.

Political support for Perot has steadily risen since the election. In post-election surveys 24 percent of voters said they would consider voting for Perot; by January that was up to 31 percent; in March 36 percent; and today 45 percent say they would consider voting for Perot. This is the first time in recent history where an incoming President was both elected by a minority of voters and then within a 100 days, continued to face a third party force who was more popular than him.

Perot represents a serious challenge to both the Democratic and Republican parties. His voters and potential voters are increasingly politically polarized and anti-Clinton. These voters will not readily move to either party and thus create the potential for a powerful and volatile third pole in American politics, particularly at the presidential level.

The Alienated Political Middle

Perot has carved out and given political identity to a segment of the American political landscape -- the alienated, political middle. These voters who constitute about 19-25 percent of the electorate are younger, Western, male, non-college educated and working class in their identity. They respond to Perot personally, to his organization, stand ready to act politically to support Perot, and at least state support for candidates from his organization. These include most of the voters who supported him last November and a portion of the potential pickups -- largely Republican -- who truly believe they made a mistake last November.

These voters have become extremely harsh in their judgments of Bill Clinton. Today, only 37 percent like him, 52 percent have an unfavorable impression, and only 13 percent believe he is doing a good job. While originally willing to give him a chance, particularly on economic issues, voters have now come to reject his economic plan, to find him much too ready to raise taxes (77 percent), to doubt his ability to create jobs, and to find him unwilling to cut spending. They also find him focused on too many agendas, far too much of a politician who does not keep his promises, and increasingly unable to break the gridlock in Washington.

Capturing the Perot voters is the key to either party becoming a clear majority party, and that task seems increasingly difficult for both parties. Perot represents a short-term threat to the Clinton administration, but an even greater long-term threat to the Republican party. He has created a third pole in American politics which pulls from both parties. However, in the absence of visible and popular leadership, Perot increasingly pulls more from the Republican party than the Democratic party. Today, for example, 53 percent of Republicans and ticket-splitters would consider voting for Perot, but only 35 percent of Democrats. Potential Perot voters include 28

US News Perot Survey

3

percent of Clinton voters and 43 percent of Bush voters. In fact, though Perot voters have shifted in their opinions of Clinton, one reason they seem particularly polarized is that they have become increasingly Republican in their composition.

Commentators frequently treat Perot voters and potential Perot voters as monolithic. While they agree on their concerns about taxes and the deficit and their affection for Perot, they differ dramatically in their other political assessments depending on their party identification. Fifty-two percent of historical and potential Perot voters are Republican leaning, 36 percent Democratic, and 12 percent Independent. Moreover, potential Perot voters have become increasingly Republican -- while 48 percent of historical Perot voters lean Republican, 53 percent of potential Perot voters lean Republican.

Almost three fourths of potential Democratic Perot supporters like Clinton (71 percent), while the same percent of potential Republican Perot supporters dislike him (71 percent). There are also differences in their assessments of the job he is doing, although neither group gives him particularly high marks: 32 percent of Democratic Perot supporters and only 12 percent of Republican Perot supporters think he is doing a good job. These two groups of Perot supporters also dramatically divide in their affections of the two parties. We should note, finally, that the independent Perot voters tend to dislike Clinton (38 percent favorable, 51 percent unfavorable), think he is doing a bad job, and favor the Republican party more than the Democratic.

Voice for Change

Voters clearly view Perot as a voice for change, the way to send the system a message, and a catalyst for a stagnant political system. That is different than a presidential candidate and it is certainly different than a President -- differences voters readily acknowledge. Almost two thirds of voters (64 percent) have doubts about Perot as a President, even if they like his ideas (56 percent). Only 33 percent believe he would be a good President. However, as a voice for change, Perot is a particularly loud and authoritative voice and gives important cues even to non-Perot voters. Voters pay a great deal of attention to him (almost half have watched one of his television programs since the election). They pay a great deal of attention when he says that government action would increase taxes, increase the deficit, or serve the special interests.

For example, two thirds of potential and historical Perot voters believe that Perot opposes Clinton's economic plan, and their support for the plan has diminished dramatically. Other survey work we have done showed that Perot voters are particularly likely to believe that the economic plan did not put enough emphasis on cutting spending, put too much emphasis on increasing taxes, and had lost its jobs focus -- substituting pork barrel for real investment.

Similarly, if Perot opposes Clinton's health care plan, that moves a net 15 percent of the voters against the plan, even as 70 percent of voters now say they support the plan. If Perot were to oppose the national health care plan because it increased spending and taxes, a net 30

US News Perot Survey

4

percent of voters say they, too, would be less likely to support the plan. That includes a net shift of 17 points even among anti-Perot voters. He is indeed an authoritative voice in American politics today.

Voters want to see Perot play a role in this administration (60 percent). That includes two thirds of Clinton voters and Perot voters and even a majority of anti-Perot voters (53 percent) believe it would be a good idea to have him play a role in this administration.

A Provocateur, not a President

However, voters have significantly more reservations about Perot as a President. Overall, they do not rate his hypothetical performance that much higher than the Presidents. For example, while 31 percent of voters believe that Clinton has done a good job and 40 percent fair, 40 percent believe that Perot over the same time would have done a good job and 33 percent fair. However, Perot voters, including Democratic Perot voters, tend to give Perot much higher marks than Clinton (37 point higher among Democratic Perot voters and 53 points higher among Republican Perot voters), while anti-Perot voters give Clinton much higher marks (27 points).

Voters believe that Perot is a little naive about government (58 percent), and their biggest doubt about him is whether he would be able to get his ideas through Congress (32 percent). Forty-one percent question whether he would be well-suited to be President. One of Perot's greatest strengths is that he is an outsider and a businessman, but voters also then wonder if he would really be able to produce as President. Assessments of his ability to produce are some of the starkest differences between historical and potential Perot voters and more than anything else represent the glass ceiling on his support. For example, 30 percent of historical Perot voters, 51 percent of potential Perot voters, and a whopping 71 percent of anti-Perot voters believe he is a little naive about government. Similarly, 21 percent of historical Perot voters, but 50 percent of potential Perot voters, believe that Perot has good ideas, but would not make a good President. (A whopping 93 percent of anti-Perot voters do not believe he would be a good President.)

Perhaps most important of all, 53 percent of voters believe that Perot would have raised their taxes as well if he had been President. That includes 58 percent of Perot voters, though only 39 percent of potential Perot voters. (Focus groups show that Perot voters are tax sensitive voters, but believe that Perot would raise their taxes and use the money to deal with the deficit. They have less confidence that Clinton will limit the taxes he increases and that the money will be used wisely.

Contours of the Electorate

Today, 25 percent of the voters say they would support Dole, 35 percent Clinton, and 35 percent Perot. Fifteen percent of Clinton voters and 30 percent of Bush voters say they would defect to Perot today. Perot runs ahead of Clinton in the Midwest, South, and Mountain states

US News Perot Survey

5

and has a significant gender gap with 40 percent support among men and only 30 percent among women. Age and education also strongly correlate with support for Perot who pulls together a young, downscale coalition. Similarly, in the generic Congressional vote, 23 percent say they would support the Republican candidate, 25 percent the Democratic candidate, and 25 percent a United We Stand Candidate. While this undoubtedly dramatically overstates the support of United We Stand in real Congressional races where candidates' personal profiles will draw much more support than generic party affiliation, these measures all indicate that Perot represents a real political force in our system today.

Potential Perot voters (those who say they would consider voting for him, but did not before) can be picked up by their respective parties fairly easily, but historical Perot voters (those who supported him in 1992) are far more difficult to consolidate. For example, when United We Stand is not a choice, 49 percent of potential Perot voters choose the Republican Congressional candidate, 38 percent the Democratic, and 13 percent remain undecided. However, among historical Perot voters, a full 37 percent refuse to choose between the parties.

Historical Perot voters tend to be male, young, Republican and ticket-splitters, some college voters, people who identify themselves as lower class or working class, people who feel they have fallen behind economically, and whites. Potential Perot voters are the wives of the historical Perot voters and their older male counterparts. They tend to be women without college educations, men over 45 and women under 45, non-college educated, white, middle income, less pressed economically, and less downscale in their class identification. (We should note that anti-Perot voters tend to be union households, Democrats, and college educated women.

Persona and Politics

Voters increasingly judge candidates on three distinct dimensions -- (personal character, political character, and performance). Their judgments of Perot differ dramatically on these three dimensions. All three dimensions would carry significant weight if he were being judged as a real Presidential candidate or a President. However, as a "provocateur" and "catalyst," assessments of his political character (which are much more positive than the other two) dominate voters' impressions.

Voters have a well-defined image of Perot. They see him as someone who gets things done (79 percent), is independent (83 percent), represents real change (81 percent), is a strong leader (75 percent), is a straight-shooter (81 percent). Although Perot is one of the most wealthy figures in America, people see him as for the average guy, and voters believe he will fight for people and protect the middle class more than the Republican Dole or Democrat Clinton. This is a wealthy, Republican businessman, whose strongest identity is with working class men. He is indeed a unique political phenomena. Even anti-Perot voter grant him this positive political character.

US News Perot Survey

6

Voters find his most appealing qualities to be that he will bring change and is political outsider (25 percent), that he is a businessman and will run government like a business (21 percent), and that he is a doer (19 percent). While voters like his common sense approach (15 percent) and the role he currently plans in the American political system, they find much less appealing his policies and plans (only 8 percent say that is the thing they like most about him). However, 15 percent like his economic ideas for jobs and deficit reduction. Democratic Perot voters like that Perot understands people and that he is an outsider, and Republican Perot voters like that Perot will run the government as a business and is a businessman and doer. Again, voters of both parties are endorsing Perot's approach as much as his policies. Democratic Perot voters are much shakier in their judgments about Perot than Republican voters -- less sure that he will get things done, is an outsider, and will represent their views on issues. Again, we see that Perot represents an even greater threat to the Republican party than the Democratic party.

Voters have much more doubts about Perot's personal character. Voters worry that he might be a little crazy (45 percent), is a little dictator (54 percent), and a little bit scary (51 percent). Women and Democrats are particularly concerned about Perot's personality, which is the second biggest concern overall about Perot. Fifty three percent of voters also worry or do not know whether Perot keeps his promises. Ironically, this is one of voters' biggest doubts about Clinton and one of the reasons they turned against Bush. However, voters are not acting on these doubts when it comes to Perot at this time -- another sign that they see him as a more "theoretical force" than "actual candidate." Personality is the soft underside of Perot's character, and these doubts could come to haunt him as they did in the past if he emerged as an actual candidate again.

Performance is the biggest area of voters' doubts about Perot. A third of voters list as their top concern that he will not be able to get his ideas through -- a particularly intense concern among potential and historical Perot voters. We have seen already that Democratic and female voters worry if government should really be run like a business and that most voters worry about whether Perot would really be able to get his ideas through.

While voters have real concerns about Perot, his honeymoon is likely to last a while. On the Republican side there is a vacuum of leadership and an absence of ideas that will make them particularly vulnerable to Perot's message. We have undoubtedly measured Perot's strength at a particularly low time for Clinton, after the severe public criticism of his first 100 days. However, Perot pulls on Democratic voters on fiscal issues and particularly on economic issues. During the campaign, we saw that Bush's negatives went up when the Republican campaign attacked Perot, leaving Clinton, the bystander, the beneficiary. Neither party will be willing to risk that dynamic now.

Even more important, few institutions have the credibility (and perhaps the courage) to take Perot on. Perot voters are particularly anti-establishment and anti-institutions. For example, while a third of voters overall believe that the press has been unfair to Perot, 55 percent

US News Perot Survey

7

of Perot voters and 48 percent of potential Perot voters agree. We should note only 7 percent of voters believe the press has not been critical enough of Perot. One may well ask, "who will say that the Emperor has no clothes," when he is the most popular figure in the country.

Changing the Contours of Politics

All ballots are hypothetical and pretty meaningless at this point in the political process. Far more important is how Perot's presence changes perceptions of the two parties and their candidates. There his effect is devastating to the Republicans and very serious for the Democrats.

Comparing Republican Dole and Democrat Clinton, voters give at least marginal advantages to the Democrats on every issue except taxes, where they have gone from even to a whopping 29 point deficit. Even on traditional Republican issues like fighting crime, reducing the deficit, and cutting government waste voters, at least split between the two parties. However, Perot voters have significantly soured in their perceptions of Clinton, moving against him and to the Republicans on creating jobs, protecting the middle class, reducing the deficit, fighting for people, cutting government waste, and breaking gridlock. They also give Republicans a whopping 36 point advantage on holding the line on taxes. Perot voters also resist choosing between these two flawed parties on a number of issues, with more than a quarter refusing to choose between the two on issues like the deficit and government waste.

Most important, however, the entry of Perot dramatically changes the contours of the political landscape and takes from both parties their historic advantage, seriously damaging the Republican party and limiting the Administration's credibility. The Republicans have no advantage on any issue with Perot in the picture. Perot has a whopping 45 point advantage on the deficit, 37 points on taxes, and 47 points on cutting government waste -- the core of his political image and agenda. Even Clinton voters and Democrats give Perot the advantage on these issues. Perot also has a 24 point advantage on breaking government gridlock and even among Clinton voters, Perot and Clinton tie on this dimension.

Of real concern to Democrats and the administration, voters give Perot a 12 point advantage on protecting the middle class, a 16 point advantage on fighting for people like me, and even an 8 point advantage on creating jobs. This is the core of the Democratic winning message in 1992. Perot is carried over by Perot and Bush voters, but the results are of real concern, nevertheless.

Clinton retains his advantage, even with Perot on his domestic agenda -- health care (24 points) and education (11 points). In election year focus groups, voters doubted that a businessman would be sufficiently concerned about either one and thought Perot would not seek to use government enough on both. This indicates again the enormous stakes that rest on the Clinton administration on the success of the health care plan.