FOIA Number: 2012-0769-F

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Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: Council on Environmental Quality

Series/Staff Member: Kathleen (Katie) McGinty

Subseries:

OA/ID Number: 2890

FolderID:

Folder Title:
Environmental Business Letter

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Business Council for a Sustainable Energy Future
1725 K Street, N.W. • Suite 509 • Washington, D.C. • 20006-1401 • (202) 857-0666

May 6, 1992

The Honorable George Bush
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

We are writing to urge you to announce a U.S. goal for limiting the nation's emissions of carbon dioxide and other greenhouse gases not covered under the Montreal Protocol. We believe that the compromise treaty language now being discussed at the United Nations in New York is a first step toward stronger efforts to limit greenhouse gas emissions.

Global warming is now a real threat to the future of the world economy and to future generations. We cannot afford for the United States, the largest greenhouse gas producer, to lag behind other industrial nations in addressing this problem. Meaningful steps to limit carbon dioxide emissions will enable the United States to lead in shaping a new world order that includes a healthier global economy and environment.

As leaders of companies concerned about the impact of U.S. energy policy on the environment and on U.S. competitiveness, we have come to the conclusion that the U.S. can achieve substantial reductions in its carbon dioxide emissions with existing technologies by relying on market-based policies. Just as the United States led in the development and distribution of oil technology, we must once again become the leader in clean, sustainable, 21st century technologies.

U.S. industry has steadily reduced its emissions of carbon dioxide per unit of output during the past two decades, and can do even better in the years ahead. We believe that the shift to a more sustainable energy economy is now inevitable, and that the United States must move quickly to avoid missing one of the biggest investment opportunities in history. The three strategies that can help us stabilize the climate, reduce oil imports, and improve economic competitiveness are: improved energy efficiency; increased reliance on natural gas; and accelerated use of renewable energy resources.

As industry leaders, we plan to invest in cost-effective technology that will improve energy efficiency and minimize pollution, including carbon dioxide emissions. We will also work to build partnerships with state governments, non-governmental organizations, and the public to achieve environmental goals. However, we need to have your cooperation to be successful. We ask you to join us, demonstrating the kind of leadership you showed in introducing clean air legislation during your first year in office.

As you said in your National Energy Strategy announcement last year, improved energy efficiency is our cheapest and least environmentally damaging domestic energy resource. We already have the insulation, lighting, heating, air conditioning, variable speed motor controls, and other technologies to greatly reduce U.S. energy use per unit of output. Similarly, we have the technologies to make automobiles and trucks far more efficient and less polluting. What we need is more aggressive federal research and development, government procurement of efficient technologies, and most importantly, market-based incentives for greater efficiency.

We also urge a major increase in the production and use of our cleanest fossil fuel—natural gas—which is already providing the country with more energy than domestic oil. Based on new resource estimates, we believe that the use of gas could be increased 50 percent during the next two decades, providing more energy for heating and cooling buildings, running power plants, and fueling automobiles. The private sector is ready to take the lead in using more natural gas, but we would like to see more federal research on technologies such as fuel cells and natural gas vehicles. This would not only help reduce pollution at relatively low cost, but will get more drilling rigs started in the southwest, boosting employment in that region.

Renewable energy technologies offer another abundant and increasingly economical domestic energy resource. Increased support for federal programs in solar (thermal, photovoltaic and passive), wind, biomass, and geothermal energy will help us harness the pollution-preventing, high-technology energy sources that our European and Japanese competitors are already pursuing aggressively. Renewable energy technologies have advanced to the point that they are being commercialized worldwide, but still face formidable market barriers in the United States. We urge you to respond to this challenge by launching an aggressive research and market development program, including federal incentives for renewable thermal and electric applications similar to those studied during the National Energy Strategy process. Such support can allow these new sources to provide a large share of the energy the country needs.

We believe that government and industry should adhere to two principles in devising a cost-effective sustainable energy strategy. First, all policy decisions must reflect the full-cycle economic and environmental costs and benefits of each technology. Second, we should rely on market-based incentives such as pollution taxes, feebate systems, or tradeable permits to achieve our objectives, avoiding where

The Honorable George Bush
President of the United States
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possible "command-and-control" regulation. We urge the Administration to examine options for offsetting taxes on carbon dioxide or other pollutants by reducing taxes on income, capital, or labor. This would help to internalize and ultimately reduce the environmental and national security costs associated with today's energy economy, while boosting incentives for capital formation and job creation.

We urge you to convene a working group of administration officials and industry, consumer, and environmental leaders, to report to you by the end of 1992 on how the above market-based policy options could best be incorporated into a cost-effective strategy for reducing U.S. carbon dioxide emissions.

A national strategy for stabilizing the climate by harnessing cleaner domestic energy sources could be lasting legacy of your administration. Such a strategy would help reduce our dependence on imported oil, create jobs, and improve national competitiveness. Equally important, it would provide leadership by example to other countries whose cooperation is essential in any long-term strategy to reduce the risks of global warming. In that respect, it could become the cornerstone of a truly sustainable new world order.

Respectfully yours,

Roger W. Sant
Chairman and CEO
The AES Corporation

Steven K. Gorman
President
American Energy Technologies Inc.

Mervyn H. Siegel
President and CEO
Advanced Photovoltaic Systems Inc.

Michael L.S. Bergey
President
Bergey Windpower

Robert B. Catell
President and CEO
Brooklyn Union Gas Company

Harry R. Halloran Jr.
Chairman
Energy Unlimited Inc.

Walter J. Hesse
President
ENTECH Inc.

James A. Johnson
Chairman and CEO
Fannie Mae

Robert A. Hefner III
Chairman
The GHK Company

Dean T. Langford
President
GTE Electrical Products Group

Anthony J.F. O'Reilly
Chairman, President and CEO
H.J. Heinz Company

Michael R. Bonsignore
Executive Vice President and COO
Honeywell Inc.

Irwin L. Gross
Chairman
ICC Technologies

Theodore Blumenstock
Vice President, Business Development
Integrated Power Corporation

Robert Lynette
President
R. Lynette & Associates Inc.

David Blittersdorf
President
NRG Systems

David Olsen
President
Peak Power Corporation

Charles H. Percy
President
Charles Percy & Associates Inc.

Charles T. Condy
Chairman
Proven Alternatives Inc.

Ed Smeloff
Chairman
Sacramento Municipal Utility District

Ben Bennett
Executive Vice President
Stirling Technology Company

S. Lynn Sutcliffe
President and CEO
SYCOM Enterprises

Subhendu Guha
Vice President, Research & Technology
United Solar Systems Corporation

Kenneth C. Karas
President and CEO
Zond Systems Inc.

MEMORANDUM

TO: Debra Fried Levin

FROM: Monica Vachher
Business Leaders for Clinton/Gore

DATE: August 31, 1992

It was a pleasure speaking with you today. Enclosed is a packet of materials concerning the Clinton/Gore economic plan, which includes a restatement of the plan by Rob Shapiro (in a memo to Eli Siegel), and other related press and campaign materials.

As we discussed, the objectives of our group are as follows:

* To validate the Clinton/Gore economic strategy through support of the business community.

* To set up a relationship which will continue throughout the Clinton/Gore administration as a critical element of the partnership among government, business and labor, sought by the candidates.

* To respond to Bush on campaign issues related to economic strategy.

In enlisting the support of business leaders (whether leaders of the nation's largest companies, leaders of key regional businesses, or entrepreneurs), we would like CEO's who will establish a base of support within their communities and on a national basis, and who will be visible spokespeople for the Clinton/Gore business agenda by:

Being available to the press and providing positive PR in the media through interviews, speeches, letters to the editor, Op-Ed pieces, etc.

Enlisting the support of their peers in their respective business communities.

Sponsoring and coordinating functions with leaders of local business communities and campaign advisors.

As I mentioned, we are working with a diverse group of people in enlisting and coordinating this support. Your assistance in broadening the list of business leaders willing to publicly endorse the ticket would be greatly appreciated. (A list of current endorsers is attached.) As I also mentioned, we are planning a national business event on Monday morning, September 21st, in Chicago, at which we hope to have supporters representing a broad cross section of the business community.

Please feel free to call me at 212-551-3600 (or, this week, at 312-944-2370) with questions. Thanks for your help.

BUSINESS LEADERS FOR CLINTON-GORE **8/31**

PUBLIC ENDORSEMENTS
(List in formation)

Paul A. Allaire
Chairman & CEO
Xerox Corporation
P.O. Box 1600
Stamford, CT 06904

Eli Broad **Print name in list with "peers" only.**
Chairman, CEO & President
Broad Inc.
11601 Wilshire Blvd.
Los Angeles, CA 90025

John H. Bryan
Chairman
Sara Lee Corporation
70 West Madison
Chicago, ILL 60602-4266

Ronald W. Burkle
Chairman & CEO
Food 4 Less Supermarkets, Inc.
250 West First Street, Suite 210
Claremont, CA 91711

Louis W. Cabot
Director Emeritus and
Former Chairman
Cabot Corporation
75 State Street
Boston, MA 02109

Thomas D. Cabot
Chairman Emeritus
Cabot Corporation
75 State Street
Boston, MA 02109

*Joseph F. Cullman
Chairman Emeritus
100 Park Avenue, 10th Floor
New York, NY

Roy Furman
President
Furman Selz Incorporated
230 Park Avenue
New York, NY 10169

Walter B. Gerken
Former CEO & Chairman of the Board
Pacific Mutual Life Insurance Co.
Current Chairman, Executive Committee
700 Newport Center Drive
Newport, CA 92660

Robert D. Haas
Chairman & CEO
Levi Strauss & Co.
1155 Battery Street
San Francisco, CA 94111

Name can be used in list but he will not speak to the press

Sidney Harman
Harman International Industries, Inc.
Chairman & CEO
(Former Deputy Secretary of Commerce
Carter Administration)
8500 Balboa Blvd.
Northridge, CA 91329

John Heimann
Chairman
Global Financial Institutions
Merrill Lynch & Co.
World Financial Center, North Tower
New York, NY 10281-1332

Roger W. Johnson
Chairman & CEO
Western Digital Corporation
8105 Irvine Center Drive
Irvine, CA 92718

Bruce Karatz
President & CEO
Kaufman and Broad Home Corp.
10877 Wilshire Blvd.
Los Angeles, CA 90024

Arthur Levitt
Former Chairman
American Stock Exchange
Levitt Media Company
375 Park Avenue, Suite 803
New York, NY 10152

Bruce Llewellyn
Chairman & CEO
Philadelphia Coca-Cola
Bottling Company
30 Rockefeller Plaza, 29th Fl.
New York, NY 10112

Reuben Mark
Chairman, President &
CEO
Colgate Palmolive
300 Park Avenue
New York, NY 10022

Name can be used in list but he will not speak to the press

David Maxwell
Former Chairman & CEO
FNMA
5335 Wisconsin Ave.,N.W.
Suite 440
Washington, D.C. 20015

Thomas F. McLarty
Chairman & CEO
Arkla, Inc.
400 East Capitol Avenue
Little Rock, AR 72202

*Edward H. Meyer
Chairman, CEO &
President
Greg Advertising
777 Third Avenue
New York, NY 10017

Alan Patricof
Chairman
Patricof & Co. Ventures, Inc.
445 Park Avenue, Floor 11
New York, NY 10022

Jerry K. Pearlman
Chief Executive Officer
Zenith Electronics Corporation
1000 Milwaukee Avenue
Glenview, ILL 60025

Larry Perlman
President & CEO
Ceridian Corporation (Formerly Control Data)
8100 34th Avenue South
Minneapolis, Minnesota 55425

John J. Pomerantz
CEO
The Leslie Fay Companies, Inc.
1400 Broadway, 16th Floor
New York, NY 10018-5281

Leland Prussia
Former Chairman
Bank of America
555 California Street, Suite 500
San Francisco, CA 94100

Sumner Redstone
Chairman
Viacom International
1515 Broadway
New York, NY 10036

Robert Rubin
Chief Executive Officer
Goldman, Sachs & Co.
85 Broad Street
New York, NY 10004

Bernard L. Schwartz
Chairman & CEO
Loral Corporation
600 Third Avenue
New York, NY 10016

Irving S. Shapiro
Former Chairman

E.I. DuPont de Nemours & Company
One Rodney Square
P.O. Box 636
Wilmington, Delaware 19899

William P. Stiritz — **Not interested in a meeting. No Press.**
Chairman & CEO
Ralston Purina Company
Checkerboard Square
St. Louis, MO 63164

Susie Tompkins
Co-Founder
Esprit de Corp.
900 Minnesota Street
San Francisco, CA 94107

Ms. Lillian Vernon
Chief Executive Officer
Lillian Vernon Corporation
510 South Fulton Avenue
Mount Vernon, NY 10550

Michael Walsh
Chairman & CEO
Tenneco, Inc.
1010 Milam St. 30th floor
Houston, Texas 77002

T.J. Watson, Jr. — **Name can be used in list but no press or other contacts.**
Chairman Emeritus
IBM
Old Orchard Rd.
Armonk, NY 10504

George Weissman
Retired Chairman
Philip Morris Companies, Inc.
120 Park Avenue
New York, NY 10017

Frank G. Wells
President & CEO
The Walt Disney Company
500 South Buena Vista
Burbank, California 91521

Josh S. Weston
Chairman & CEO
Automatic DataProcessing, Inc.
125 ADP Boulevard
Roseland, New Jersey 07068

Alan Wurtzel
Chairman
Circuit City Stores, Inc.
1747 Corcoran St. N.W.
Washington, DC 20009

*These are new names as of August 31, 1992

To: marla
from: katie
re: business open letter

please review and let me know your comments. this is much stronger than earlier version. i was going to suggest tht the second graf be changed to read: "We call upon you to engage this issuc as a central focus in the upcoming Presidential and Vice Presidential debates." whaddayathink?

what are your thoughts about placement of this letter and timing of release. does it make sense to try to place it in several smaller papers throughout the midwest rather than e.g. one hit in the nyt or wsj???

worries that i have about this: first, the letter is really strong -- don't know how many ceo's will sign on. second, i am afraid that wirth will not be sufficiently restrained in shopping this. i have told david that we need to hold this VERY close to the vest -- only share it with a couple ceo's that we trust; have them review it as a trial balloon; then have them invest personal time ON THE PHONE explaining it to several other ceo's that they have personal relationships with. nightmare that i envision is that wirth has this faxed far and wide to solicit signatures. the letter is too ambitious and the faxing is sloppy. then leaks and the story is that "businesses refuse to sign pro-envt letter forced on them by Clinton campaign affiliates"......david said he fully understood what i was getting at and would make sure that it was done discreetly. do you worry about this; any other precautions we should take here??

THX!

-> more experience in cleaning up the planet
-> certainty
-> long-term / plant [illegible].
* address CAFE
* Propose Committee

Draft: August 27, 1992 - 12:30 p.m.

BUSINESS COMMITTEE FOR JOBS AND THE ENVIRONMENT

AN OPEN LETTER TO PRESIDENT BUSH AND GOVERNOR CLINTON ON THE SUBJECT OF JOBS AND THE ENVIRONMENT

There is an urgent need to retain and to create jobs for American workers. The need to protect our nation's economic health and indeed the health of our fragile planet (through sound environmental policies) is equally urgent. These are not incompatible goals as some extremists have suggested.

[illegible] put forward economic plan [illegible]

We call upon you and your campaigns to ~~put forward a strategy for our economic growth and competitiveness that draws upon the economic opportunities presented by environmental leadership.~~

to engage this issue as a central focus in the upcoming Presidential & V.P. debates

True, certain environmental strategies will affect the way businesses conduct their activities ~~and some businesses may find some of their transactions and projects less profitable while they adjust to the new standards. Some jobs may be lost in the process;~~ However, ~~over time,~~ new jobs and opportunities will be created. investments made to reach environmental goals can enhance productivity, improve efficiency and create jobs.

It is absolutely wrong to suggest that there is an inherent conflict

NO

between environmental protection, on the one hand, and economic growth, economic efficiency, and job creation on the other.

The suggestion that it is "either environmental protection or jobs" is superficial thinking which ignores plentiful evidence to the contrary. To make Americans think they have to ~~choose between~~ jobs and a healthier environment for themselves and their children creates an atmosphere of fear around an important subject that must be dealt with responsibly and thoroughly ~~analytically and objectively~~. It is also bad economics.

The undersigned American business executives, labor leaders, economists and concerned citizens have thought long and hard about these issues, and we want to set the record straight:

NEGLECTING THE ENVIRONMENT CAN KILL JOBS AND ECONOMIC GROWTH.

There are, unfortunately, many examples where failure to respond to pollution has cost jobs and, in fact, contributed to the decline of entire industries:

o The "rust belt" contains hundreds of factories which have not been improved over the years to take advantage of newer "clean" technologies and as a result are now being abandoned at a rapid rate, with significant hardships and dislocation for surrounding communities.

o Polluted waters and overfishing have killed both the commercial and recreational fishing industry in several areas such as Oregon! Washington/ CA (Harwood to obtain) and are a danger to this $10 billion industry in scores of other locations.

Yes

o (PREFER SUBSTITUTE GRAF, PERHAPS ON CEMENT INDUSTRY, HARWOOD TO CHECK) Overlogging has destroyed the timber industry in entire regions, such as that in Northern Michigan which had a thriving logging industry in the earlier part of this century.

Eastern Europe? Cement alley??

ENVIRONMENTAL PROTECTION CREATES JOBS. When U.S. firms buy products and services to clean up their operations, most of their expenditures flow to other American firms which are, in fact, some of the most innovative American enterprises. The best data show that we now have ~~well over a $100 billion per year~~ an environmental industry + well more than $100B/year comprised of 65,000 to 70,000 businesses employing at least 1 million Americans. That entire industry practically did not exist 20 years ago. Inc. Magazine reports that ~~over~~ during the past five years this industry has grown by 15 percent annually, nearly six times the rate of the U.S.

economy. (CHECKING SOURCE).

In a single state -- Massachusetts -- a recent survey by (CHECKING) found that in 1990 environmental technology firms generated annual revenues of $6.2 billion and employed 36,500 persons. The expectation is that these figures will double by 1993.

The Organization for Economic Cooperation and Development estimates a current world market for environmental equipment and services at $200 billion annually -- growing at an average annual rate of 5 to 6 percent, and increasing to $300 billion by the year 2000.

<u>AMERICA'S MAJOR COMPETITORS IN WORLD MARKETS UNDERSTAND THE ECONOMIC BENEFITS OF ENVIRONMENTAL PROTECTION.</u> Japan and Germany have created and retained jobs while increasing their energy and economic efficiency, as well as their environmental protection. As Michael Porter, author of <u>The Competitive Advantage of Nations</u>, has put it: "The strongest proof that environmental protection does not hamper competitiveness is the economic performance of nations with the strictest laws." Energy use per unit of Gross Domestic Product in both these

countries is less than 60 percent that of the U.S. Simply stated energy efficiency is good business.

(HARWOOD LOOKING FOR BUSINESS QUOTE ON THIS BEING THE GREATEST BUSINESS OPPORTUNITY IN HISTORY) → Japanese growth.

<u>A FOCUS ON ENVIRONMENTAL PROTECTION IMPROVES OUR INTERNATIONAL COMPETITIVE POSTURE.</u> Reducing waste means more efficient use of raw materials. Conserving energy not only helps clean the air; it also helps lower the costs of production. The relationship between profits and environmental products and improvements is no secret to American companies such as 3M and Cummins Engine PG (EXPAND LIST). These companies have made improved environmental performance a key to their future market positions and found that they have increased profitability in the process.

No credible. Sound environmental protection does NOT compromise jobs

Any Evidence?

<u>THERE ~~IS SCANT EVIDENCE THAT~~ THE U.S. HAS LOST JOBS TO OTHER NATIONS AS ~~A RESULT OF OUR LEADERSHIP IN ENVIRONMENTAL PROTECTION~~.</u> Low wage countries inevitably are also those with lax environmental protection laws. Their low wage scales are the determining factor in factory relocation, not the marginal savings due to lack of environmental protection. Further, poor environmental protection regimes are almost certainly synonymous with unhealthy and unsafe working conditions. This is not a

Yeah — need to rework 1st line

standard we want for U.S. working men and women.

MARKET-BASED ENVIRONMENTAL STRATEGIES WORK. Laws and regulations need not be of the old "command and control" style, which required businesses to meet certain standards and mandated specific ways to achieve those standards. There are a range of new market-based approaches to environmental protection which ~~simply~~ set goals and provide firms with flexibility ~~in terms of~~ to achieve that goal. The acid rain title of the 1990 Clean Air Act Amendments is one example. Another is the strategy of rewarding electric utilities for investing in conservation, which has produced profits, and avoided construction of new generating plans and accompanying pollution. The use of these approaches can make allocation of resources more efficient rather than distorting them. This is not a vague theory, but one that has been tried and proven in practice.

When in the past, we felt threatened by hostile foreign forces, this country had the leadership and vision to develop a defense and aircraft industry that not only served our military needs but also spawned a huge export market for American products. When we decided to respond to the challenge of space exploration, we again led the world in innovation -- such as miniaturization of electronic components and new metallurgy -- which made us a major exporter of advanced, high value-added products. We now are faced with a substantial new challenge -- achieving economic growth in an environmentally sound manner. In this effort, we believe we can harness the same combination of skill, technology, vision and investment that have served us so well in the past. What is needed is leadership. It is imperative that we move beyond partisan rhetoric ~~about jobs and the environment~~ and debate in this campaign strategies worthy of this challenge.