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**OA/ID Number:** 04884  
**Folder ID Number:** 04884-001

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**Folder Title:**  
Correspondence--K [1]

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<b>G</b>	<b>15</b>	<b>21</b>	<b>7</b>	

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ANDREW H. CARD, JR.

1991

CORRESPONDENCE FILE

CORRESPONDENCE FILE

A - J

*D. H. ...*

**4883**

ENCLOSURES FILED OVERSIZE ATTACHMENTS

NARA 1576

ANDREW H. CARD, JR.

1991

CORRESPONDENCE FILE

CORRESPONDENCE FILE

K - Z

**4884**

ENCLOSURES FILED OVERSIZE ATTACHMENTS

NARA 1577

*3 boxes recd in ORN 4/9/92*  
TT

ANDREW H. CARD, JR.

1991

CORRESPONDENCE FILE

Box 3 for White House

CORRESPONDENCE FILE

Correspondence General (5/89 -)

Travel (Expenses/Authorization)

Correspondence (No response Necessary)

Miscellaneous Correspondence  
(No Response Necessary 1991 - AHC)

POTUS

Press Release

Public Liaison

S & L

Seabrook

Space Council

Boston Central Artery

Vice President & Mrs. Quayle

White House Administration

EC 1992

ENCLOSURES FILED OVERSIZE ATTACHMENTS

**4885**

NARA 1578

THE WHITE HOUSE

WASHINGTON

December 27, 1991

Dear Fred,

Thank you for your note. Please know that your correspondence to the President will be taken with me on the trip to the Far East with President Bush. I will make sure he has a chance to review the suggestions you have made.

Keep in touch. Happy 1992!

Sincerely,

*Andy Card / 22*

Andrew H. Card, Jr.  
Assistant to the President  
and Deputy Chief of Staff

Mr. Fred Kavli, Chairman  
Kavlico Corporation  
14501 Los Angeles Avenue  
Moorpark, California 93021

DC91-07

THE WHITE HOUSE

WASHINGTON

December 27, 1991


Dear Maria,

Thank you for your note and the copy of the correspondence that you sent Governor Sununu on November 14, 1991.

Please know that I will make sure the White House Office of Political Affairs follows up on your concerns.

Work hard in New Hampshire for the President. Happy 1992!

Sincerely,

A handwritten signature in cursive script that reads "Andy Card" followed by a stylized flourish.

Andrew H. Card, Jr.  
Assistant to the President  
and Deputy Chief of Staff

Ms. Maria S. Koromilas  
466 Central Avenue  
Dover, New Hampshire 03820

DC91-05

RECEIVED

DEC 23 1991

MARIA S. KOROMILAS  
466 Central Avenue  
Dover, New Hampshire 03820  
(Office: 603-742-6777)  
(Residence: 603-742-6169)

December 17, 1991

Mr. Andrew H. Card, Jr.  
Assistant to the President and Deputy Chief of Staff  
The White House  
1600 Pennsylvania Avenue, Northwest  
Washington, D. C.

Mr. David M. Carney  
Special Assistant to the President and  
Director of the Office of Political Affairs  
The White House  
1600 Pennsylvania Avenue, Northwest  
Washington, D. C.

Re: National Republican Heritage Groups (Nationalities) Council

Dear Gentlemen:

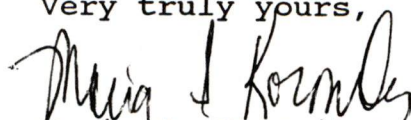
Enclosed please find a copy of the letter I sent to Governor John Sununu on November 14, 1991.

If, to date there has been no communication with the Republican National Committee it is understandable. I send this copy to you for you to pursue, if it is conducive to your duties, and/or to channel it to the proper office for its attention.

Thanking you in advance for your cooperation.

Please advise.

Very truly yours,

  
Maria S. Koromilas

MSK:af  
Enclosure

MARIA S. KOROMILAS  
466 Central Avenue  
Dover, New Hampshire 03820  
(Office: 603-742-6777)  
(Residence: 603-742-6169)

November 14, 1991

The Honorable John Sununu  
Chief of Staff  
The White House  
1600 Pennsylvania Avenue, Northwest  
Washington, D. C.

Dear Governor Sununu:

The 21st Annual Convention of the National Republican Heritage Groups (Nationalities) Council was held in Old Town Alexandria, Virginia on November 8th and 9th, 1991. As Chairman of National Republican Heritage Groups (Nationalities) Council Volunteers Committee and as the Acting Chairman from the State of New Hampshire I was in attendance. At this convention I was voted in as Assistant Secretary to the Council for the upcoming two years. There were delegates from all over the United States, especially from the big ethnic states, i.e., California, New York, Michigan, Illinois, Pennsylvania, etc.

It seems that the Republican National Committee does not favorably look at the Heritage Groups (Nationalities) Council for some unknown reason. Several of the delegates (who have been with the Council for many years) claim that there is an attitude change to the Heritage Groups (Nationalities) Council from the Republican National Committee. They feel that they are given the "royal snub". There seems to be no reason given to the Council for this cold treatment. In the past, national leaders have made appearances at their conventions and have listened to what the Council has had to say. Recognition was always given to the Council by the White House and by the Republican National Committee.

I have been asked by several Council delegates to drop you a note and ask you, if possible, to contact the Republican National Committee and the Nationalities Chairman of the Heritage Groups (Nationalities) Council, Mr. Casimir (Casey) Oksas, at the Washington office or in Chicago to see if something can be done to restore the friendly and favorable communications between the two groups that they once enjoyed.

It seems rather strange that this separation has occurred. After all, we all are working towards Republican victories on the national, state and local levels. More than ever, we must unite for the common cause of Republicanism.

We, as Republicans, cannot afford to have these two groups wander off in the horizon without definite direction and cooperation between them. We need every group.

Whatever can be done will be greatly appreciated.

Thank you very much.

Very truly yours,

Maria S. Koromilas

MSK:af

cc: Mr. Casimir (Casey) Oksas, National Chairman, Republican National Heritage Groups (Nationalities) Council, Dwight David Eisenhower Republican Center, 310 First Street, Southeast, Washington, D. C. 20003 (Office - Washington 1-202-662-1345) and

10520 S. Hamilton Avenue, Chicago, Illinois 60643  
(Office - Chicago 1-312-443-5519)  
(Residence - Chicago 1-312-779-0362)

P. S. Last night on the "Larry King" show you were terrific. Right on point. Keep up the good work.

Mary Claire Kendall  
4858 Battery Lane, #204  
Bethesda, MD 20814

f.b.  
AC HAS SEEN

RECEIVED

DEC - 2 1991

November 29, 1991

The Honorable Andrew H. Card, Jr.  
Assistant to the President and  
Deputy Chief of Staff  
The White House  
Washington, D.C. 20500

Dear Andy:

I hope you and your family had an enjoyable Thanksgiving.

I wanted to follow up on the items I talked with you about in July -- 1) working for Kevin Moley after he is confirmed as DHHS Deputy Secretary; and 2) working for Gary Blumenthal on the Presidential Initiative on Rural Development.

Gary wrote me a nice note in September saying staffing for the Initiative was "deemed adequate" at the present time but that he would keep me in mind for other positions. I wrote to Kevin and have been told he will look at my situation after he is confirmed.

In addition, I would like to reiterate my desire to work on the campaign or in the White House to help formulate or communicate our domestic policy strategy. As with the economy, I think all the fundamentals are there, but the "art of the possible" needs to guide our thinking and shape our message.

In addition to our articulated domestic themes, other valuable themes might support a winning strategy. Robert Kuttner recently wrote that education and training policy in the United States is found wanting. (See enclosed op-ed.) To address the link between education and work is to find the key to the leveling off of poverty statistics and stagnant wages for non-college bound youth -- all other things being equal. The President's visit last week to a medical technology vocational education class in Columbus, Ohio seemed to signal his interest in this issue.

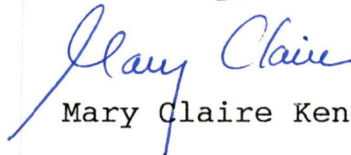
The Honorable Andrew H. Card, Jr. - Page 2  
November 29, 1991

I developed a proposal during the 1988 Presidential campaign on the need to strengthen the link between education and work by engaging business more actively in the development of educational programs for non-college bound youth. For instance, as you probably know, Boston-area businesses formed a "Boston Compact" to help motivate youngsters to learn. The businesses work with high school students and offer them employment after graduation if they meet the required academic standards. I have mentioned the need to more closely link education with work to White House (ODP) and Education officials several times since the beginning of the Administration.

Organizational development ideas that Edward Demming exported to Japan in the 50s, when the United States did not grasp the value of his work, and other "kinder and gentler" corporate initiatives responsive to workers' needs, are now beginning to take hold in America. Such initiatives increase productivity and worker morale, and reduce health care costs. The Administration might take the lead by bringing together the elements of these various initiatives.

Andy, I look forward to talking with you again soon about the possibility of working on the campaign or in the White House on the formulation or communication of our domestic policy strategy.

Sincerely,



Mary Claire Kendall

Enclosures

P.S. The time may be right for a line item veto to strengthen the President's hand in reducing the deficit.

Robert Kuttner

# Economy: A Lot Could Be Done

Many politicians have reluctantly concluded that the present basic direction of economic policy is the only possible path. The deficit precludes new public spending, the fear of inflation prevents lowering of interest rates. We can debate whether the rich should pay a bit more in taxes and the middle class less, or whether we want a slightly bigger peace dividend. But for the most part, there seems no fundamental alternative to the nation's overall economic course.

Those who accept that premise have been looking in the wrong places. Their big mistake is to assume that government policy affects the economy only through budget and monetary policy. In fact, public policy significantly affects the structure of the private economy and, hence, its competitiveness.

During the 1980s, several Democrats ran as "new ideas" candidates, but it was not clear whether those ideas had much substance. In 1984, the cartoonist Dan Wasserman lampooned Gary Hart thus:

Hart: We need some new ideas.

Citizen: Could you name one?

Hart: I just did!

But seven years later, there are ample new ideas that present vivid alternatives to official thinking. They are not merely symbolic politics or gimmickry about "the future"—but the product of hard, creative thinking. If anything, a surprising consensus exists about things that could be done if a different administration came into power. For example:

High Skills Versus Low Wages. Several study commissions have compared education and training policy in the United States and in its competitors, and found the United States wanting.

The most eloquent of these was the 1990 Report of the Commission on the Skills of the American Workforce, whose co-chairmen were Ray Marshall and William Brock. Marshall, Jimmy Carter's labor secretary, was by far the most liberal member of the Carter Cabinet. Brock, labor secretary under Ronald Reagan, also served as chairman of the Republican Party.

Yet in the report both men, and several other distinguished business, labor and educational leaders, agreed that "most American employers organize work in a way that does not require high skills. . . . America may have the worst school-to-work transition system of any advanced country. . . . The choice that America faces is between high skills and low wages. Gradually, silently, we are choosing low wages."

The commission unanimously recommended a new system that would require every high school student to obtain a Certificate of Basic Mastery. Non-college-bound young people would go on to get nationally accredited training in professional or technical skills. Employers would either provide training or contribute tax dollars to a regional training fund.

Recently a bipartisan group, led by Sen. Ted Kennedy of Massachusetts (D) and Rep. Ralph Regula of Ohio (R), introduced legislation to carry out several of the recommendations. The Bush administration opposes it.

Civilianize High-Tech Research. For decades, the secret weapon in the competitiveness of American technology has been the Cold War. The Pentagon and the Energy Department's national laboratories have contributed to U.S. technical prowess in everything from computer-controlled machine tools to supercomputers to jet airliners.

But with the passing of the Cold War, the military camouflage around our high-tech policy grows ever tatter, and the policy itself is increasingly threadbare. Sen. Jeff Bingaman, a New Mexico Democratic moderate, has been crusading almost singlehandedly to shift some of this research and development activity to civilian auspices.

Earlier legislation by Bingaman compelled the Pentagon to specify technologies that it considered critical to the national defense. These turned out to be most of high-tech industry. Now Bingaman wants us to abandon the military pretense and simply admit that technological virtue is good for the economy as a whole. His views are seconded by numerous business groups—but resisted by the Bush administration.

Universal Health Insurance. This past week, a broad coalition of blue-chip corporations, health organizations and trade unions called the National Leadership Coalition for Health Care Reform went public with its recommendations. Like most other serious people who've studied the issue, they concluded that cost containment coupled with high quality care is impossible in the absence of universal health coverage.

This particular group opted for the "play-or-pay" approach, in which employers decide either to provide their employees with a health plan or pay a tax. It's a bit unusual to see big business lobbying for new taxes and new government mandates—but these business leaders concluded that the present chaos is a far worse recipe for continued

As in the areas of worker training and technology policy, there is a broad consensus regarding the necessary direction of health care reform. But not at the White House.

Far from a lack of new policy ideas, a virtual compendium of well-turned reforms has accumulated during the Reagan-Bush years, awaiting only an administration with the sense to act on them.

**MARY CLAIRE KENDALL**  
4858 Battery Lane  
Apartment 204  
Bethesda, MD 20814  
(202)245-0279-w; (301)652-4123-h

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**PROFESSIONAL EXPERIENCE**

**SPECIAL ASSISTANT TO THE ASSISTANT SECRETARY FOR HEALTH**

**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (DHHS), Office of the Assistant Secretary for Health (OASH), March 1989-present.** Alert the Assistant Secretary for Health (ASH) to issues of political importance. Help prepare the ASH for one-on-ones with the Secretary and Deputy Secretary. Assist the ASH with policy initiatives and administration of programs. Keep the ASH abreast of the news. Provide communications, writing, and policy assistance (e.g., in speeches, letters, memoranda, talking points and issue/policy reviews and through liaison activity). Coordinate special initiatives for the Public Health Service (PHS). Serve: (1) on Management Team Steering Committee of the White House Economic Policy Council Working Group on Rural Development responsible for implementing the President's Initiative on Rural Economic Development; (2) as Special Liaison to the PHS Coordinating Committee on Women's Health Issues; and (3) as PHS Points of Light Coordinator on the DHHS Committee responsible for implementing the President's Thousand Points of Light Initiative within DHHS. (Received Outstanding Performance Appraisal for FY '90).

**PERSONNEL ANALYST**

**OFFICE OF THE PRESIDENT ELECT/THE WHITE HOUSE, Office of Presidential Personnel, November 1988-February 1989.** Analyzed resumes submitted to the President and his advisors for appointment in the new Bush Administration. Assisted the four Associate Directors in selecting the most highly qualified individuals to fill the cabinet and sub-cabinet level positions.

**RESEARCH ANALYST/WRITER**

**BUSH/QUAYLE '88, Research Division, August-November 1988.** Drafted talking points and memoranda for surrogate speakers. Researched opposition's policies and positions on domestic and social issues. Developed youth education policy proposal. Wrote memoranda for campaign chairman, deputy press secretary, and for key advisors responsible for debate preparation. Researched and analyzed campaign media coverage for director of polling. (Also worked at George Bush for President, Research Division, August/October 1987.)

**CONFIDENTIAL ASSISTANT TO THE DIRECTOR/CHIEF SPEECHWRITER**

**U.S. DEPARTMENT OF EDUCATION, Office of Bilingual Education and Minority Languages Affairs, October 1987-August 1988.** Wrote speeches given to numerous constituent groups outside Washington. Exhibited ability to present policy in a positive and persuasive manner. Wrote article on educating Hispanic Americans published in The World & I.

**MARY CLAIRE KENDALL**  
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Apartment 204  
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(202) 245-0279-w; (301) 652-4123-h

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**EXECUTIVE ASSISTANT TO THE EXECUTIVE DIRECTOR**

**THE LYNDE AND HARRY BRADLEY FOUNDATION, INC.**, Milwaukee, WI, September 1986-August 1987. Handled broad range of executive communications, both oral and written, to grantees and prospective grantees. Wrote and edited speeches and talking points.

**ADDITIONAL EXPERIENCE:** Staff Assistant, Russo, Watts & Rollins, Inc., October 1985-May 1986. Executive Assistant, Jeremiah Denton for Senate Committee, May/June 1985 (temporary position). Staff Assistant, Office of Senator Mark O. Hatfield, February-May 1985 (temporary position). Finance Director, The Jefferson Educational Foundation, June 1984-January 1985 (consultant position).  
**ENTRY LEVEL EXPERIENCE:** Intern, Office of Simon C. Coombs, M.P., London, England, April/May 1984. Staff Assistant, Republican National Committee, September 1983-March 1984. Staff Assistant, Washington Consulting Group, Inc., September 1982-July 1983. Administrative Assistant, Daly Associates, Inc., November 1981-August 1982.

**POLITICAL EXPERIENCE:** Bush-Quayle '88, Research Division, August-November 1988; also, coordinated the Family Issues Coalition "Salute to the American Family" at the Republican National Convention, August 1988. George Bush for President, August/October 1987. Republican Party of Montgomery County, Maryland, Precinct Chair, 13-38, September 1983-November 1984. Maryland Young Republicans, Director of Programs, June 1983-May 1985. Before entering excepted service in the Federal government, volunteered on many Federal, State and local Republican campaigns in addition to the Bush campaign. Current member of the Capitol Hill Club and the Republican Women's Federal Forum.

**Health:** Excellent

**Marital Status:** Single

**Interests & Activities:** American history, politics and policy, fashion and design, community service and family. Serve as Chair of the Thousand Points of Light Committee of the Bush-Quayle Schedule C Association (BQSCA) and as the DHHS Representative on the BQSCA Board of Directors.

**EDUCATION:** Wellesley College, B.A., History/Political Science, May 1981

THE WHITE HOUSE  
WASHINGTON

Date: 12-22-91

TO: *Hans Kuttner*

FROM: ANDY CARD *Andy*

- Action
- Your Comment
- Let's Talk
- FYI

HAS BEEN

*This will be a major media war.*

RECEIVED  
DEC 11 1991

*Jaquie*

Unity Action League Update

I give you some information and press  
Unity Action League (HEAL) (see  
since then, HEAL has been very  
you on some of their good work.

January 14 the Democrats will be  
across the country on the subject  
starting today, a series of  
hearings in Atlanta, Cleveland, Detroit  
and other cities. The hearings will be in favor of

requesting HEAL tried to have  
at the December hearings, but

were refused.

HEAL has developed tremendous grassroots capabilities.  
They will cover all the hearings seeking to provide both oral  
and written testimony and speak out to the media in an effort  
to provide the facts to the public. Enclosed is a memo sent  
to all HEAL members outlining their activities in response to  
these hearings.

Pam Bailey, of the Healthcare Leadership Council, and  
Dirk Van Dongen, of the National Association of Wholesaler-  
Distributors and other leaders of HEAL will be doing media  
events, including press conferences and editorial board  
visits.

As this issue takes the forefront in the coming weeks,  
HEAL members across the country stand ready to work toward  
incremental, market-based solutions to the health care  
crisis.

Please give me a call if you have any questions or would  
like additional information on HEAL. I'll be sure to  
continue to keep you posted on our activities.

THE WHITE HOUSE  
WASHINGTON

HILL AND KNOWLTON

Hill and Knowlton, Inc.  
International Public Relations Counsel  
800 South Street  
Waltham, Massachusetts 02154  
(617) 894-3100 FAX (617) 893-2420

John A. Norris, J.D., M.B.A.  
Corporate Executive Vice President  
Health Sciences Consulting Group Director  
Worldwide

Date: 12-22-91

TO: *Hans Kuttner*

FROM: ANDY CARD *Andy*

- Action
- Your Comment
- Let's Talk

FYI, *as appropriate.*

CONFIDENTIAL

D

I

Subject: Quick check list of key points on health care and FDA reform that might be raised with White House, CEO and Congressional leaders

Subject: Deal of thought to your general questions on directions Administration and some specific issues dealing with FDA drug, biological and device development and review. In range with the CEO of a major health care company to discuss these policies and directions. Certainly, he will be able to assist our task of developing a workable and attainable program

As requested, following is a quick outline, in check list format, of a set of health care reform and FDA reform issues you might consider raising with CEOs or Congressional leaders, as well as with Mr. Sununu and Mr. Bush, to gain their support for a reform initiative. This represents a combination of not only my ideas but those of Harold Silverman and Bill Curran (the Harvard professor of law and medicine with whom I teach and who is collaborating with us on the health care reform article on how the health care and FDA reform issues might best be managed, for the good of the nation).

Our advice is very simple and straightforward. In our view, all of these meetings should be "no holds barred" focused reviews of what needs to be done to reform the health care delivery system and its infrastructure, including the FDA, now. From our perspective, most, and possibly all, of the ideas we have set forth in this letter meet the important criteria of being organizational and politically practical. If further thought out, and implemented in their best form, we believe they would make a real and lasting difference in the timeliness, effectiveness, and efficiency of the health care system and of FDA's work, particularly its new drug review work. The proposed FDA reforms, alone, would not only reduce the long-term direct cost of running the agency, but would help to jump-start the economy in the short term by the creation of billions of dollars in new jobs, and save the pharmaceutical industry and the American public billions of dollars over the long term.

Systemic Health Care Reforms

It is abundantly clear that the White House must take the lead in proposing systemic health care reforms that are achievable and cannot be dismissed as "budget busters": The Administration must, most importantly, make a case directly to the American people that you are sensitive to the complex economic problems that have led us to the situation we are now facing and are knowledgeable of how the current concerns over health reform are largely a reflection of those problems. Some examples of the kinds of reforms that could achieve those objectives and the objectives of a fully-integrated and skillfully-managed health care delivery system are:

*AC HAS SEEN*

THE WHITE HOUSE

12-13-91

Dear Tom -

Thank you for your note and the U.S. Advisory Commission on Public Diplomacy paper on "Public Diplomacy in the Soviet Union and the Republics."

"Times they are a changingy..."  
Keep in touch.

Andy Card

THE WHITE HOUSE  
WASHINGTON

Mr. Tom C. Korologos  
Chairman  
U.S. Advisory Commission on  
Public Diplomacy  
Washington, D.C. 20547

United States Advisory Commission  
on Public Diplomacy

Washington, D.C. 20547

Office of the Chairman

RECEIVED  
DEC - 9 1991

December 3, 1991

The Honorable Andrew H. Card, Jr.  
Deputy Chief of Staff  
The White House  
Washington, D.C. 20500

Dear Andy:

To supplement its annual reports, the U.S. Advisory Commission on Public Diplomacy intends from time to time to issue short topical papers on international broadcasting, information, and educational exchange matters of interest to policymakers.

"Public Diplomacy in the Soviet Union and the Republics," the first of these occasional papers, addresses changing priorities and unprecedented opportunities brought about by the collapse the Soviet empire. We hope you and your colleagues will find it of value.

With best wishes.

Sincerely,

Tom

Tom C. Korologos  
Chairman

Enclosure

# PUBLIC DIPLOMACY

A Presidential Commission created by Congress to provide bipartisan oversight of the international broadcasting, information, and educational exchange activities of the United States government.

TOM C. KOROLOGOS  
Chairman

WILLIAM J. HYBL  
Vice Chairman

EDWIN J. FEULNER, JR.

PRISCILLA L. BUCKLEY

RICHARD B. STONE

LEWIS W. DOUGLAS, JR.

WALTER R. ROBERTS

## PUBLIC DIPLOMACY IN THE SOVIET UNION AND THE REPUBLICS

- *Recent events in the Soviet Union create unprecedented opportunities to encourage peaceful change and democratic reform. An expanded American presence in the republics should be one of the nation's top priorities.*
- *America's best small investment, high yield approach to the Soviet Union and the republics today is public diplomacy: educational exchanges, information and cultural programs, and international television and radio broadcasting.*
- *The Advisory Commission recommends new program priorities, consolidation of certain assets, and immediate redirection of \$50 million of international affairs funds to activities that support free market economies, rule of law, independent media, free trade unions, and other foundations of democracy.*

The collapse of communism and the Soviet empire is the salient strategic event of our time. Power is shifting from the center to the republics. Democratic and free market reformers occupy leadership positions. Sweeping changes, with enormous implications and uncertain outcomes, have rendered old policies and paradigms obsolete.

Vital American interests are at stake, with opportunities comparable to those in Germany and Japan after World War II. If democratic reform efforts fail, the long-term cost to the United States and the cause of freedom will be enormous. If they succeed, Americans can look forward to increased security, a reduced defense burden, and expanded trade.

### A Public Diplomacy Strategy

The Commission believes people-to-people exchanges, information and training programs, radio and television broadcasting — core elements of American public diplomacy for decades — are the most sensible, cost-effective ways to promote peaceful change and democracy in a newly pluralistic Soviet Union.

There are limits to what outsiders can do to affect change, and in the end reforms can only be accomplished by the reformers themselves. But intense interest exists throughout the republics in market-based economic models and democratic institutions. Public diplomacy is the ideal vehicle by which to multiply contacts quickly with republic and local leaders, and become visibly engaged in ways that benefit both U.S. interests and the process of democratic reform.

**Reassessing priorities.** During the Cold War, the U.S. emphasized shortwave broadcasting and large exhibits in the Soviet Union because most other means of communication were limited or denied. Today, there are opportunities to pursue a full range of public diplomacy programs, and we must adjust our priorities accordingly.

International visitors, television placement, English teacher training, academic exchanges, book translations, the Wireless File, media training, libraries, small exhibits, cultural centers, speakers, expansion of VOA's local radio placement affiliates, and many other activities are now possible. We do



jects calls for syndicated programs in local languages and English, donations of TVRO dishes and other equipment, media training and TV cooperative productions. TV coops in particular, bringing republic television crews to the U.S. for stories about America, are inexpensive and assure maximum use.

**Placement** of VOA's broadcasts on AM and FM radio stations in the republics promises better signal quality and access to much larger audiences than shortwave in local media markets. Other Western broadcasters have begun to do this. The U.S. should move quickly to lease airtime on local affiliates, and invest in equipment donations, additional satellite capacity, marketing staffs, and aggressive promotional efforts.

**Shortwave radio** will be needed for some time to come to reach the Soviet Union and the republics, politically unstable areas that cover 11 time zones. Shortwave remains cost-effective in crisis situations and in countries with state-controlled and developing free media. Its importance will diminish, however, with the advent of Direct Broadcast Satellite technology, and as television, local placement and other forms of public diplomacy become relevant in increasingly competitive information environments.

**Audience research and program evaluation** must be enhanced if these new approaches to U.S. broadcasting are to be effective. USIA has consistently underinvested in audience research in comparison with the BBC and RFE/RL. Research is essential to competitive programming in free media environments, to frequency selection, to signal delivery decisions, and to radio and television marketing.

**Newsgathering and program production in nationalities languages** should be strengthened as well. Needs include additional news bureaus, a network of stringers in all republics, access to regional and republic news services, and augmented staffs to provide tailored programs for the republics. VOA may have to look at trade-offs between its Russian shortwave capability and nationalities language services.

Bold initiatives are needed if the United States is to communicate effectively with democratic reformers struggling to succeed. The potential for chaos, renewed repression, and the discrediting of democracy is real. Windows now open may close.

But America's response must be more than a short-term reaction to unprecedented opportunity. Public diplomacy provides a long-term investment in a revolution of ideas that can benefit U.S. interests for generations to come.

***"[Latvian Parliament President] A. Gorbunovs was very pleased to inform journalists during the press conference about one concrete example of such help. The U.S. Information Agency (USIA) is planning to donate TV equipment to our Latvian TV."***

*From President Gorbunovs' remarks to the press released by the Latvian Parliament's Press Center. September 1991*

THE WHITE HOUSE  
WASHINGTON

November 23, 1991

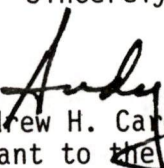
Dear Charles:

Thanks very much for your letter. Mike Sullivan's fundraiser was great fun for me, and it was good to see you there.

President and Mrs. Bush will appreciate your kind offer to help with the restoration of their home in Kennebunkport. You are thoughtful.

Please give my best to everyone in Braintree. Keep in touch.

Sincerely,

  
Andrew H. Card, Jr.  
Assistant to the President  
and Deputy Chief of Staff

Mr. Charles J. Kelley Jr.  
Edward K. Perry Company  
53 Plain Street  
Braintree, Massachusetts 02184

# Edward K. Perry Company

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West Palm Beach, Florida 33404  
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Fax (407) 840-7274

November 7, 1991

Mr. Andrew H. Card Jr.  
Assistant to the President  
Deputy to Chief of Staff  
White House  
Washington, DC

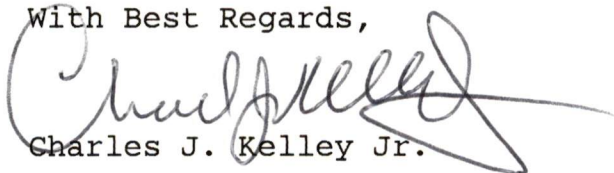
Dear Andy,

I enjoyed seeing you at Mike Sullivan's fundraiser. It must have been great for you seeing all of your old constituents again.

The purpose of this letter is twofold, first, to let you know that we have recently opened an office in Palm Beach, Florida. I felt that with the economy in the Northeast being a little uncertain that it was time to branch out. The second reason was to express my concern upon seeing the sight of President Bush's losses at his compound in Kennebunkport during the recent Nor'easter. If there is anything that we can do to help restore the President's residence please call Don Hart at our Boston office.

Once again, it was great seeing you and will hopefully see you again soon.

With Best Regards,

  
Charles J. Kelley Jr.

RECEIVED  
NOV 12 1991

AC HAS SEEN

THE WHITE HOUSE

11-23-91

Dear Bill -

Thank you for your note and  
the great jobs you have been doing.

Keep in touch!

Sincerely,

Audrey

P.S. The T-shirts are great. Thank you.

*Audrey H. Card*  
THE WHITE HOUSE  
WASHINGTON

William W. Koepfel  
Koepfel & Koepfel  
641 Lexington Avenue  
New York, NY 10022-4503

REALTY INVESTMENTS

641 LEXINGTON AVENUE • NEW YORK, NEW YORK 10022-4503 • (212) 751-8334 • FAX (212) 751-8834

**KOEPPEL  
&  
KOEPPEL**

WRITERS DIRECT DIAL

AC HAS SEEN

November 18, 1991

RECEIVED

NOV 21 1991

Honorable Andrew H. Card, Jr.  
Assistant to the President and  
Deputy Chief of Staff  
The White House  
1600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20500

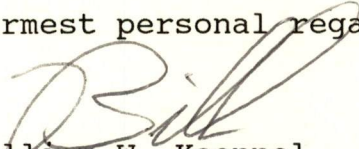
Dear Andy:

Now that we have rid New York of communism and liberalism, maybe we can do the same in that Commonwealth to our North, Massachusetts. Enclosed is an article about the November 12th record-breaking fundraiser that I thought you might enjoy. I was hoping that I would have seen you there.

You will be happy to hear that I didn't try to stow away again on Air Force One, which made Jim Ray's life much easier.

I look forward to seeing you on December 10th at the Eagles Gala Committee meeting.

Warmest personal regards,

  
William W. Koepfel

/tw

E#nc.

AC HAS SEEN

**KOEPPEL  
&  
KOEPPEL**

REALTY INVESTMENTS

641 LEXINGTON AVENUE • NEW YORK, NEW YORK 10022-4503 • (212) 751-8334 • FAX (212) 751-8834

WRITERS DIRECT DIAL

November 11, 1991

RECEIVED

NOV 12 1991

Hon. Andrew H. Card, Jr.  
Assistant to the President  
and Deputy Chief of Staff  
The White House  
1600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20500

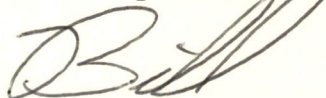
Dear Andy:

Enclosed are two teeshirts from Palm Beach. I thought you would like to know what the people down South think of the Senator from Massachusetts.

I hope to see you Tuesday at the Bush-Quayle '92 luncheon in New York. I have sold approximately 95 seats to that lunch, which puts me in the running to introduce the President. This has seemingly become a tradition. I don't think it is my efforts; I think it's that we have a great President.

I hope you enjoy these teeshirts.

Warmest personal regards,



William W. Koepfel

/tw

# THE MOB SQUEALS

Cracking the vow of silence - Page 7

# MIAMI WINS

Beats Florida St. in Sunshine squeaker - Sports

# DAILY @ NEWS

\$1.00

FORWARD WITH NEW YORK

Sunday, November 17, 1991

6

DAILY NEWS

Sunday, November 17, 1991



Bush Library Photocopy



'When I say the word,' Humpty said in a rather scornful tone, 'it means just what I choose it to mean — neither more nor less.'

# APPLE SAUCE

By LARRY SUTTON

## Pssst! Mr. President! New York City is a democracy

You get the ear of the President of the United States, the leader of the Free World. You want to impress him. What do you say?

How 'bout telling him New York "is the final bastion where, truly, communism is now dead with the defeat of (Carol Greitzer and Miriam Friedlander for City Council)"?

That's what GOP fund-raiser **Bill Koepfel** did at last week's presidential luncheon at the New York Hilton. What a kiddie. He knew they are really Democrats. We think.

**President Bush** took away \$2.2 million, a pretty good haul considering that supporters can give a maximum of \$1,000 to a presidential candidate.

Some Bush backers brought in even bigger bucks, according to our Frank Lombardi, by putting the arm on friends to buy \$1,000 tickets and sit at their tables. **D. Wayne Calloway**, chairman and CEO of PepsiCo, pulled in more than \$100,000, as did **Georgette Mosbacher**. Also in the \$100,000 ballpark were Koepfel and **Joy Silverman**, a Manhattan socialite whom Bush nominated as our ambassador to Barbados (she didn't get the job; Democrats objected). Luncheon chairman **Louis V. Gersner**, chairman and CEO of RJR Nabisco, praised their ticket-selling prowess.

STILL SINGING



### COMEBACK IN THE WORKS?

We heard a theatrical rumor (you know how those theater people talk) that Faye Dunaway was considering returning to the stage in an update of "The Women." We caught up with her at the premiere of Off-Broadway's "From the Mississippi Delta." Here's what she said: "I'm always looking for good material, and I love the theater. I began in the theater and I'll be coming back." Soon? "Not immediately." Hold the ticket orders.

THE WHITE HOUSE

11-22-91

Dear Ms. Kolpin -

It was a pleasure to meet  
and talk with you during your  
visit to Washington. I'm sorry  
that we didn't get more of an  
opportunity to discuss mutual concerns.

Keep in touch.

Sincerely,  
Andy Card

Andrew H. Card  
THE WHITE HOUSE  
WASHINGTON

Ruth I. Kolpin  
President  
Southwest Missouri Cable TV, Inc.  
P.O. Box 696  
Carthage, Missouri  
64836

THE WHITE HOUSE

11-22-91

Jim -

It was great to see  
you when you visited my  
office.

Keep in touch.

Andy

*Andrew H. Card, Jr.*  
THE WHITE HOUSE  
WASHINGTON

Jim Keefe  
Director of Intergovernmental Relations  
Kimberly Quality Care  
695 Atlantic Avenue  
Boston, Massachusetts 02111

THE WHITE HOUSE

11-22-91

Dear Mr. Kauli -

It was a pleasure to meet you during your visit to Washington. I'm sorry that we didn't get much time to talk.

Your interest and support are appreciated. Please keep in touch.

Sincerely, Andy Card

  
THE WHITE HOUSE  
WASHINGTON

Fred Kauli  
chairman  
Kaulics Corporation  
14501 Los Angeles Avenue  
Moorpark, California  
93021

THE WHITE HOUSE  
WASHINGTON

November 20, 1991

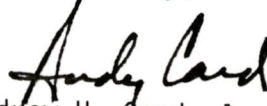
Dear Jeffrey:

Thank you for your letter expressing your interest in an internship at the White House.

The Office of the Chief of Staff has no internship program, but there are other opportunities available within the Executive Office of the President. I have forwarded your letter to Shara Castle in the Office of National Service and have asked her to send you the pertinent information for application.

I appreciate very much your interest. All the best there at Northeastern.

Sincerely,



Andrew H. Card, Jr.  
Assistant to the President  
and Deputy Chief of Staff

Mr. Jeffrey T. Karp  
18 Wedgemere Road  
Malden, Massachusetts 02148

bcc: Shara Castle

Jeffrey T. Karp  
18 Wedgemere Road  
Malden, MA 02148  
(617)397-0129  
November 3, 1991

RECEIVED  
NOV 12 1991

The Honorable Andrew Card Jr.  
Deputy Chief of Staff to the President  
The White House  
1600 Pennsylvania Avenue NW  
Washington, DC 20500

Dear Mr. Card:

I am writing to investigate the possibility of obtaining an internship with your office. Presently, I am a second-year law student at Northeastern University School of Law in Boston, Massachusetts. The education plan at the law school includes four academic quarters of cooperative education where each student assists in the practice of law under the supervision of an attorney for an eleven week period (most are unpaid positions).

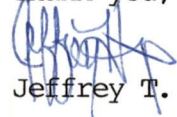
A "co-op" at the White House as a volunteer intern would be extremely rewarding as I am very much interested in the legislative and policy-making processes, national politics and public service. My specific interests are the savings and loan "mess," the plight of the inner-city, and foreign policy. I hope to be able to obtain a "co-op" with a United States Senator or Representative as a great many are Northeastern employers. However, it would be fascinating to witness American social and foreign policy being shaped and echoed at the White House. It would also be a dream come true.

I am well aware of the level of competition which comes with the type of position that I am requesting. I am sure that your office must get numerous such requests from very talented students who attend schools that are more recognized than Northeastern. However, I can assure you that I have obtained a first-rate legal education and strong researching and writing experience at the United States Attorney's Office in Boston (see my attached resume). My researching and writing skills will be further strengthened in the near future when I work my next "co-op" beginning in February, 1992. I can also assure you that if you hire me as a volunteer intern you will get an individual who was raised by a single parent in a blue-collar, working class city; a person who put himself through school and who is in touch with the "common man." I am hard working, outspoken, and loyal.

I am available to volunteer during any academic quarter through February, 1993. Please contact me at the above address if I can provide you with any additional information such as a transcript, letters of recommendation, or legal writing samples. My law school does not have a law journal; however, I have written several memorandums of law, one of which was filed with the United States Court of Appeals for the First Circuit.

I sincerely thank-you for your time. Please circulate this letter and attached resume to other executive branch officials if a position is not available with you.

Thank-you,



Jeffrey T. Karp

THE WHITE HOUSE

11-18-91

Dear Charles -

Thank you for your letter which was hand delivered by Dr. Larry Mohr. I'm sorry I did not get a chance to meet with Dr. Sidney Braman.

BOSMOSCO seems to be doing very well. I love the Matreshka doll. Thank you. Your idea about the convention is interesting. — Keep in touch. *Andy Card*

*Andrew A. Card*  
THE WHITE HOUSE  
WASHINGTON

Charles J. Kelley, Ph.D.  
BOSMOSCO  
131 Beverly Street  
Boston, MA 02114

A-  
Do you care to  
act on this?

**Document Originally  
Attached to  
Following Page**

BM

BOSMOSCO

131 Beverly Street  
Boston, MA 02114 USA  
Tel. 617-248-3988  
Fax. 617-248-3885

AC HAS SEEN  
RECEIVED

NOV 15 1991

from  
Dr. Mohr  
by hand

November 6, 1991

Andrew H. Card, Jr.  
Assistant to the President  
and Deputy to the Chief of Staff  
The White House  
Washington, D.C.

Dear Andrew,

When I was in Moscow, in July, one of our Soviet clients, who is in the wood working business, showed me a Matreshka doll. The doll had the image of President Bush painted on one side and President Gorbachev on the other. This doll gave me an idea. I asked my Russian friend to make a set of dolls showing the last (5) Republican Presidents, and have them ready for my return visit to Moscow, in October. You will see the results of his skill, as was produced on the doll that accompanies this letter. I would like you to accept this doll as a gift to you and your children.

to Gift Unit

Perhaps, there is the germ of an idea here. With the President kicking off the campaign in Houston last week, my thought was, asking the Republican National Committee to consider giving contributors, who give over a specified amount, one of the dolls as a memento. If the dolls were purchased in a Moscow hotel lobby they would cost \$250 + dollars. We could supply them to you for \$100.00. I think it would be a great fund raising idea.

You probably visited the GUM department store, just off Red Square, on your last visit to Moscow. The management has asked Bosmosco to arrange a 2 week display in their store, beginning December 1-15. It is the first time American goods have been so displayed. Various Soviet dignitaries would be in attendance. It would be nice if Ambassador Strauss stopped by. Do you think this is possible?

//

NEW YORK OFFICE:

3 W. 51st Street  
New York, NY 10019 USA  
Tel. 212-247-8757  
Fax. 212-247-8759

EUROPEAN COMMUNITY  
OFFICE:

12 Sycamore Avenue  
The Park, Cabinteely, Dublin 18  
Ireland  
Tel. 01-840-256  
Fax. 01-768-043

MOSCOW OFFICE:

84/32 Profsoyuznaya Street  
Moscow 117810 USSR  
Tel. 095-333-23-13  
Fax. 095-333-64-66

Page 2

My plan, as I write you this letter, is to ask Dr. Sidney Braman to deliver to you the Matreshka doll along with this letter. Sidney, is meeting with Dr. Larry Mohr, about raising the level of medical care in the Soviet Union.

When you have a moment, it would be nice to speak with you, again. Please call.

Sincerely,

A handwritten signature in blue ink that reads "Charles". The signature is written in a cursive style with a prominent initial 'C'.

Charles J. Kelley, Ph.D.

CJK:dek

THE WHITE HOUSE

11-17-91

Dear Anne-

Thank you for your letter. Your observations are important.

It would be helpful if you could write periodically with a view from Brockton. We do pay attention!  
Keep in touch.

Sincerely,  
Andy Card

P.S. How is Alan?

THE WHITE HOUSE  
WASHINGTON

Meredith Anne Knowles  
46 Rockland Drive  
Brockton, MA 02401

AC HAS SEEN

RECEIVED  
NOV 12 1991

November 4, 1991

Andrew Card, Jr.  
White House  
1600 Pennsylvania Avenue  
Washington D.C.

Dear Andy,

I am writing to you as a concerned citizen. Sorry about the cliché, but I really am concerned that the President and his advisors hear what is being said by the general public.

First, I want to see George Bush as our president for the next four years. I think he is one of the best presidents we have ever had and it bothers me a great deal that his "press" is so negative when it comes to what he has done. I support his efforts in world peace and try to take the long range look at what it will mean over the coming years. However, I am afraid that unless the "domestic" problems are taken care of, he will lose important ground in the coming months and that will make his campaign more difficult than it should.

While I am sure you get all kinds of input from people all over the country, I think it would be helpful if somehow the "pulse" of the average person could be taken. As an ex-reporter (Patriot Ledger), I have always had a great interest in what people say. Especially, when you meet with them in casual ways. At the market, in restaurants, at the train stations, visiting their homes etc. Places where people are comfortable saying what they feel and not what they might feel is expected.

When people talk among themselves, you get a real sense of what is bothering them - what they are pleased about and what they want from their elected officials.

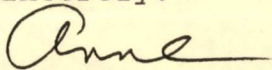
I think it is very important that President Bush address himself to these real concerns, from both "right and left", Democrat and Republican and most importantly those citizens who have no particular affiliation, but who have a great voting potential.

I think that President Bush would do well to seriously entertain the idea of real people to people research so that he can tie into what the "average citizen" is looking for and not listen to the rhetoric that is so prevalent on every side.

Please entertain my idea and let me know if there is anything that I could do to expand upon this suggestion.

I'm really looking forward to the upcoming campaign and do appreciate the work that you and President Bush's staff have done to achieved things that I never thought would come about.

Sincerely.



Meredith Anne Knowles  
46 Rockland Drive  
Brockton, MA 02401

THE WHITE HOUSE  
WASHINGTON

November 14, 1991

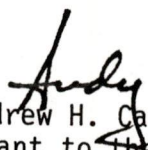
Dear Bob:

I was happy to hear from you and am sorry to say that I won't be able to meet with you on your upcoming trip to Washington. The schedule is a little hectic, but maybe on a future visit we can get together.

Thanks very much for checking in. I hope your convention is productive and successful.

My best to Suzanne.

Sincerely,

  
Andrew H. Card, Jr.  
Assistant to the President  
and Deputy Chief of Staff

Mr. Bob Kelly  
2103 McCarthy Road  
Ames, Iowa 50010

THE WHITE HOUSE  
WASHINGTON

DATE: November 13, 1991

TO: Ann Haines

FROM: **LINDA CASEY**  
**x2533**

Ann, Andy asked me to check with Roger to see whether he wants Andy to meet with Mr. Kelly. I think he's a friend of Roger's.

Thanks.

*Per Roger -  
No need to meet.  
11/14*

2103 Mc Carthy Road  
**Bob Kelly**  
Ames, Iowa 50010

RECEIVED  
NOV 12 1991

November 11, 1991

Dear Mr. Card:

Thank you for your recent letter. Realizing that you may not recall our correspondence, I have enclosed copies of my letter of September 18, and your reply of October 15.

I will be in Washington during the period of November 22-25 to attend the 71st annual convention of the National Council for the Social Studies. It is a major event for those of us involved in the teaching or development of curriculum in the social studies area. I will be coming with a group of five educators from my school district.

I would appreciate very much, the opportunity to stop by and say hello again for a few minutes, if your schedule can accommodate the visit. I will be staying at the Washington Hilton Towers (202-483-3000), and will be arriving the afternoon of November 22, and departing the city the afternoon of November 25. //

Unless I hear otherwise, I will call your office upon my arrival, and coordinate our schedules. In the event you wish to contact me I can be reached at the following phone numbers 515-232-1160 (school where I teach) or 515-292-9318 (home).

I will appreciate the opportunity to meet you again.

Sincerely,

*Bob Kelly*  
Bob Kelly

*Andy -  
Do you care  
to see him?*

*Check w/  
Roger Porter.  
If he wants  
I will see  
Bob briefly.*

Mr. Andrew H. Card, Jr.  
Assistant to the President and Deputy Chief of Staff  
The White House  
Washington, DC 20500

THE WHITE HOUSE

WASHINGTON

October 15, 1991

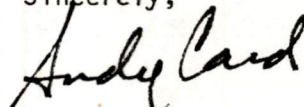
Dear Bob:

Thanks very much for your letter and the photo you enclosed. I was glad to hear from you and appreciate your kind offer to be of help on a future Presidential visit to Iowa. I'll remember your offer and will share it with others here.

Please look me up next time you visit Washington. I'd love to say hello.

My best to you and Suzanne.

Sincerely,

A handwritten signature in cursive script that reads "Andy Card".

Andrew H. Card, Jr.  
Assistant to the President  
and Deputy Chief of Staff

Mr. Bob Kelly  
2103 McCarthy Road  
Ames, Iowa 50010



September 18, 1991

Mr. Andrew H. Card, Jr.  
Assistant to the President and Deputy Chief of Staff  
The White House  
Washington, DC 20500

Dear Mr. Card:

The enclosed photo is one I took the evening of July 4 when my family was sharing the evening with Roger Porter and his family. After we left you we had the good fortune to view the fireworks from a balcony on the South East corner of the OEOB, and thus we did not get soaked by the rain.

In addition to yourself and Roger, the photo shows my wife Suzanne. Both of us are sixth grade teachers here in Ames, and are very active in current issues and activities in education. We are excited to hear that the first results of our nation's report card will be announced in Des Moines, Iowa on October 27 and 28. I believe Roger will be coming, and the press reports say that the President may come if his schedule will allow.

In the event you come to Iowa for this event, or on a campaign trip, know that the Kellys of Ames will be glad to be your hosts and facilitate anything that would assist you. We have enjoyed seeing you a few times on the Kennebunkport TV news spots aired during August. Hopefully, we will have an opportunity to get re-acquainted again in Iowa someday soon.

Sincerely,

Bob Kelly  
Encl.

THE WHITE HOUSE

November 11, 1991

Dear Mary Alice -

Thank you for your note of 10/29. Kathi and I want to help.

I have asked appropriate officials here to provide me with the guidelines and forms relating to opportunities that might complement Ned's interests. When I get a good packet of information, I will forward it to you.

Please give my best to all in the Bay State.

Sincerely, Andy

Andrew H. Card, Jr.  
THE WHITE HOUSE  
WASHINGTON

Mary Alice Kirby  
379 Harvard Street  
Whitman, Massachusetts  
02382

Linda -

I sent a note to Connie Horner to put together appropriate info.

Andy  
11/11/91

CHAPTER 636

*New Bedford Public Schools*

455 COUNTY STREET  
NEW BEDFORD, MA 02740

RECEIVED  
NOV 12 1991

AC HAS SEEN

November 5, 1991

Mr. Andrew H. Card, Jr.  
Assistant to the President  
Deputy Chief of Staff  
The White House  
1600 Pennsylvania Avenue NW  
Washington, DC 20500

Dear Mr. Card,

I was so excited to receive your kind response to my letter. I would love to have you come to New Bedford and see the Magnet School program. These three schools always have something going on, and I know you will have an enjoyable visit.

We are currently in the process of establishing business/industry partnerships for each of the Magnet Schools. The business community has been very receptive to the idea and we are in the process of finalizing two partnerships. While we are not asking businesses for money, we are looking for personnel to share their expertise.

The extended day programs at Gomes and Pulaski that are part of the Federal grant (Carney already had a day care program) are running beautifully. Parents and children are enjoying the enrichment activities and remediation provided by the program.

I am enclosing some "goodies" from the Magnet Schools so you will have a better idea of their own individuality. Again, thank you for your very nice letter. I will keep you posted as to the Magnet School activities.

Sincerely,

*Eileen Kenny*

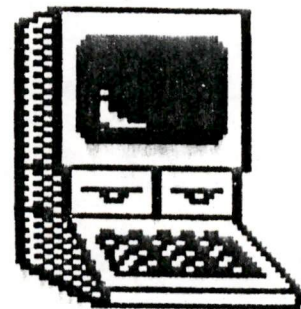
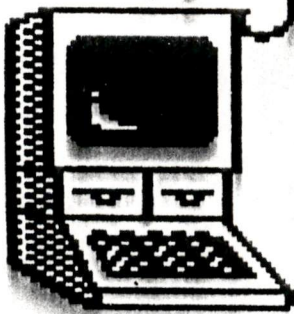
Eileen Kenny  
Chapter 636 Coordinator

attached

# A. J. Gomes School

PRESENTS

OUR 2ND ANNUAL



## COMPUTER FAIR

NOVEMBER 20-22 & 25-26

### Our featured exhibits....

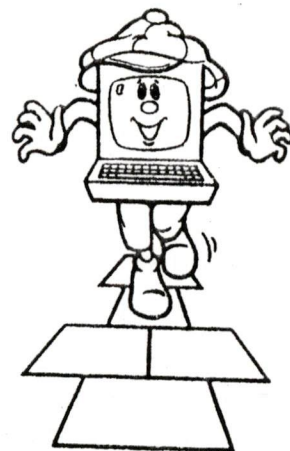


- \* Where In the World Is Carmen San Diego?

Presented by:  
Mrs. Maryanne Kepinski  
Grade 4AL

- \* Lego-Logo Technic II
- \* Laser Disk Demo
- \* Computer Hardware Display
- \* Basic Programming

Presented by:  
Mr. Dennis Winn  
Grade 6AL



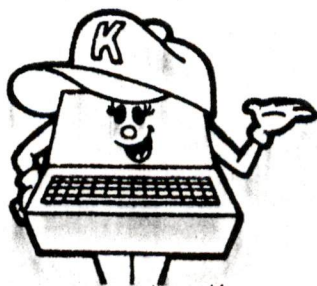
- \* Apple Touch Window
- \* Voice/Speech Synthesizer

Presented by:  
Mr. Conrad Thibeault  
Chapter I

- \* CD Rom
- \* Giant Color Projection
- \* Computer Games
- \* Poster Contest



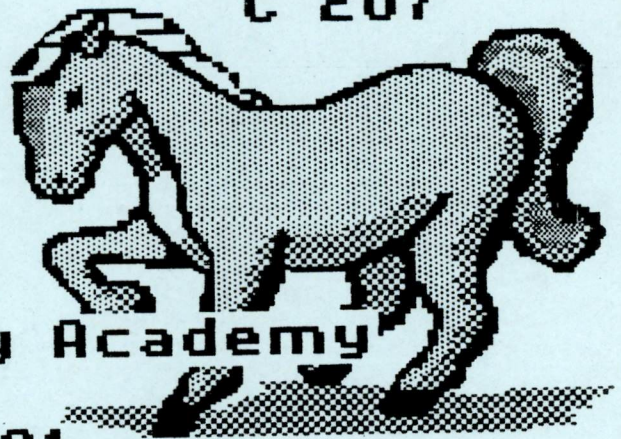
Poster Contest entries will be judged in 3 categories and winners will be announced on Nov. 26th.



# Mustang News

Sgt. William H Carney Academy

October, 1991



## The Man in Charge

Dr. Waters is a very nice person but, because Carney is a very big school, he has to be strict with the students. He has a very important job keeping the school organized. Dr. Waters is a very good principal because he makes sure everybody is doing what they are supposed to be doing.

Dr. Waters says, "It is exciting being a principal." He enjoys it very much. Dr. Waters attended Rodman School, New Bedford High School, and Providence, Bridgewater, and Boston State Colleges. Dr. Waters said that we are going to have a talent show this year. We are going to have the same events in school as last year and more! Our opinions are that Dr. Waters is an excellent principal.

By Priscilla Lavoie and Sara Charbonneau

## Strings at Carney

String students at Carney Academy are lucky to have string lessons. Mrs. Dullette, the string teacher who teaches at Carney, has been teaching for twelve years, six years in New Bedford and six years in another town. She is the only string teacher in the New Bedford elementary school system. Unfortunately, because of the budget cuts, students at smaller schools cannot receive string lessons. Mrs. Dullette has been teaching violin the longest and finds viola interesting. Because Mrs. Dullette is the only elementary string teacher, string students at Carney will be taking lessons in larger groups. Mrs. Dullette is thankful to have her job and we are thankful to have her teaching at Carney!

By Christian Pita, Carl Beckman, and Matthew Gallant

## Our Gym Teacher

Mr. Murgio decided to be a gym teacher because he likes sports and working with children. "If you put them together, it makes sense to be a gym teacher," says Mr. Murgio. Some of the games we play he makes up, like Ghost Busters, and some games he gets from other gym teachers. He had to go through four years of college to be a gym teacher. He also coaches football and track at NBHS (New Bedford High School).

Some changes at the gym are to get away from games and more into fitness and aerobic activities. He feels that he has been able to combine both fitness and aerobics into games. Mr. Murgio says it is very important for kids to do aerobics to stay physically fit.

By Stephanie Helm and Erica Worster

## Stamp Club

This year Mr. St. John, the fourth grade Advanced Learning teacher, will be producing Stamp Club and the Post Office. For Stamp Club he hopes every one who wants to join will be able to join. He is also going to try to earn more money for the Stamp Club this year so they can go on more field trips. This year Stamp Club will be held on Wednesday from 1:00 - 2:00 and from 2:30 - 3:30.

Another thing Mr. St. John is going to be working on is the Post Office. Last year not very many letters were written each week. Hopefully, more letters will be written this year. We hope that teachers will encourage students to write a letter at least once a week.

By Angeliqua Florest

## The School Nurse

Mrs. Servais, the school nurse, says she enjoys her job very much. She decided she wanted to be a nurse when she was in high school. Mrs.



Servais said she also liked being a nurse because she gets to do a lot of different things. She also says she likes every part of being a nurse.

By Crystal Gidley

## Mr. Dupre

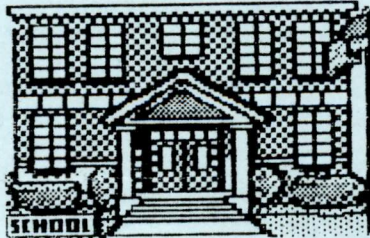
Mr. Dupre is a funny guy. He's funny because he imitates people. When we go for lessons he makes difficult things very easy. If you're ever down, he's always there for you. When we go for our lessons we work, but he makes the work fun, too.

Mr. Dupre has been teaching for quite a while, that's why he teaches so well. We are glad he came back this year. We don't know what we would do without him. We're very glad he teaches at Carney Academy and we hope he stays even longer.

This is Mr. Dupre's eighteenth year teaching in New Bedford. His favorite instrument and the one he finds easiest to teach is the trumpet because it's the instrument he started in junior high school. He has been playing in bands since he was fourteen years old.

Music has been a big part of his life ever since he was in junior high school and knew he wanted to teach music.

We really like Mr. Dupre.  
By Melanie Washburn and Shiona Rose



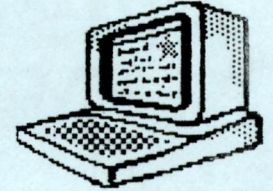
## Changes

Unfortunately, because of budget cuts, we had to cut time from some of our activities. Art is now every third week. Computer and music times have not changed, but we will not have Mrs. Stevens as our librarian this year.

By Michael Senra and Alexander Kalife

## The Computer Room

This year computers is being taught by Mr. Maranda. This is his fourth year teaching computers at this school. The type of computer we use is called the Laser 128. Our school has approximately 40 Laser computers. The software the students will be using will be from Rhymes and Riddles to Where in the world is Carmen Sandiego? Mr.



Maranda enjoys working with kids who are using computers. We are glad to have Mr. Maranda back with us and we hope he stays.

By Justin Campeau and Jamie Paquette

## An Interview with Mrs. Graves

Mrs. Graves is the music teacher at Sgt. Carney Academy. At the age of nine she started to take piano lessons and she decided to become a music teacher. She has now been teaching for six years in New Bedford, but she has been teaching in general since 1972. When her son was born she retired for ten years.

She thinks that teachers are, for the most part, underpaid considering that they are so well educated. Mrs. Graves feels that everyone treats her very well here at Carney. She enjoys working with the staff as well as the students.

Mrs. Graves especially enjoys working with younger children. She teaches singing with grades K-6 at four different schools and conducts glee club in four different schools. She is not a very shy person because she likes to express herself a lot. Mrs. Graves very much enjoys being a music teacher. We think she really enjoys being at Carney Academy and we enjoy having her here.  
By Elena Bretal and Xiomara Velez

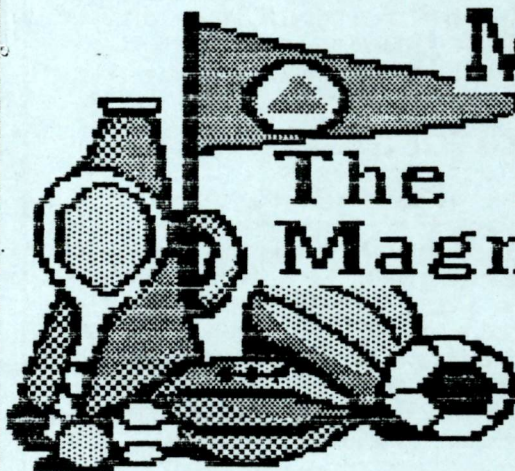
## More Changes

Our gym time with Mr. Murgio has been cut to half an hour every other week. There is one advantage, Mr. Murgio said he would try to start a floor hockey team at the other school. Then we could play a game against them.  
By Brandon Carmo, Randy Tobin, and Nicholas Vieira

# Magnet Moments

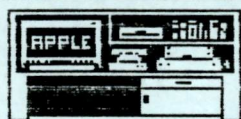
## The A.J. Gomes Magnet Newsletter

### October 1991



### Computer Chips

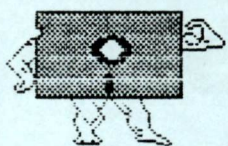
From Mr. Ramos



The next century is nearly here and our students in grade one this year will graduate from High School in the class of 2002.

#### What will technology be like then?

Today computer technology is everywhere; in offices, homes, stores, hospitals, and banks. But technology is ever changing. The computers of tomorrow even though they may be smaller, will be able to handle even larger amounts of data or information.



A CD Rom computer (Compact Disk - Read Only - Memory) can shrink a whole library down to portable size.

An entire encyclopedia can fit on a 5 inch CD Rom disk.

It has become an age of information and with that the use of a data base comes to mind. A data base is a place to store information. With the computer the information can be arranged into useful categories. For instance, countries of the world along with their capital cities could be listed in a data base and the information could be used effectively in a Social Studies program much as "Carmen Sandiego".

Word processing is still another powerful tool where with the computer you can continually and easily improve what you have written. Student can produce work which is more attractive and better written.

With these thoughts in mind here are some essential computer skills which will be addressed to all levels of our children during the upcoming school year.

1. Learn to use a word processor. Writing letters, compositions, stories, or any other assignment.

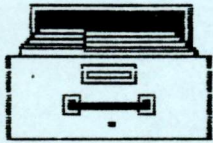
2. Experiment with a data base. Valuable information can be stored and later used in the classroom or within the computer program.

3. Explore new and challenging educational programs. Content area subjects which help students learn better and practice in basic skills such as reading and math.

4. Be creative. Use computer programs that teach how to draw and design or those which can produce charts or graphs.

5. Have fun - Play adventure and challenging problem solving games that can stimulate thinking.





## Career Corner

Mr. Pietkiewicz, the Careers Center teacher for many

years has retired. His replacement, Mr. Sladewski, will try to continue to serve the students of the Gomes School as well as Mr. Pietkiewicz did. Sometime soon, Mr. Sladewski will have three "new" workstations for the students to learn on. He will also have the students work on craft projects that they may take home when finished.

## Ask Dr. Cool



Dear Dr. Cool,

I'm kinda small for my age, and people are always "knocking" me around. At home, my older brother uses me like I'm his punching bag. Now that we are back at school, I'm getting bullied there, too. My parents tell me to stand up to kids who pick on me, but when I do, I just get hit more. Don't tell me to tell my teacher 'cuz then the kids will just get madder. What else could I do?

"Beat up."

Dear Mr. "Beat",

It gives bullies (and your brother) a sense of power to push smaller people around. Chances are, somewhere, someone is picking on them too! While it is a smart move not to tattle, there's nothing wrong with asking a friendly teacher or caring adult how you could handle this. Maybe talking it over could help you see situations to avoid where you might get picked on. Would your parents let you take instruction in martial arts? When you know how to defend yourself, you'll have more self-confidence. Bullies will be less likely to pick on a confident person.

## Musical Notes

from Mrs. O'Brien



Our new year has begun, and I'm sure it will be filled with many musical experience. Glee Club testing has been done and on Sept. 30th we begin rehearsing for our Christmas concert. Our classes are filled with singing and learning about the make-up of a music staff. Because of budget cuts, there will be no Friday afternoon all-city strings, band, or choral program. However, some glee club students will be

selected for an all-city Christmas Concert to be held at N.B.H.S. on December 17th. Have a good year from the music department!

## Editorials

I don't see how anyone could even think about having someone who gets free lunch and only wants milk to either order the lunch or pay 25 cents for a milk. Someone isn't going to pay 25 cents if they could get it with a free lunch. I don't feel people would like us to order the lunch just for the milk and then throw the lunch away. The lunch workers are making and preparing an extra lunch just to be thrown away. I don't understand how anyone could think about that.

Greg Marchessault

## Beyond The Cake Sale

### CANDY SALE

A special "THANK YOU" to all the AJG pupils, parents, family and friends who have generously "chipped-in" with their time and finances in an effort to help the school raise some much needed funds. Without all of this valuable assistance the fundraiser would not have been as successful.

At press time the school was approaching nearly \$6,000 in total profits. The money will be used to buy equipment, supplies, and programs needed by the school.

# Nice Job!

We anticipate the candy arriving for distribution by the third or fourth week of October.

### EXTENDED DAY PROGRAM

On October 7th the AJG Magnet School "kicked-off" an Extended Day Program. The goal of the project, funded by the Federal Magnet Assistance Program, is to provide the students with enriched educational experiences. This is accomplished by "extending" the school day, before and after, to take advantage of the outstanding facilities, equipment, and human resources available at the AJG.

The program is "FREE" and open to all grade one-six AJG students. Applications are still available at the main office area.

Enriched activities presented range from challenging computer programs and sport activities to arts and crafts, wood decorating, and literature appreciation. For more info call 997-4511 Ext.2437

## Kindergarten Corner

Things are just "rolling" in Mrs. Riding's kindergarten room. This month the children are doing a unit on apples and Fall "things". They have read books and poems on apples and Fall. Parent volunteers came in to help and we made applesauce. The pupils also ate some apple pie! In science, the students have planted apple seeds. Hope they grow!



Mr. de Sousa's kindergarten class room 220 will be busy during the month of September and October learning to get along in school and with each other. The children will be exploring their ABC's and 1-2-3's through a Mother Goose theme. During this time they also observed and learned from the transformation of milkweed



caterpillars to monarch butterflies. They also observed "Miss Muffet's" spider and how a web

is formed, made porridge and candles, designed their own books, and above all read, read, read!!

## First Grade Fun

The children in Mrs. Gomes room 229 early childhood special needs classroom have started this year by writing weekly journals. These journals will be a great way to look back at what we've done over the course of the school year. We have also been busy writing individual story books such as "All About Me" which are displayed outside our classroom on our "Just Published" pegboard.

Lastly, we have been eagerly watching our two hermit crabs - Leonardo and Raphael. They recently moulted and are now busy shopping for new homes.



Ms. Coles' students will begin working on a unit called, "Life in the Ocean". Included in the lessons presented will be a study of plants and animals that live in the ocean



and how they relate to each other. The class will also learn what effect pollution has had on plants and animals in their environment.

## Second Grade Scene

Now that the children of Mrs. Tessier's room 648 have welcomed the new school year, they are quickly settling down to life as second graders. On September 26th the pupils honored John Chapman's ("Johnny Appleseeds") birthday by turning that day into "Apple Day". Everything done on that day had an apple theme, and everyone dressed in red. The children learned about apple varieties and each child chose the name of a variety (one of 252) as their own name for that day. They made apple sauce, wrote a biography about Johnny Appleseed, and even their before school work, penmanship, spelling, reading, math, art, and homework had an Apple Day theme. The students completed their day with an apple party during which they were able to sample such apple treats as apple cider, apple juice, the apple sauce they made, apple jelly, and apple butter. The students learned a lot about apples while they were enjoying a great time.



The boys and girls of room 651 welcomed the '91-92' school year in an interesting way. Greeted by the resident caterpillar, they witnessed the process of "metamorphosis". Students marveled at watching the caterpillar eat and grow larger, become a chrysalis, then become and emerge from the chrysalis.

During the month of September the students of rooms 651 (Mrs. Bellavance) and 650 (Mrs. Napier) enjoyed a variety of activities dealing with apples. Working together, students viewed a filmstrip about Johnny Appleseed. The students made a sequence booklet about the story then enjoyed a tasty snack of crackers with (you guessed it!) apple butter and apple jelly. They washed it down with (right again!) apple cider! Using math skills - they measured and cut apples to make applesauce, after discussing the nutritional benefits of the apple. They made an apple mobile using real apple seeds. They thoroughly enjoyed the "Food Play" program presented in the Forum!

A warm welcome to University of Massachusetts at Dartmouth student teacher Mrs. Damgaard! She will be working with the boys and girls of room 651 until December. We wish her well with this experience!

## Third Grade Times

Miss Guerra's room 719 is finding that plants can be quite interesting. They are presently studying about plant growth and plan to do some planting this coming Spring to actually practice what they have been learning.

Mrs. Harmsen's bilingual class has been busy learning about the different kinds of plants and sea creatures found on our beaches.



The curious students especially liked looking at all the different size horseshoe crab shells Mrs. Harmsen

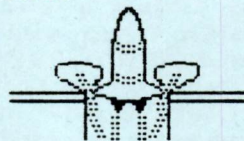
brought in. More recently, in addition to learning about map skills, the boys and girls in our class have been learning to use the 5 senses - (sight, smell, hearing, taste, and touch) - to observe and explore the world around us.

We are all looking forward to an exciting year full of useful learning and new experiences.

Everyone in Mrs. Allain's room 726 is ready for a great year! We're looking forward to making new friends and learning new things. We have two students new to the Gomes School this year: Sandra Peireira and Nathan Marrell. Nathan says that Gomes is "pretty cool" and the rest of us agree! We hope everybody has a SUPER YEAR.

Ms. Pereira and the Gomes School community welcome our new classmates: Kali DeCouto and Luis Rodriguez. Ms. Pereira's third graders are busy learning new and different skills, especially science and social studies. Everyone now knows all seven continents in the world and the four oceans.

Next month, the class will rocket into space to the moon and the planets of the solar system.



## Fourth Grade Frolics

Mrs. Langlois' class welcomed 5 new students to the AJG. They are Deborah Martins, Jonathon Butters, Christylee Rebello, Blanca Cortes and Antone Oliveira. They are quickly finding out all the neat things that go on in our school!

The class is busily studying and preparing research projects on the Solar System. We hope to have them ready for Open House.

Mrs. Magee has welcomed her new "crop" of students with open arms. We began the month of September with the study of John Chapman. That's Johnny Appleseed to most of us. We read many versions of his story, comparing the different authors styles. On Friday, September 28th, we enjoyed some delicious caramel apples.

We have also begun reading E. B. White's "Charlotte's Web" as a class. Everyone enjoys the unique characters from the book. Having met Charlotte, we are researching and learning about spiders. Did you know that a spider is not an insect? Look for some of our "Charlotte's Web" projects on the bulletin board soon.



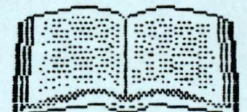
The theme of friendship has been a very important part of Mrs. Kepinski's 4th grade curriculum. Students have been not only renewing old friendship but making many new ones. Activities have included friendship flags, getting acquainted booklets, a classmate bingo game, and even a class dictionary!

With Beverly Cleary as the author of the month, the children are not only reading her friendship theme books, they are also writing about their favorite characters. A special welcome to all!

Students have also entered a writing contest in conjunction with the Child's Play Touring Theatre. Some of the stories the young authors have submitted are: The Second String Hero, Horse And Seal, A Day At The Fair, A Birthday Present For Stacey, Something In My Closet, The Helping Animals, The Horrible Halloween Night, and The Knight and the Dragon. Any one of these stories or plays may be selected to be performed at the Zelterion in October. Good luck to all of our "budding" authors!

## Fifth Grade Facts

Students in Ms. Tavares' room 715 have been studying and reading different folk tales from Germany and France. After reading these tales they have been writing and illustrating their own tales.



The students have also been traveling on a journey with Frank Baum's Wizard of Oz books. This journey so far has been filled with excitement and adventure.

As the new year begins Mrs. DaCosta would like to welcome Douanne Febres, Christopher Hebert, Tania Couto, and Andres Maldonado to our school.

September ended with the celebration of Johnny Appleseed Day. We read a story about him followed by an activity. Then we made apple magnets to put on our refrigerators at home. At the end of the day we were all treated with a candy apple.

Mrs. DaCosta also found her students were finishing their work earlier than she expected - so she set up a Learning Center for them to go to. The center has Social Studies, Test Taking Practice Skills, Reading Skills, Thinking Skills and Puzzle Games.

We are patiently awaiting our calculators and calculator activity cards to come in so we can get started on them also. All in all Mrs. DaCosta is very



pleased with her new class. They all seem to be hard workers and well-behaved. It looks like it's going to be a another great school year. [Knock on wood!]

Mrs. Rymsewicz's room 348 is very fortunate to have Mr. Tom Perron as a member of our classroom. Mr. Perron is an enthusiastic and dedicated student teacher from U. Mass - Dartmouth. We will have his company until December 20, 1991. Also a warm welcome to Jose Melendez. Jose was a student from the Hannigan School's Spanish Bilingual program.

Students are busy working on projects dealing with the ocean floor. Interesting and unusual things are being studied. In addition, to encourage the use of a distance scale, map key, and compass rose, the students are devising their own maps.



Mrs. Lester's fifth grade class has been busy preparing for the John Manjiro Festival to be held in Fairhaven. The students will be singing the Japanese song "Sakwia" as well as having each student dress in a native costume and represent one of our world's countries. The pupils will end their part in the program with the song "It's a Small World".

The class also held a "Japanese Day" in their room where all the day lessons were



related to Japanese culture, history, and arts. Everyone also got to enjoy a full-course Japanese meal, complete with chopsticks.

## Sixth Grade Studies

Mr. Fernandes sixth graders from room 330 would like to welcome everyone back to the AJG Magnet School, and wish everyone a healthy, productive, and successful school year.

We would also like to give the readers of Magnet Moments a follow-up to our letter writing project. On Thursday, June 27, 1991, (the week after summer dismissal), Mr. Fernandes received a visitor at his home. The visitor arrived in a van with his wife and 14-year old son. This visitor

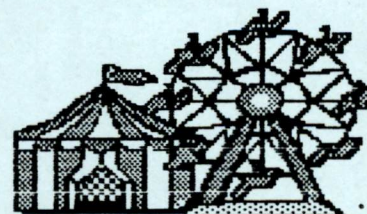


was Mr. Peter Nekola, a sixth grade teacher from the Robert Fulton School in Minneapolis, Minnesota. Both Mr. Fernandes and Mr. Nekola have been exchanging pen-pal letters and videos between their classes since 1986. Mr. Nekola and his family planned a trip from Minneapolis, Minnesota to the east coast of the United States during the month of June. Therefore, we made plans to meet when Mr. Nekola arrived in Massachusetts. He and his family spent the day with Mr. Fernandes and his family before heading to Plymouth, Mass. Both families exchanged stories and mutual concerns.

Since Mr. Nekola was now on the east coast of the United States, Mr. Fernandes took the Nekola family to one of the local beaches so that the Nekola's could now say that they placed their feet in the Atlantic Ocean. Mr. Nekola's son had a great time "beachcombing". A fantastic day was had by everyone. This was truly a "PEN PALS DREAM COME TRUE" - to be able to meet a pen pal after such a long time of exchanging letters.

Mr. Winn's sixth grade class had a very busy month of September. They had the pleasure of attending the Eastern States Exposition, known as the "Big E".

Some of the pupils began work on making a papier-mache model of the solar system while others were busy developing a Lego-Logo computer program.



1991



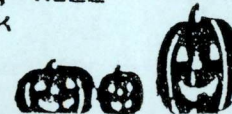
NEW BEDFORD PUBLIC SCHOOLS  
FOOD SERVICE DEPARTMENT

1991

OCTOBER



MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
	CHICKEN PATTY ON A BUN POTATO ROUNDS FRUIT MILK	PIZZA POTATO CHIPS CELERY STICKS, FRUIT MILK	BOWL OF KALE SOUP W/SLICED LINGUICA FRUIT ITALIAN BREAD MILK	FISH-N-CHIPS COLESLAW BREAD MILK
		1	2	3
HAMBURGER ON A BUN POTATO CHIPS FRUIT, VEG. MILK	STEAKUMS IN A POCKET W/GR. PEPPERS & ONIONS MASHED POTATOES FRUIT MILK	HOT DOG ON A BUN BAKED BEANS FRUIT MILK	AMERICAN CHOP SUEY VEG. ITALIAN BREAD MILK	PIZZA POTATO CHIPS CELERY FRUIT MILK
	7	8	9	10
				11
	CHICKEN NUGGETS POTATO PUFFS FRUIT ROLL MILK	LINGUICA ON A BUN RICE VEG. FRUIT MILK	SPAGHETTI W/MEAT SAUCE FRUIT VEG ROLL MILK	TUNA FISH SALAD ON A ROLL POTATO CHIPS FRUIT MILK
	14	15	16	17
				18
BEEF-N-BACON PATTY ON A BUN POTATO CHIPS FRUIT VEG MILK	MEAT BALLS IN GRAVY ON A ROLL MASHED POTATOES VEG. MILK	PIZZA POTATO CHIPS CELERY STICK FRUIT MILK	SHEPHERD PIE W/MASHED POTATOES CORN FRUIT BREAD MILK	BREADED FISH W/ TARTAR SAUCE POTATO PUFFS VEG. ROLL MILK
	21	22	23	24
				25
HOT DOG ON A BUN POTATO CHIPS FRUIT VEG. MILK	PORK CHOPS W/GRAVY POTATO WEDGE VEG. ROLL MILK	PIZZA POTATO CHIPS CARROTS STICKS FRUIT MILK	BAKED CHICKEN W/GRAVY WHIPPED POTATOES CRANBERRY SAUCE VEG, ROLL MILK	
	28	29	30	31



NEW BEDFORD PUBLIC SCHOOLS

PAUL RODRIGUES ADMINISTRATION BUILDING  
455 COUNTY STREET  
NEW BEDFORD, MASSACHUSETTS 02740  
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JOSEPH S. SILVA, JR., ED. D  
Assistant Superintendent  
Elementary Education

WILLIAM H. MARGINSON  
Assistant Superintendent  
Special Services

STEVEN B. LAMARCHE  
Administrative Assistant  
Business Services



CONSTANTINE T. NANOPOULOS  
Superintendent of Schools

COPY

October 28, 1991

WLNE 6  
10 Orms St.  
Providence, RI 02904

Attention: Ellen B. Morrissey, News Administrative Assistant  
Reference: "The School Lunch Rollcall"....

Dear Ms. Morrissey:

Your letter to our Superintendent, Mr. Nanopoulos, has been referred to me. The New Bedford Public Schools is definitely interested in participating in WLNE's "The School Lunch Rollcall". This program has proven to be an exciting and worthwhile educational experience for the students, while providing a service to others.

I have contacted the principal of Carney Academy, Dr. Waters, and he is very interested in having his students initiate this program in New Bedford. Carney Academy, one of our three (3) magnet schools, has as its theme, "Communications". Thus, "The School Lunch Rollcall" is an excellent opportunity for the students to practice/test their skills. Please call Dr. Herbert R. Waters, Principal, Carney Academy, 247 Elm Street, New Bedford, Telephone (508) 997-4511, Ext. 2427/2428 to arrange for your visit.

Also, please contact me directly (Ext.3270/3271) to schedule any other schools who may have the opportunity to participate in this program. Thank you for considering our schools!

Sincerely yours,

NEW BEDFORD PUBLIC SCHOOLS

*Joseph S. Silva, Jr.*  
Dr. Joseph S. Silva, Jr.  
Assistant Superintendent  
Elementary Education

JSS/tbp

CC: Mr. Nanopoulos, Superintendent of Schools  
Dr. Waters, Principal-Carney Academy  
Mrs. Kenny, Coordinator, Chap.636-Magnet Schools



NEW BEDFORD HIGH SCHOOL — EXCELLENCE IN EDUCATION

## Pilot program introduces school children to Zeiterion

By Robert J. Barcellos  
Standard-Times staff writer

NEW BEDFORD — The School Committee approved a pilot program Wednesday to introduce school children to the programs offered by the Zeiterion Theatre.

Lillian LaFrance, a member of the board of trustees of the Zeiterion Theatre and chairman of the Friends of the Zeiterion, said the program — to be tried out at four local schools — would offer youngsters the chance to take advantage of the-

ater opportunities similar to those available to adults but geared to their age level.

Ms. LaFrance said she hoped a child would soon be included on the Zeiterion's board of trustees, allowing a youngster to gain insight into the workings of a performing arts theater.

Ms. LaFrance, who cited the enthusiasm generated among children who attend Zeiterion performances, said the trial program would be initially offered at Carney Academy, Gomes School,

Ashley School and one other school yet to be named.

The program would offer special prices on programs of interest to young people. The Zeiterion's Performance magazine would be restructured to include a section for young people.

It is also hoped that area restaurants will cooperate with the program by offering coupons and specials to the young theater-goers.

There would be a minimal charge of \$15 a class for group membership.

# City's schoolchildren hold own elections

By Susan Pawlak-Seaman  
Standard-Times staff writer

NEW BEDFORD — Boasting a perfect 100 percent turnout, Carney Academy students went to the polls Monday, getting a head start on today's Real Thing.

Carney's mock election was among at least several scheduled at elementary schools citywide. Like the grownups, youngsters at the Lincoln School in the North End are voting today.

Carney magnet facilitator Janice Fernald organized the election there at the behest of Principal Herbert R. Waters Jr. Dr. Waters, she said, feels strongly that part of a child's

education is teaching civic responsibility.

Underscoring the importance of voting is one way to do that, said Mrs. Fernald, who involved 700 pupils in Grades 1-6 in the process.

"We used the Ward 4 specimen ballot," she said, explaining that the teachers prepared the students to vote during classroom presentations last week. When it came time to actually cast their ballots — the polls were open from 9 a.m. to 2 p.m. — the pupils checked in just as the grownups do.

Mrs. Fernald said that in the upper grades, the children were poll workers in their

respective classes. For Grades 1 and 2, six sixth-graders — Corey McHenry, John Misay, Steve Tavares, Maria Logan, Aisha Amado and Kerri Santos — helped out with the little ones.

Sixth-graders in Trini Lewis-Barrow's advanced learning class were in charge of tabulating the results and did a bang-up job, Mrs. Fernald said.

The Carney results showed Mayor John K. Bullard and Ward 4 councilor Mary Barros overwhelmingly re-elected.

At the Lincoln School, sixth grade teacher Mary Lou Bettencourt said she planned an

election for the older students there "to make the children more aware of what's going on in the community. I wanted them to know that it's important to exercise the right to vote."

The mock voting at Lincoln was to be held from 9:30 to 10:30 this morning and Miss Bettencourt and her 20 pupils were in charge of the polls. The teacher said Lincoln's other sixth grade, plus the fifth grades and two of the older special education classes, were invited to cast their ballots.

"We've set up the auditorium like a real polling place," Miss Bettencourt said on the

eve of the big event. "There'll be poll workers inside, a real ballot box and a policeman on guard." The latter, she said, was to be one of her students, appropriately dressed for the occasion.

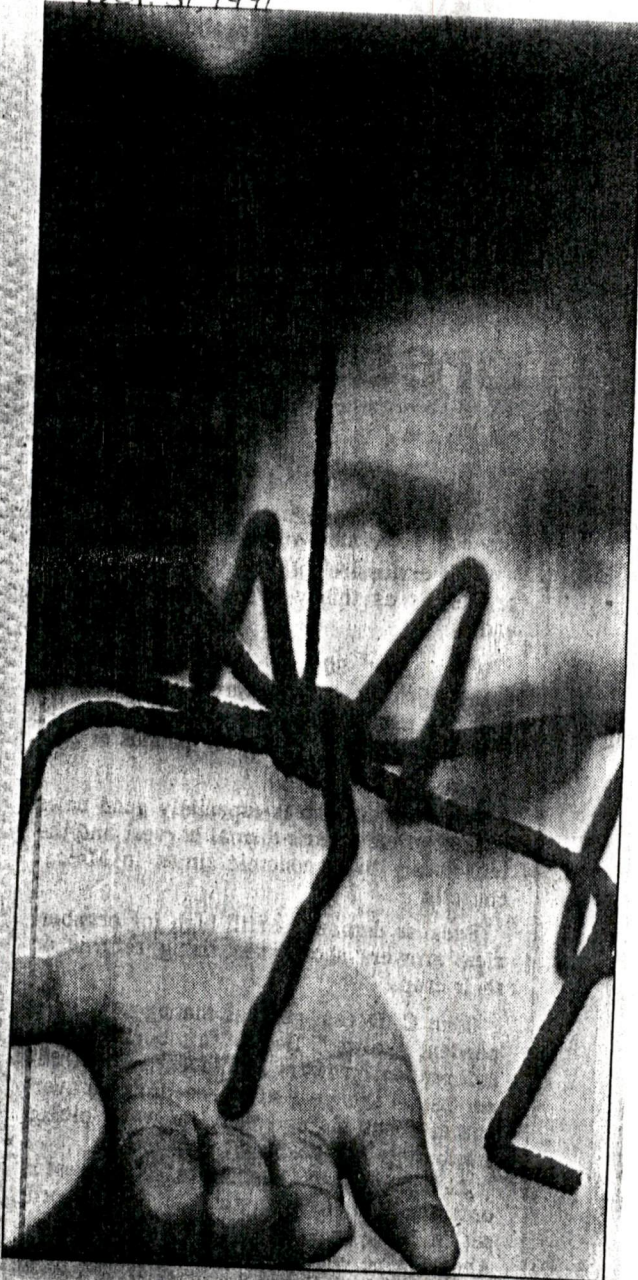
Miss Bettencourt said her goal is to make a lasting imprint on her students, so when they turn 18, they'll be eager to register to vote.

By the way, they're casting their ballots — for mayor only — in "Ward 2, Precinct L."

"L" for Lincoln School," Miss Bettencourt said.

MAYOR BULLARD LOST THE ELECTION TO ROSEMARY TIERNEY

Oct 31 1991



Staff photo by Hank Seaman

### **Cautious**

Alexis Medina, a first grader at Carney Academy in New Bedford, approaches a hanging spider made by teacher June Pina's first grade class.

THE WHITE HOUSE

October 20, 1991

Dear Ms. Kenny -

Thank you very much for your letter informing me of the success of the three Magnet Elementary Schools in New Bedford. Congratulations!

I will make sure that your invitation for the President, Mrs. Bush and/or Sec. Alexander is properly reviewed. If schedules do not permit participation, I will gladly consider visiting your program. - Keep in touch.

Sincerely, Andy Card

  
THE WHITE HOUSE  
WASHINGTON

Ms. Eileen Kenny  
Chapter 636 Coordinator  
New Bedford Public Schools  
455 County Street  
New Bedford, Massachusetts  
02740

CHAPTER 636  
*New Bedford Public Schools*

455 COUNTY STREET  
NEW BEDFORD, MA 02740

AC HAS SEEN

October 10, 1991

Andrew H. Card, Jr.  
Assistant to the President  
Deputy Chief of Staff  
White House Office  
1600 Pennsylvania Ave. NW  
Washington, DC 20500

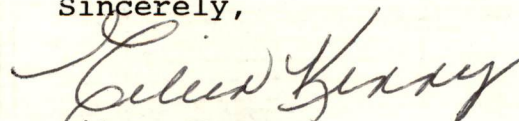
Dear Mr. Card,

The New Bedford Public School System was recently awarded a federal grant to provide assistance to our three Magnet Elementary Schools. We are very grateful to be the recipients of a grant that will directly benefit approximately 2,000 students.

Attached you will find a copy of a letter to President Bush with an invitation to visit our program. Knowing the President's goals toward educational reform, we would welcome the opportunity to show him the success we are achieving and what we are actually doing with this award.

Realizing that the President has a very busy schedule, our invitation is also extended to the First Lady, Secretary of Education Alexander, ~~or to you~~. We are immensely proud of what we have accomplished with our students in an economic area that has the fourth largest unemployment level in the United States.

Sincerely,



Eileen Kenny  
Chapter 636 Coordinator

September 18, 1991

Office of the President of the United States  
The White House  
1600 Pennsylvania Avenue  
Washington, DC 20500

Dear Mr. President,

This past Spring New Bedford Public Schools was awarded a federal grant to assist three Magnet schools and provide services to approximately 2,000 students. This grant, "Magnet Education - Choice in Educational Excellence," allows students and parents the opportunity to receive their education at schools where the curriculum is built around a central educational theme. The schools and their themes are as follows:

Sgt. William H. Carney Academy Magnet School  
Theme: COMMUNICATIONS

Alfred J. Gomes Magnet School -  
Theme: COMPUTER TECHNOLOGY/PREPARATION FOR LIFE

Casimir Pulaski Magnet School  
Theme: MATH/SCIENCE TECHNOLOGY

The New Bedford School Department is grateful to be the recipient of such a grant. Our city of approximately 100,000 people has a city-wide school enrollment of 14,500 students, grades K-12. Our system includes 22 elementary schools, 3 junior high schools and 1 high school. The racial makeup of the city is approximately 20% minority (Cape Verdean, Black, Hispanic, Asian, and Indian) with an increasing amount of persons of hispanic origin.

"In days gone by," New Bedford was the largest whaling port in the world. Images of our past are found in large homes built by sea captains close to the water front, and in the pages of Herman Melville's Moby Dick.

Because of the large fishing industry, New Bedford continues to be dependent upon the sea, but as with the rest of New England, it has suffered as of late, and now it hosts the fourth largest unemployment level in the United States.

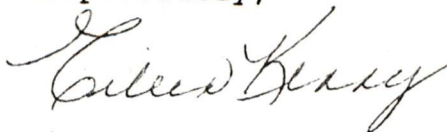
Despite this, New Bedford has one of the finest educational systems with many avenues of support and assistance for teachers, students and parents. One such path is the Magnet Education Program available to students in grades K-6.

Through the Federal Magnet Assistance grant, students at our three Magnet schools will be afforded the opportunity to be involved in newspaper writing and publishing, television and radio production, computer classes, art classes that are correlated to science and math, an extended day program for enrichment and remediation, and a talented and gifted program. In addition to this, the Gomes Magnet School offers to students in grades 4-6, the opportunity to work in a career center with "hands-on" experiences, to girls as well as boys in such areas as cooking, woodworking, and electricity. As far as we know, it is the only elementary program of its type in the United States.

Knowing that you are an advocate of school choice programs, New Bedford Public Schools would like to extend an invitation to you to visit one or all of the Magnet schools. We are proud of what we are doing and would like the opportunity to show you where a portion of your grant money is going. By air, we are just a "stone's throw" from Kennebunkport.

Our educational goal for this year, simply stated, is to have one of the best Magnet school programs in the country. Again, thank you for giving us this opportunity.

Respectfully,



Eileen Kenny, Coordinator  
Magnet Education  
New Bedford Public Schools

Andrew Hardy  
THE WHITE HOUSE  
WASHINGTON

Mr. Gilbert B. Kaplan  
Hale & Dorr  
1455 Pennsylvania Ave., N.W.  
Washington, D.C.  
20004

THE WHITE HOUSE

11-1-91

Gil-

Thank you for the Hale and Dorr invite. I doubt that the 7<sup>th</sup> will work but I will keep it "FYI" on my schedule.

It was good to see you at the reception during the President's Club activities. — Keep in touch.

Sincerely, Andy

HALE AND DORR

1455 PENNSYLVANIA AVENUE, N.W.  
WASHINGTON, D.C. 20004  
(202) 393-0800

October 29, 1991

Because I've been traveling a lot recently, these invitations unfortunately got in the mail late. Please disregard the RSVP date and come if you can. I'd be happy to see you at the party.

Gil

Q-  
Any interest? No.  
Who's Gil? A former Ass't Sec @ Comm.  
and Mars pol.

GILBERT B. KAPLAN



---

# HALE AND DORR

*Requests The Pleasure Of Your Company  
At A Reception Celebrating  
The Tenth Anniversary Of The Opening  
Of Its Offices In Washington, D.C.  
The Willard Office Building  
1455 Pennsylvania Avenue, N.W.  
10th Floor  
Washington, D.C.*

*November 7, 1991  
5:30 - 8:00 PM*

*RSVP by October 24, 1991  
Kerri Hill  
(202) 393-0800*

---

THE WHITE HOUSE

11-1-91

Bill-

It was great to share some  
time with you during the Presidents  
Club festivities. — Keep in touch.

Sincerely,  
Andy Card

*Andy Card*  
THE WHITE HOUSE  
WASHINGTON

William W. Koeppe  
Koeppe & Koeppe  
641 Lexington Avenue  
New York, NY

10022-4503



Office of the Chairman

Federal Maritime Commission  
Washington, D.C. 20573

October 29, 1991

AC HAS SEEN

RECEIVED

NOV 01 1991

To Roger Porter -  
Do I have  
to pay any  
attention to this?  
Andy  
11/5/91

The Honorable Andrew Card, Jr.  
Deputy to Chief of Staff  
Executive Office of the President  
1600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20500

Dear Andy:

The Commission has voted unanimously to suspend its proceeding, conducted under Section 19 of the Merchant Marine Act of 1920, regarding restrictions in the Republic of Korea which had precluded U.S.-flag carriers from contracting directly for rail service and conducting their own trucking operations as a bilateral agreement is now being implemented which will lift these restrictions.

The law has worked to help ensure that U.S. carriers are closer to our goal of receiving the same treatment and opportunities to compete in foreign markets that foreign flag carriers receive in the U.S. trades. Without the credible belief that the FMC would have implemented its proposed rule, the Koreans might not have agreed in bilateral consultations to allow U.S.-flag carriers to contract directly for rail services and to agree on a timetable for U.S. carriers to receive liberalized trucking privileges in South Korea.

The Commission is holding its proceeding in abeyance in order to monitor the progress made in implementing the agreement. Further comments will be due from the U.S. and Korean carriers serving the trade on the progress made in implementing the agreement in 1992, and we will not hesitate to reinstate the proceeding should conditions warrant.

You might also be interested to know that the United States and Venezuela recently signed an agreement allowing U.S. companies to operate chartered third-flag vessels in the trade. This agreement was negotiated in response to another Commission proposed rule, also issued under Section 19 of the 1920 Merchant Marine Act, which would have fined Venezuelan carriers

The Honorable Andrew Card, Jr.  
Page 2  
October 29, 1991

\$100,000 per voyage due to Venezuelan government imposed regulations apparently prohibiting such charter operations. The Commission will be reviewing our proposed rule and whether the need for further action has been obviated by these most recent developments sometime later this fall.

Finally, you might be interested to know that the Commission currently has two Foreign Shipping Practices Act (FSPA) investigations underway against Taiwan and the People's Republic of China. Both cases involve restrictions that may preclude U.S.-flag carriers from conducting a full range of intermodal operations. The Taiwan case is our second proceeding against Taiwan since the Act became law in 1988. It was published in the Federal Register on October 11, 1991, and our decision must be reached by February 13, 1992; the 120th day statutorily imposed deadline.

The PRC proceeding was initiated on July 22, 1991, and the Commission must issue a final determination in this case by November 22, 1991. However, government-to-government negotiations occurred last week which may have resolved some of the most outstanding issues.

I will keep you apprised of any developments.  
With best wishes, I am

Sincerely yours,

*Chris*

Christopher L. Koch  
Chairman

AC HAS SEEN

THE WHITE HOUSE  
WASHINGTON  
November 13, 1991



RECEIVED  
NOV 25 1991

MEMORANDUM FOR ANDREW H. CARD, JR.

FROM: ROGER B. PORTER *RBP*

SUBJECT: Federal Maritime Commission proceedings

We have reviewed the enclosed letter from Federal Maritime Commission (FMC) Chairman Christopher Koch to you describing certain FMC proceedings against foreign countries. In these proceedings, the FMC appears to seek the elimination of certain restrictions imposed by such countries on the operations of U.S.-flag carriers and U.S. companies in the international ocean shipping trades.

According to Koch, the FMC has resolved or may soon resolve all of these proceedings through formal or informal bilateral agreements with the targeted countries, except with respect to Taiwan. The Taiwan proceeding involves restrictions that preclude U.S. flag-carriers from engaging in full intermodal operations in Taiwan. We will continue to monitor these proceedings but do not believe that any of them require your continued attention.

*Is Roger's office getting  
too ~~big~~ cut?  
Andy*

THE WHITE HOUSE  
WASHINGTON

AC HAS SEEN  
f.l.  
Kerzman

October 23, 1991

MEMORANDUM FOR ANDY CARD

FROM: RON KAUFMAN *RCW*  
SUBJECT: U.S.S. Lexington

-----  
I've talked with Defense re the Lexington and they informed me that they've received three proposals -- one from Mobile, AL, another from Texas and another from Quincy. Quite honestly, Quincy has done a remarkably good job on their proposal. Also, both Kennedy and Kerrey have pushed as hard as they possibly can.

It's my understanding that Mobile has the frontrunner status. However, I've also heard that DOD may not go with any of the proposals because DOD is concerned that once the Lexington gets into private hands, it will turn into a run-down eyesore. Apparently, DOD has had some experience with transfer of these ships to private ownership and it seems that once it gets into their hands, they have not established a very good track record as it relates to upkeep. So there is a possibility that DOD will scrap all the proposals and put the Lexington in mothballs.

In any event, a decision should be made shortly. I'll keep you advised.

# **kertzman's inc.**

*file*

450 Quincy Avenue  
Quincy, Massachusetts 02169  
(617) 773-8118  
479-8118  
471-8118  
472-9333

**RECEIVED**  
SEP 16 1991

September 11, 1991

Mr. Andrew Card  
White House  
Washington, D.C. 20335

Dear Mr. Card:

The city of Quincy needs and wants the U.S.S. Lexington. As corresponding Secretary for the Massachusetts Aviation Society, I feel obligated to write this letter. My family's business has been in Quincy since the turn of the century, and I personally know many of the men who helped build the U.S.S. Lexington.

The city of Quincy is very proud of it's heritage, the birthplace of Presidents, the first railroad and other historic sites are great, but, Quincy has no focal point. I personally will put my reputation that Quincy will show the country what it is like to showcase a veteran like the U.S.S Lexington. Bringing it back to Quincy would be like a lost family member coming back home.

Yours truly,

*Harvey Kertzman*

Harvey Kertzman

*Andy*





## MASSACHUSETTS AVIATION HISTORICAL SOCIETY, INC.

DID YOU KNOW THAT A SOCIETY TO PRESERVE AND PROMOTE THE AVIATION HERITAGE OF MASSACHUSETTS NOW EXISTS ?

ANYONE WITH AN INTEREST IN AVIATION IS INVITED TO MEET WITH US AT THE CIVIL AIR TERMINAL THIRD FLOOR CONFERENCE ROOM AT HANSCOM FIELD, BEDFORD, MA. MONTHLY MEETINGS ARE NORMALLY HELD ON THE SECOND TUESDAY OF EACH MONTH AT 7:30 PM. AN INTERESTING PROGRAM IS INCLUDED.

BENEFITS OF MEMBERSHIP ARE: THE ACTIVE SHARING OF A COMMON INTEREST IN AVIATION AND AERONAUTICAL LORE AT THE MEETINGS; A MONTHLY NEWSLETTER; AVIATION RELATED FIELD TRIPS, AND SOCIETY PROJECTS.

CHARTER OBJECTIVES INCLUDE THE ESTABLISHMENT OF PERMANENT FACILITIES FOR THE SOCIETY TO PRESERVE AND DISPLAY AVIATION MEMORABILIA HERE IN MASSACHUSETTS.

FOR FURTHER INFORMATION CALL (508) 881-3717, OR WRITE TO THE ADDRESS BELOW. A CONVENIENT APPLICATION IS INCLUDED, IF YOU WOULD LIKE TO JOIN US.

### APPLICATION FOR MEMBERSHIP

PLEASE SEND FURTHER INFORMATION

PLEASE ENTER MY MEMBERSHIP  AMOUNT OF DUES ENCLOSED \$ \_\_\_\_\_

MR. ANDREW CARD Life membership  
NAME (Last, First, Middle Initial) gratis on your OK  
P.O. Box or Street Address Please return if you  
are interested.  
City, State Zip Code ( ) ( )  
Phone - Business (Opt.)/Home

Amount of Annual Membership Dues: Individual - \$25.00; Family - \$35.00; Student \$10.00  
Send (Make payable) to:

**MASSACHUSETTS AVIATION HISTORICAL SOCIETY**  
49 Valley Road  
Ashland, MA 01721

OCT 21 1991

THE WHITE HOUSE  
WASHINGTON

Date: \_\_\_\_\_

TO: *Lon Kaufman*

FROM: ANDY CARD *Andy*

- Action
- Your Comment
- Let's Talk
- FYI

*What's the status of this?*

**KARALEKAS & McCAHILL**

ATTORNEYS AT LAW

1250 CONNECTICUT AVENUE, N.W., SUITE 318

WASHINGTON, D.C. 20036-2603

(202) 466-7330

TELECOPIER / FACSIMILE

(202) 955-5879

S. STEVEN KARALEKAS\*\*

JOHN A. McCAHILL†

JAMES A. NOONE†

\*\*ALSO ADMITTED IN MASSACHUSETTS

†ALSO ADMITTED IN PENNSYLVANIA

October 21, 1991

The Honorable Andrew H. Card, Jr.  
Assistant to the President  
and Deputy to the Chief of Staff  
The White House  
Washington, D.C. 20500

Dear Andy:

We haven't spoken in quite sometime and I hope things are going well with you personally. They certainly are for President Bush.

I write to introduce H. Beatty Chadwick, vice president and general counsel of Envirosafe Services, Inc., of Valley Forge, Pennsylvania. Envirosafe is a highly regarded waste management company with facilities in various locations around the country.

Beatty is a good friend of mine and solid Republican. He will be participating in the Republican Senatorial Inner Circle Capital Conference the week after next. He would enjoy meeting you and I told him I would write a note of introduction.

I will be having lunch with our mutual friend Phil Brady on Tuesday, October 22, 1991, so if you are in your office I'll stop by to say hello.

Take care, Andy, and thanks.

Sincerely,

*Steve*

S. Steven Karalekas

SSK:emh

RECEIVED

OCT 22 1991

*(after lunch)*

*A - Any interest*



Federal Maritime Commission  
Washington, D.C. 20573

Office of the Chairman

October 17, 1991

*To Kathy Surpin  
cc: Ctr. Affairs*

RECEIVED

OCT 18 1991

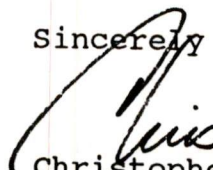
The Honorable Andrew H. Card, Jr.  
Assistant to the President and  
Deputy Chief of Staff  
The White House  
1600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20500

Dear Andy:

Ming Hsu was recently nominated by the President and confirmed by the Senate for a five-year term at the Federal Maritime Commission. Ming has known the President personally for many years, starting with Republican coalition building when the President was running the RNC, during his tenure in Beijing, and most recently when she worked with Tom Kean as his Special Trade Representative in New Jersey.

Ming is a terrific Commissioner and a great ambassador for the President and the Party. I know she would be hesitant to ask a favor or impose upon the President's schedule, but I am writing to strongly support the idea that the President consider a swearing-in ceremony for her. I think that not only would the President enjoy seeing Ming again, but it would be a very positive signal to the maritime industry. Perhaps even more importantly, Ming is a well-known, highly respected Republican feminist (who was pro-Clarence Thomas) and is very well connected with and covered by the Chinese-American community and press. Both these constituencies would be interested in and favorably impressed by the attention that could be generated from a swearing-in. Ming is also someone the campaign could use with great effect with both constituencies.

Sincerely yours,

  
Christopher L. Koch  
Chairman

THE WHITE HOUSE  
WASHINGTON

**Date:** October 18, 1991

**TO:** Kathy Super

**FROM: ANDY CARD**

- Action**
- Your Comment**
- Let's Talk**
- FYI**

cc: Cabinet Affairs

THE WHITE HOUSE

WASHINGTON

October 15, 1991

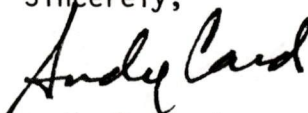
Dear Bob:

Thanks very much for your letter and the photo you enclosed. I was glad to hear from you and appreciate your kind offer to be of help on a future Presidential visit to Iowa. I'll remember your offer and will share it with others here.

Please look me up next time you visit Washington. I'd love to say hello.

My best to you and Suzanne.

Sincerely,



Andrew H. Card, Jr.  
Assistant to the President  
and Deputy Chief of Staff

Mr. Bob Kelly  
2103 McCarthy Road  
Ames, Iowa 50010



Roger Porter, Suzanne Kelly & Andrew (and  
South Lyon 7-4-91

From:

Bob & Suzanne Kelly  
2103 Mc Carthy Rd  
Ames, IA 50010  
515-292-9318

2103 Mc Carthy Road  
**Bob Kelly**  
Ames, Iowa 50010

RECEIVED  
SEP 24 1991

September 18, 1991

Mr. Andrew H. Card, Jr.  
Assistant to the President and Deputy Chief of Staff  
The White House  
Washington, DC 20500

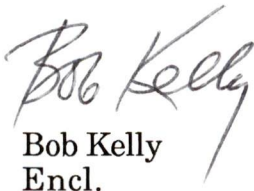
Dear Mr. Card:

The enclosed photo is one I took the evening of July 4 when my family was sharing the evening with Roger Porter and his family. After we left you we had the good fortune to view the fireworks from a balcony on the South East corner of the OEOB, and thus we did not get soaked by the rain.

In addition to yourself and Roger, the photo shows my wife Suzanne. Both of us are sixth grade teachers here in Ames, and are very active in current issues and activities in education. We are excited to hear that the first results of our nation's report card will be announced in Des Moines, Iowa on October 27 and 28. I believe Roger will be coming, and the press reports say that the President may come if his schedule will allow.

In the event you come to Iowa for this event, or on a campaign trip, know that the Kellys of Ames will be glad to be your hosts and facilitate anything that would assist you. We have enjoyed seeing you a few times on the Kennebunkport TV news spots aired during August. Hopefully, we will have an opportunity to get re-acquainted again in Iowa someday soon.

Sincerely,

  
Bob Kelly  
Encl.



Office of the Chairman

Federal Maritime Commission  
Washington, D.C. 20573

October 3 , 1991

*file*

The Honorable Andrew H. Card, Jr.  
Deputy to Chief of Staff  
Executive Office of the President  
The White House  
1600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20500

Dear Andy:

Enclosed are some recent press clips that provide an overview of our current activities, including:

- Updates on FMC's international trade cases.
- FMC and the NVOCC tariff filing debate.
- Other ongoing activities at the FMC.

I would welcome any thoughts or comments you have about the Commission's activities.

With best wishes, I am

Sincerely yours,

Christopher L. Koch  
Chairman

Enclosures



**FEDERAL MARITIME COMMISSION**  
**1100 L STREET, N.W.**  
**WASHINGTON, D.C. 20573**

**CONTACT KAREN L. HECKER**  
**202/523-5911**

## **NEWS CLIPS**

### **SEPTEMBER 1991**

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***IN THIS ISSUE:***

*FMC Pursues Foreign Trade Practices*  
*FMC and the NVOCC Tariff Filing Debate*  
*FMC and other Activities*

## Maritime Advisory Panel Hopes To Achieve Consensus for Report

By WILLIAM DIBENEDETTO

Journal of Commerce Staff

WASHINGTON — Drafting a consensus report on maritime regulatory issues is a high priority for a congressional-industry advisory panel, but it is also vital to ensure that all its members' views are represented.

That's Florizelle Liser's job: to help pull the competing forces together and achieve what she admits will be a very "delicate balance" in the final recommendations next April of the Advisory Commission on Conferences in Ocean Shipping.

"There's a pretty tough road ahead," said Ms. Liser, executive director of the 17-member advisory commission, which is examining the ocean carrier conference system under the 1984 Shipping Act. She spoke Monday at the National Customs Brokers & Forwarders Association

'There are very diverse views, but all of the commissioners have kept an open mind . . .'

— Florizelle Liser  
Executive Director  
Advisory Commission  
On Conferences

of America Inc.'s annual government affairs conference.

"There are very diverse views, but all of the commissioners have kept an open mind . . . It's a tremendous task to get a consensus view, but we're hoping for a consensus report, not one with majority and minority reports."

Another speaker, Christopher Koch, chairman of the Federal Maritime Commission, which enforces the 1984 Act, said, "One can't help but ask whether the status quo can't be improved. Defending it from change will not resurrect our fleets nor encourage new investment by U.S. carriers."

He said the 1984 law "was not simply a political compromise . . . It was a difficult, fully conscious, policy compromise."

Mr. Koch added there is "some tension" between the policy objectives of having a U.S. merchant fleet that meets national security needs, a reliable international ocean trans-

port system that meets the commercial needs of importers and exporters and a regulatory system that is not in conflict with America's trading partners.

He also alluded to the tension between shippers and carriers over rate contracting, confidentiality of rate discount contracts and continued antitrust immunity for carrier conferences, all subjects the advisory commission is addressing.

Mr. Koch said there are encouraging signs a middle ground can be found.

"Change is needed. The crucial issue is how we package a coherent set of changes that accomplish well-defined objectives," he said.

Ms. Liser said the plan is to complete a draft report by the end of the year or early next year. "Then in January and February there will be a series of meetings where the commissioners will really go at it on key issues and options."

She's hoping for a consensus report by March 10 and said the report should present all of the diverse views on the issues, but achieve agreement on what changes are recommended.

"We don't have any radicals (on the advisory commission); I think we will have a consensus," said Paul F. Wegener, vice president of M.G. Maher and Co. and a member of the advisory commission, said,

## MARITIME

## US, China May Resume Talks on Shipping Curbs

By WILLIAM DiBENEDETTO

Journal of Commerce Staff

WASHINGTON — Government-to-government negotiations to resolve "doing business" shipping restrictions in China may resume late next month, after a hiatus of about six months, say U.S. officials.

Meetings with Chinese officials earlier this year failed to make much progress on problems encountered by U.S. carriers in operating branch offices in China, collecting tariffs and providing intermodal services.

Dates for a **KOCH: "There is new meeting, still a big gulf between the parties."** have not been

set. Officials hope a resolution of the difficulties can be hammered out before the Federal Maritime Commission acts to impose retaliatory sanctions on Chinese carriers, such as China Ocean Shipping Co., or Cosco.

Under the Foreign Shipping Practices Act, if the commission determines that unfair shipping conditions exist, it can suspend agreements or rate tariffs of Chinese carriers, bar their access to U.S. ports or assess fees of up to \$1 million a voyage.

Christopher Koch, chairman of the commission, noted in an interview Friday that the "120-day clock (for a commission decision) is running." The alarm goes off in November.

The commission recently denied

requests by Sea-Land Service Inc. and American President Lines Ltd. for extra time to file affidavits and legal memoranda in the commission's probe.

Mr. Koch indicated the commission might agree to an extension of time if U.S. and Chinese officials meet, but he added, "There is still a big gulf between the parties."

He was referring both to the comments the commission has received from Cosco, Sea-Land and APL regarding the alleged business restrictions in China and to recent commercial talks between the three on those issues.

Commercial discussions in late August made no progress, but the lines plan to meet again in Seattle Oct. 15 and 16.

In the interim, there's been some sniping between U.S. carriers and Cosco about who requested the talks and whether Cosco, a state-owned company, can speak for the Chinese government in discussions to resolve the issue.

In a recent motion, Cosco said it should be dismissed from the commission's probe because as an agency or an instrumentality of a foreign state, it is immune under the Foreign Sovereign Immunities Act. Cosco also has argued that it should not be penalized for the actions of the Chinese government.

"Cosco has to do more to solve the problem," said a government source. "They seem to want to have it both ways."

"Cosco has attempted to distance itself from the actions of the (China) government (except of course when it is beneficial to rely on that relationship to claim immunity under FSIA), and claim that its practices have not caused harm to U.S. carriers," said Sea-Land.



# Will FMC Make COSCO Pay?

*Commission's hearing counsel recommends action.  
Chinese carrier raises "sovereign immunity" defense.*

China Ocean Shipping Company says it's not responsible for Chinese shipping policy. But if the Federal Maritime Commission goes along with its lawyers, COSCO may have to pay for it.

The FMC's bureau of hearing counsel has written a memorandum urging the commission to take whatever action necessary against COSCO to counter alleged discrimination against U.S.-flag carriers in the China trade.

That action could include fines against COSCO of up to \$1 million per voyage. Such fines have been recommended by Sea-Land Service, which along with American President Lines is accusing China of discrimination.

In calling for FMC sanctions under the Foreign Shipping Practices Act, the hearing counsel supported complaints by Sea-Land and APL. Both U.S. carriers say Chinese shipping policies one-sidedly favor Chinese-flag operators.

U.S.-flag carriers in the China trade complain that they're prohibited from negotiating freight rates, issuing tariffs, accepting cargo bookings directly from shippers, issuing bills of lading, and collecting ocean freight.

They also are prohibited from owning or operating inland trucking services, container yards and warehousing facilities, and say they must pay higher port charges than Chinese carriers pay.

Sea-Land told the commission that a fee on Chinese ships of up to \$1 million per voyage would be "the type of remedial action which would be most appropriate to offset the conditions and least disruptive to the trade."

**COSCO Fights Back.** COSCO has urged the commission to drop its investigation, which the Chinese carrier described as "an effort to punish COSCO for things COSCO did not do."

COSCO said it disagrees that U.S.-flag carriers have been hurt by Chinese shipping policies, but said that even if that were the case, "the commission simply 'has got the wrong guy.' COSCO did not create the conditions and cannot remedy them."

Although it's a government-owned line, COSCO said it isn't responsible for its government's shipping policies—and that FMC sanctions against COSCO's commer-

cial activities are prohibited by the Foreign Sovereign Immunities Act.

COSCO also said U.S.-flag carriers haven't shown they've been hurt by Chinese policies, and that the U.S.-China maritime agreement requires that such disputes be settled through diplomatic negotiations.

**Sovereign Immunity.** COSCO argued that as an "agency or instrumentality of a foreign state," it is entitled to sovereign immunity under the Foreign Sovereign Immunities Act. "The activity at issue in this proceeding is governmental not commercial, but even if it were commercial activity, it is not commercial activity of COSCO," the Chinese carrier said.

"Because COSCO has not engaged in commercial activity that adversely affects U.S.-flag carriers, the Foreign Sovereign Immunities Act ... bars imposition of sanctions," COSCO's petition said.

COSCO's attorneys—Stanley H. Barer, Bruce A. Robertson, Edward J. Sheppard and Alan P. Sherbrooke—called the FMC proceedings an "abuse of authority."

"The United States has no authority to require the PRC to change Chinese law regarding transportation in China," COSCO said. "Considerations of international law, comity, and respect for the sovereignty of another nation prohibit direct interference in the internal affairs of the PRC."

The Chinese carrier's attorneys said the FMC investigation was "in effect, holding COSCO hostage until the PRC ransoms it by changing Chinese domestic policy in ways that suit the United States."

**Using 1988 Law.** The China investigation is one of several that the FMC has launched under the Foreign Shipping Practices Act of 1988, which gave the commission new powers to combat alleged discrimination against U.S. carriers.

The act allows the FMC to suspend tariffs, deny access to ports or impose fines of up to \$1 million per voyage on carriers whose nations discriminate against U.S. carriers.

As the case has moved toward a showdown, many of COSCO's U.S. customers and business associates, including shippers, forwarders and stevedores, have urged the FMC to lay off.

Stevedoring Services of America, a Se-

attle-based stevedore and terminal operator that deals with COSCO, called the FMC investigation "an attempt by U.S.-flag carriers to gain market share in China by regulatory action beyond what they could gain by competition."

**U.S. Allegations.** In urging the FMC to act, commission hearing counsel Seymour Glanzer and attorney Peter J. King said U.S. carriers are hurt directly and indirectly by Chinese laws, rules, regulations, policies and practices.

"Such conditions do not exist for PRC carriers in the U.S.," Glanzer and King reported.

The hearing counsel said China imposes several restrictions on U.S. carriers that the U.S. does not impose on foreign carriers:

- Prohibition of operation of full branch offices. "Unable to perform agency functions for their own account, the U.S. carriers are compelled to contract with ... PRC companies for the performance of even the most basic carrier operations: booking cargo, rating PRC cargo in accordance with U.S. carriers' lawful tariffs, and collecting the freight revenues," the hearing counsel said.

The counsel's report to the FMC said the government companies Penavico and Sinotrans control rates by limiting charges to the levels published by Far East Enterprises Co. (H.K.) Ltd., even if the U.S. carriers' tariffs show a higher rate.

- Discriminatory port rates. "Notwithstanding the fact that PRC regulations set forth one table of charges for port services applicable to both PRC and foreign-flag vessels, U.S. carriers operating their own feeder vessels to PRC ports are assessed higher charges for those port services than PRC carriers."

- Forcing U.S. carriers to use Chinese feeder vessels to serve secondary Chinese ports. "PRC shipping agents have the power to deny cargo to U.S. carriers by withholding authentication of the bill of lading, in order to force utilization of the feeder vessels of Sinotrans and other PRC carriers, such as COSCO."

- Prohibitions on U.S. carriers operating their own container yards, container freight stations and related warehousing. "The PRC agents' refusal to abide by the ANERA (conference) tariff charges compels the U.S. carriers to provide these services at less than compensatory rates."

**COSCO Rebuttal.** The Chinese carrier rebutted the allegations and said that:

- U.S.-flag carriers haven't been hurt by Chinese shipping policies, and carry a higher share of the value of the U.S.-China trade than COSCO does—a fact that "substantially undermines any allegation that the

U.S.-flag carriers are operating at a competitive disadvantage."

• China's restrictions on U.S.-flag carriers "are the normal and minor incidents of doing business in another country.... The record in this proceeding consists at most of vague and general assertions that unspecified conditions in China harm U.S.-flag carriers in obscure ways. Nowhere in this record is there any allegation that any of these conditions were created, assisted or imposed by COSCO."

• The U.S.-China maritime agreement does not authorize U.S. carriers' representative offices in China to operate without restriction. The agreement "simply does not authorize U.S.-flag carriers to issue bills of lading or collect freight payments."

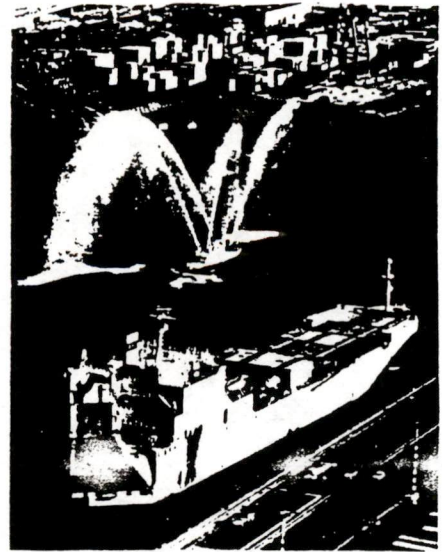
• "China does not interfere in the rates of the U.S.-flag carriers.... Shipping agencies in the PRC, including Penavico and Sinoagent, are not government agencies; they are business entities." COSCO said cases in which the Chinese agencies allegedly deviated from APL tariffs predate the 1988 maritime agreement.

• Penavico is not a subsidiary of COSCO but an independent business entity, and that COSCO does not control or dictate Penavico's commercial policies or practices.

• U.S.-flag carriers are free to operate their own feeder services between Chinese ports and Hong Kong "and are free to start feeder services in any mainland Chinese port open to international trade so long as they fulfill the necessary formalities."

• Chinese port charges are the same as for other foreign carriers. COSCO also said U.S. carriers had declined invitations to establish joint ventures for container yards, container freight stations, trucking and related operations.

• COSCO faces obstacles to business in the U.S. that American-flag lines don't face. Those include regulation under the Controlled Carrier Act, U.S. cargo preference and cabotage laws, U.S. requirements that COSCO bills of lading incorporate the Carriage of Goods By Sea Act and the 1984 Shipping Act's restrictions on service contracts.



**COSCO began service to Seattle with the MS Feng Kou in 1984.**

Maron Shipping Agency, a New York-based freight forwarder, said COSCO has provided "an excellent price-competitive alternative to the conferences, with frequent sailings."

If COSCO is forced to leave the U.S. trade, "our exporters' products will not be as competitive, due to freight increases," Maron told the FMC.

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## *Customers of Chinese carrier say they'd be hurt if FMC fines COSCO in retaliation for trade practices.*

Customers of China Ocean Shipping Company have urged the Federal Maritime Commission not to penalize COSCO for China's alleged discrimination against U.S.-flag carriers.

The FMC has been deluged with petitions from shippers, forwarders, stevedores and others who told the commission they would be hurt by sanctions against COSCO.

Most of the comments the FMC has received on the case are from companies that have business dealings with COSCO. The FMC has received more than three dozen "letters of intervention" from a variety of companies.

Port-Cooper/T.Smith Stevedores of Houston said it had handled COSCO's stevedoring for five years and considered the Chinese line one of its best customers.

"We are strongly opposed to any interruption to COSCO's operations in the U.S. as it would reduce our stevedoring revenue by 15 percent and would affect approximately 175 of our employees," the stevedore told the FMC.

"In addition, a hardship would be placed on international trade to and from the Far East and would have monumental effects on the local economy," Port-Cooper added.

The Port of Galveston said it would be hurt by the loss of COSCO service. The port said it supports the FMC's efforts to elimi-

nate unfair shipping practices, but that the shipping line is not to blame for those problems and cannot influence their resolution.

Global Terminal & Container Services, and Strachan Shipping Company, which handles stevedoring for COSCO at other ports, said they, too, would be hurt by restrictions on COSCO.

**Shippers, Forwarders.** Several shippers and forwarders submitted letters on COSCO's behalf, urging the FMC not to penalize the shipping line.

Several said that if COSCO were forced from the trade, they would have to suspend exports to China and eliminate U.S. jobs.

"The loss of COSCO rates and services would work a real hardship on us at a time when we don't need any additional burdens," said J.A.I. Inc., an export company. J.A.I. said it "is essential that COSCO continue to operate — offering the same rates and service that now exist."

Fiber Industries of New York said it has used COSCO exclusively since 1988 to ship polyester products.

The company said it would be unable to compete with Asian suppliers in the Chinese polyester trade if COSCO "were forced out of the polymer trade or was required to increase its rates substantially."

**Service Contracts.** Plexchem International Inc. of Melville, N.Y. said American-flag carriers are uncompetitive, and aren't interested in signing time-volume service contracts.

"It is usually impossible to use lines such as APL, Sea-Land and Lykes, etc., because they do not offer competitive rates which allow our U.S.A. exports to be competitive against products manufactured in Asia Pacific region," Plexchem said.

"Further, COSCO is the only carrier willing to enter into a comprehensive service contract agreement for all areas. We have approached many lines, including U.S.-flag vessels, with no success," Plexchem said. "Without COSCO's competitive rate schedule U.S. exports to Asia would be seriously affected."

Barta International Sales Corporation suggested that the sanctions against COSCO seemed to be an effort "to eliminate competition that may be in political disfavor."

**Status of Case.** The FMC is required to decide by November 22 whether to impose sanctions against COSCO. That deadline, however, could be extended by 90 days.

Officials both in the U.S. and China have said they hope the issues can be resolved diplomatically before the commission reaches the deadline for deciding on sanctions. ■

# AMERICAN MARITIME CONGRESS

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WASHINGTON LETTER

September 9, 1991

## FMC Investigation Of Taiwan Shipping Restrictions

On August 28, the Federal Maritime Commission (FMC) initiated an investigation into alleged Taiwan restrictions which are preventing U.S.-flag ship operators, principally American President Lines and Sea-Land Service, from conducting certain intermodal and business operations in Taiwan.

FMC Chairman Christopher L. Koch stated: "It appears that Taiwan authorities continue to preclude U.S.-flag carriers from operating off-dock container terminals, performing trucking services, registering chassis, leasing containers, and establishing shipping agency operations in Taiwan, despite assurances made in 1989 that restrictive Taiwan laws and regulations would be changed. While the information the Commission received indicates that some progress had been made, the Commission could not ignore indications that some of the restrictive barriers investigated in 1989 apparently still remain."

Under the Foreign Shipping Practices Act of 1988, the FMC has the authority to impose stiff penalties against Taiwan-flag carriers if it finds that discriminatory practices do exist. These include tariff suspension, denial of entry into U.S. ports, or fines of up to \$1 million per voyage. The FMC must make a determination within 120 days.

**U.S.-FLAG SHIP OPERATORS ATTACK UNFAIR PRC SHIPPING CONDITIONS:** Two of the largest U.S.-flag ship operators, American President Lines (APL) and Sea-Land Service, have attacked unfair conditions imposed on U.S.-flag carriers in the U.S./People's Republic of China (PRC) trade. The comments, filed by both companies just before Labor Day, are the latest development in a lengthy Federal Maritime Commission (FMC) investigation of unfair shipping conditions in this trade (see *Washington Letter*, July 8). Sea-Land concluded that as "a result of the restrictive laws, regulations, and practices set forth in the record in this proceeding, U.S. carriers continue to operate at a costly and competitive disadvantage in the PRC." Sea-Land called for the imposition of an up-to-\$1 million per voyage fee on PRC carriers in order to remedy the situation. APL noted that being forced to use PRC vessels to serve several Chinese ports actually doubled the cost per container in some cases. APL argued that to serve just three Chinese ports with APL vessels, without impairment, could save the company more than \$7 million per year. In a related development, the *Journal of Commerce* revealed on August 30 that FMC staff counsels were recommending retaliatory action, as well, in view of the fact that PRC "laws, rules, regulations, policies, and practices directly and indirectly adversely affect U.S. carriers." The FMC is expected to reach a decision on this case by mid-November.

- **FMC Nomination Hearing.** The Senate Commerce, Science and Transportation Committee is expected to hold a hearing by late September on the renomination of Federal Maritime Commissioner Ming Hsu for a full five-year term. Ms. Hsu's term expired on June 30, 1991. Commissioner Hsu's renomination is expected to be quickly approved.

# EDITORIAL/OPINION

## Tariff Filing and NVOCCs

**FILING RATES WITH THE GOVERNMENT** is one of the hallmarks of maritime regulation. But does rate filing by transportation middlemen — including consolidators who combine smaller shipments to obtain volume rates — serve the same purpose as it does for ship lines that actually move goods? At a time when global middlemen are becoming increasingly important in world trade, their place in the regulatory scheme is ripe for review by the federal government.

The Federal Maritime Commission, at the request of international freight forwarders, launched just such a probe last week. Over the next two months, the commission will solicit public comment on the need for cargo consolidators — called non-vessel operating common carriers, or NVOCCs — to continue filing their rate tariffs with the government, as they are now required to do. Despite stiff opposition within the commission itself — two of the five members voted against a review of NVOCC tariff filing — the agency has an obligation to examine regulations that may no longer serve a purpose. Tariff filing by consolidators may fall into that category.

Historically, ocean carriers have filed tariffs to provide shippers — and government regulators — with public information on rates and services. Such disclosures, supporters argue, minimize the chance of discriminatory pricing among shippers. Tariff filing is also one of the requirements ship lines must meet to receive certain government privileges, including immunity from the antitrust laws that allow them to agree on prices within rate-setting groups.

NVOCCs, however, are not ocean carriers. They do not own vessels. As consolidators who tender containerized loads to ship lines, they function as shippers. Unlike ocean carriers, NVOCCs cannot legally set prices in groups, cannot enter into joint ventures or ship-sharing arrangements, cannot write private cargo contracts. In effect, they have the obligations of government-regulated common carriers without the special privileges.

More important, tariffs aren't very useful as benchmarks to other shippers since most negotiate individual rate and service packages with NVOCCs. These packages, in addition to cargo consolidation, may also include customs brokerage, documentation services, packing and warehousing. Some NVOCCs also arrange for inland transportation. With each shipper requiring a different combination of services, the commission is right to ask if published NVOCC tariffs provide useful public information. Ocean carrier tariff filing, however, arguably fills more of a need because the underlying transportation rate is a more basic charge shippers use as a point of comparison.

It's also worth noting that middlemen in other transportation industries — air cargo, trucking and railroads — were relieved of tariff filing years ago, with no apparent ill effects on service.

THE JOURNAL OF COMMERCE, Wednesday, September 4, 1991

Admittedly, there are potential problems if the commission should relieve NVOCCs of tariff filing. Many ocean carriers also have NVOCC subsidiaries; a creative ship line could route all of its business through its NVOCC and avoid tariff filing entirely. If the commission should decide to end tariff filing by consolidators, it should close any such loopholes.

Critics of the FMC insist the agency should defer the NVOCC issue until a congressional commission now viewing maritime regulation finishes its work. But the Advisory Commission on Conferences in Ocean Shipping is not even examining the NVOCC tariff issue. The FMC, the agency with the most expertise in this area, is within its rights to ask tough questions, insist on accurate answers and make whatever changes the evidence supports.

## FMC Looks Into NVO Tariff Filing

Journal of Commerce Staff

WASHINGTON — The Federal Maritime Commission, nearly a month after deciding to examine a requirement that ocean freight consolidators file their shipping rates with it, has started the regulatory clock.

The FMC did so this week with a notice requesting comment by Nov. 22 on a recent request by the International Federation of Freight Forwarders Association for an exemption from tariff filing. The federation was joined by 22 U.S. freight consolidators, technically known as non-vessel-operating common carriers or NVOs.

The 30-day comment period set by the commission on the controversial petition means the commission likely will face a decision on it early next year.

Last month the panel split sharply on the question of merely accepting the petition for comment. It voted 3-2 to take up the issue now rather than wait until next year to do so.

Commissioners William D. Hathaway and Francis Ivancie wanted the agency to wait until a congressional-industry advisory panel that is studying the regulation of ocean carrier conferences under the 1984 Shipping Act finishes its work in April.

The tariff-filing question also has been a source of dissension within the ranks of U.S. consolidators who are members of the International Association of NVOCCs.

In addition to direct comment on the petition, a commission notice requested commentators to address a list of 23 related questions on the economic, regulatory and policy implications of exempting consolidators from tariff filing. The notice also advised that from a procedural standpoint, "at the conclusion of this proceeding, the commission could grant the requested relief and issue a rule of exemption."

## 3-2 Vote at FMC Opens Up NVOCC Tariff Procedure

*FMC to seek public comment on FIATA request for exemption to tariff-filing.*

Should non-vessel-operating common carriers have to file their tariffs with the Federal Maritime Commission?

That's what the FMC is asking the shipping public.

In a 3-2 decision, the FMC voted on August 28 to seek public comment on a request that NVOCCs be exempted from the commission's tariff-filing requirements.

The request was filed by the 35,000-member International Federation of Freight Forwarders Associations (FIATA) and 22 forwarders and NVOs that are based in the U.S. or operate here.

The FMC's vote to seek public comment on the FIATA request was the first step in the regulatory process of deciding whether to continue tariff-filing by NVOs. Comments will be accepted during the next 60 days.

**Delay Rejected.** The commission voted 3-2 against delaying action on the FIATA request until next year.

Commissioners William D. Hathaway and Francis Ivancie wanted the FMC to wait until a special presidential advisory commission on the 1984 Shipping Act makes its recommendations.

Rep. Walter B. Jones, D-N.C., chairman of the House Merchant Marine and Fisheries Committee and a member of the advisory panel, recently said the FMC should hold off until the advisory commission acts.

However, there is question whether the commission's diverse membership—which comprises representatives of various industry groups and congressional committees—will get around to the question of NVO tariff filing.

The advisory commission has been holding a series of hearings around the country and is preparing for more intensive meetings to try to decide whether to recommend changes in the 1984 act.

**No Decision Yet.** FMC chairman Christopher L. Koch said the vote to seek comment on the petition doesn't mean the FMC has decided whether to scrap NVO tariff-filing requirements.

And he noted that the FIATA request applies only to NVOs, and not to tariff-filing in general.

Koch said that before granting FIATA's request, the commission would have to determine that it would not "substantially impair effective regulation by the commission, be unjustly discriminatory, result in a

substantial reduction in competition, or be detrimental to commerce."

Koch said the FMC wants to get views from all sides before deciding on the case.

"This petition raises a number of very interesting issues, and I believe the commission's analysis of this petition will be enhanced by a thoughtful examination of the issues by all interested parties," Koch said.

**Bonding Law.** The issue of tariff-filing requirements for NVOs came to the fore last year when Congress voted to require NVOs to post a \$50,000 surety bond.

That law also required foreign-based NVOs to identify a U.S.-resident agent, and gave the FMC authority to suspend or cancel an NVO's tariff for failure to comply with the law.

The debate over the NVO bonding requirements was waged against a backdrop of opposition to the basic concept of tariff-filing (June *American Shipper*, page 39).

Opponents of tariff-filing, including FMC member Rob Quartel, have argued that it is costly, that tariffs are easy to disguise, and don't benefit the shipping public. Supporters of continued tariff-filing argue that the public is best served by public disclosure of carrier rates.

The Department of Transportation urged the FMC to exempt NVOs from tariff-filing

requirements, saying it would enhance competition by allowing consolidators to react more quickly to changes in supply and demand, including changes in ocean carrier tariffs.

FIATA's attorney, Richard D. Gluck, told the FMC that "many, if not most U.S. and foreign-based operators have concluded that the tariff-filing requirement for NVOCCs serves no useful purpose and should be eliminated."

**Final Rule.** In the same meeting at which it acted on the FIATA request, the commission voted 4-1 to issue a final rule to replace an interim rule implementing NVO bonding requirements.

Commissioner Rob Quartel, who opposes tariff-filing of any kind, was the lone dissenter.

The interim rules had been in effect since April 15. In response to some of the more than 65 statements submitted during the 90-day comment period, the commission approved one change in the interim rules.

Carriers had objected to a requirement that they ascertain a shipper's status before accepting cargo.

The FMC agreed to periodically publish a list of NVOs who have complied with the tariff-filing and bonding requirements, but said a shipper certification requirement will be maintained for service contracts. ■

## FMC Renews Taiwan Investigation

The Federal Maritime Commission's on-again, off-again investigation of Taiwanese shipping restrictions is on again.

The FMC voted unanimously August 28 to proceed with an investigation of Taiwanese restrictions that commissioners said appear to discriminate against U.S. carriers.

As in a separate case involving the People's Republic of China, the Taiwan investigation is being carried out under the Foreign Shipping Practices Act of 1988.

That law allows the FMC to retaliate against unfair foreign shipping practices by imposing various sanctions against the foreign nation's carriers. Those sanctions can include suspension of tariffs, denial of access to U.S. ports, or imposition of fees of up to \$1 million per voyage.

"It appears that Taiwan authorities continue to preclude U.S.-flag carriers from operating off-dock container terminals,

performing trucking services, registering chassis, leasing containers, and establishing shipping operations in Taiwan," said FMC chairman Christopher L. Koch.

He said this is "despite assurances made in 1989 that restrictive Taiwan laws and regulations would be changed."

Although some of the restrictions seem to have been eased, Koch said the commission decided it "could not ignore indications that some of the restrictive barriers investigated in 1989 apparently still remain."

The FMC has been monitoring Taiwanese restrictions on U.S.-flag carriers since 1987.

In July 1989, the commission targeted Taiwan in the FMC's first formal proceedings under the Foreign Shipping Practices Act.

The commission has 120 days to decide whether to impose retaliatory sanctions. ■

# FMC Questions Inland Surcharges

*Shippers complain about new container surcharges.  
Carriers postpone implementation until December 1.*

By Elizabeth Canna

Following a rash of shipper complaints, the Federal Maritime Commission has launched an informal investigation into a new breed of surcharge recently introduced by carriers serving the trade between the United States and Europe.

Announced in July, the container interchange charge, or CIC, was devised to compensate carriers for the cost of retrieving containers that move beyond the port. The charge is two-tiered: \$75 per box for containers routed by shippers and \$50 per box for containers moving on a through intermodal bill of lading.

Rate agreements covering the North Atlantic and Mediterranean trades, plus several non-conference carriers, had intended to begin imposing the new fee on September 1. But in the aftermath of shipper outcry, they decided to hold off until the first of December.

Even without the shipper complaints, the FMC would have taken a look at the new inland charges, said Austin Schmidt, director of the FMC's newly reorganized bureau of trade monitoring and analysis.

"We would put it under the category of monitoring conference behavior," he explained.

Schmidt emphasized that FMC's inquiry is an informal fact-finding foray, and that it was far too early to predict if there would be a formal investigation.

"We're just trying to find out what has been going on and what's behind it from a conference perspective," he said.

"We'll be asking the conferences some questions as to what the surcharge involves. As far as their responses, it would be several more weeks. Right now we are not prejudging anything because we have not gotten anything in yet," he said.

Schmidt also indicated that, at least initially, the number of shipper complaints couldn't compare with the avalanche that inundated the FMC during the fuel surcharge crisis of a year ago. "We have not had an onslaught of complaints," he said.

Among the handful of complaining shippers was one non-vessel-operating common carrier (NVOCC).

**What Shippers are Saying.** The container interchange charge was assailed by

shippers on both sides of the Atlantic, although only shippers based in the United States have filed complaints at the FMC.

The cost of retrieving errant boxes should simply be considered a normal carrier expense of doing business, shippers say.

Carriers, on the other hand, say many shippers have been getting a free ride, particularly those who contract for a port-to-port shipment and then decide to move their cargo inland once the cargo reaches the port. Often, rather than returning the carrier's containers to the port, the shipper puts them into a local container pool. It is then the carrier's problem to get the boxes back.

Even though a large portion of cargo moving between the United States and Europe is transported under service contracts, shippers fear that the interchange charge will find its way into their next round of contract negotiations.

**Awkward Timing.** The timing of the introduction of the new charges probably could have been better.

In the North Atlantic, the initial start-up date of September 1 coincided with the effective date of a general rate increase. On that date rate hikes of \$75 per 20-foot container equivalent (TEU) and \$150 per 40-foot container equivalent (FEU) took effect for cargo moving via the Atlantic and Gulf coasts. Cargo movements from the Pacific Coast were raised \$125 per TEU and \$250 per FEU.

In addition, news of the new inland levies came right in the midst of a more formal surcharge inquiry. (See *American Shipper's* cover story in the August edition).

Shipper discontent with carrier surcharges for fuel, currency fluctuations, port congestion and other items had been brewing for some time. But when carriers moved to recover the costs of skyrocketing fuel expenses during the recent Persian Gulf conflict, shippers' anger went through the roof, and ultimately influenced the FMC to launch a formal fact-finding on the nature of carrier surcharges.

Moreover, the mid-summer announcement of the new inland charges irked shippers who charged the carriers were hoping to sneak the charges by unnoticed.

Timing is one reason the North Atlantic and Mediterranean conferences decided to postpone the effective date of the charges

until December 1.

"The member lines decided they had not done a good enough job explaining the charges to the shippers," said Harold G. Holden, executive director of the North Europe-USA Rate Agreement and the USA-North Europe Rate Agreement.

An official with the South Europe-USA Rate Agreement offered a similar explanation for the postponement, adding that the member lines were watching the situation closely.

As of this writing in late August the imposition of inland charges was still being weighed by members of the eastbound U.S.-Mediterranean conference.

**Base Port Reform.** The timing of the announcement of the new inland charge was even more awkward because it coincided with another program introduced by the North Atlantic conferences called base port reform.

Under the base port reform program certain ports formerly served at the lower base-port rate will now be served at a higher rate. A port falls into the base port category if it is served direct by at least one conference carrier.

Non-base ports are served via feeder, and shippers usually pay for the extra feeder costs.

When the conference carriers tried to revoke the base-port status of the Scottish ports of Grangemouth and Greenock, they ran into trouble with Scottish spirits shippers, and were persuaded to back off.

However, in other European ports, plans are proceeding to remove the ports of Gothenburg and Walhamn, Sweden, Aarhus and Copenhagen, Denmark, and Bremen and Hamburg, Germany, from the base port list.

In the U.S., Philadelphia and Mobile have lost their base port status. The Mobile decision took effect on September 1. The more controversial Philadelphia change of status was originally scheduled for September 1, but then put back to December 1.

**Carrier Continuity.** Both the base port reform program and the container interchange charge were discussed at recent meetings of the European Discussion Agreement, a talking agreement between the North Atlantic conferences and several of their independent counterparts.

During the EDA meetings the non-conference carriers agreed to implement both programs on a voluntary basis. While it was not clear whether the non-conference carriers had decided to postpone the CIC charges until December 1, it was not considered likely that they would impose a surcharge that was not being levied by the conferences. ■

# FMC Won't Take Sides in Dispute Between Sealift Command, Marad

By WILLIAM DIBENEDETTO

Journal of Commerce Staff

WASHINGTON — The Federal Maritime Commission refused to get involved in a dispute between two executive branch agencies over the validity of charter conditions in arrangements for sharing American-flag vessels.

The Navy's defense cargo shipper, the Military Sealift Command, has sought since 1988 to overturn certain provisions in the space-sharing agreements among Sea-Land Service Inc. and a number of foreign-owned shipping lines.

The Sealift Command claims that the agreements and charter orders covering space on 12 giant U.S.-flag containerhips unfairly restrict competition for defense cargo. The military agency has taken its case to both the maritime commission and the Maritime Administration, a unit of the Department of Transportation.

Sea-Land bought the vessels from creditors of United States Lines Inc. and then entered into space charter arrangements with Nedlloyd Lines BV, P&O Containers Ltd. and Compania Trasatlantica Espanola SA.

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The Sealift Command claims that the agreements and charter orders covering space on 12 giant U.S.-flag containerhips unfairly restrict competition for defense cargo.

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Charter orders approved by Marad and the agreements filed at the commission stipulate that none of the vessel space can be used to carry cargo reserved for U.S.-flag vessels unless it is shipped by a U.S. citizen, which would be Sea-Land in this case.

The Sealift Command contends the citizenship provision bars the three foreign-owned companies from bidding to carry defense cargoes on the U.S.-flag vessels, and thus amounts to an "unreasonable refusal to deal."

It said the government, as a shipper, "is denied the ability to ship its

cargo in U.S.-flag vessels operated by U.S. citizen crews to the extent that ships and space in those vessels are controlled by Nedlloyd, TFL (the predecessor company of P&O) and CTE."

Marad refused to reconsider its charter approvals, so the Sealift Command went to the maritime commission, claiming that Marad's charter orders were, in effect, rules that required commission review under provisions of shipping law.

The commission said the Sealift Command petition "presents novel issues of jurisdiction," but that "constitutional principles" require it to be dismissed, even if the Marad orders are considered rules.

"We lack jurisdiction to apply section 19 (of the 1920 Merchant Marine Act) to the series of conditional charter orders issued by Marad," it said. And it has no jurisdiction to "adjudicate a dispute between two executive agencies," it added.

The proper forum to settle the dispute is before the U.S. Attorney General, said the commission. In its 59-page report and order, the agency said the sealift command "is proceeding correctly in its efforts to obtain a resolution within the executive branch by bringing its challenge to Marad's legal authority before the attorney general."

In a footnote, the agency said its decision has no bearing on the Sealift Command's ability to "seek relief . . . against ocean carriers or other entities regulated by this agency."

Marge Holtz, the command's director of legislative and public affairs, said, "We're reviewing the decision and have not determined our next step yet."

Rob Quartel, a member of the commission, blasted the decision: "The majority is wrong again . . . This commission should enforce the law as required by section 19 instead of wince at the thought and engage in this absurd reach to synthesize constitutional bogeymen of which the majority's opinion consists."

## Shippers' Group Wants Confidential Negotiations

By WILLIAM DIBENEDETTO

Journal of Commerce Staff

WASHINGTON — The battle lines are now clearly drawn between shippers and ocean carriers, and they center on how the two sides will negotiate transportation rates.

A group that claims to represent more than 48,000 U.S. shippers, in its first major position statement Tuesday, pushed for the right to negotiate confidential, but flexible, rate discount contracts with individual ocean carriers.

The Alliance for Competitive Transportation also said limits should be slapped on carrier groups — sometimes known as superconferences or rate discussion pacts — that involve both conference members and independent lines.

"We want to deal with the carrier who will actually carry our goods to the customer," said William A. McCurdy Jr., logistics and commerce counsel for E.I. du Pont de Nemours & Co.

"Service is almost more important than price. . . . We need to structure something that works in the marketplace," said John P. Ham, manager of international distribution for Pittsburgh Plate Glass Industries.

Both men were among a group of alliance members that discussed

regulatory issues during a luncheon roundtable for the press.

The alliance Tuesday sent its official position paper to a congressional-industry panel, the Advisory Commission on Conferences in Ocean Shipping, which last week completed the hearing phase of its labors. The advisory commission is reviewing the maritime regulatory system created under the 1984 Shipping Act and in April will make recommendations for possible changes.

The alliance's paper notes shippers are not seeking an end to the conference system, elimination of antitrust immunity or an end to tariff-filing.

Under current law, the essential terms of shipper-carrier rate discount agreements, known as service contracts, must be filed at the Federal Maritime Commission and made available to similarly situated shippers. Also, shipping conferences can prevent their members from negotiating individual service contracts.

Carriers are squarely opposed to confidential service because they favor public availability of rate information for all shippers. They also are resisting major changes to the 1984 law because, they claim, expe-

rience since its enactment has revealed no major faults with it.

James L. Lamb, director of business planning for Eastman Kodak Co. and chairman of the alliance, said the ability of conference members and independent lines to discuss rates "stifles competition, innovation and productivity gains."

"Freedom of contracting" and the flexibility to make mutually agreeable changes to service contracts, he added, is something that ocean carriers worldwide can do, and something that rail and truck companies in the United States are permitted to do.

The current regulatory environment "has not helped U.S. carriers one iota," he said.

But Peter Friedmann, counsel for the alliance, warned those could be possible objectives if the "minimum goal" of confidential contracts with individual carriers, along with permission to make contract changes, is not achieved.

## Carriers Firm In Opposition To Contract Confidentiality

By WILLIAM DIBENEDETTO

Journal of Commerce Staff

WASHINGTON — Reports of an emerging compromise on the controversial issue of making rate-discount contracts between shippers and ocean carriers confidential are premature.

In fact, there is no compromise. The 25 ocean carriers that comprise

### ANALYSIS

the Ocean Common Carrier Coalition still firmly oppose confidential service contracts.

They also don't want the 1984 Shipping Act, the basis of maritime regulation, opened to congressional scrutiny. A move to confidentiality would require a change in the law.

Other reports that the Bush administration opposes antitrust immunity for carrier rate and operating groups, known as conferences, are also premature.

The Justice Department and the Department of Agriculture oppose conference antitrust immunity. But there is, to date, no formal administration position on the future of that element of the 1984 act.

Under that law, the essential

terms of shipper-carrier service contracts are filed at the Federal Maritime Commission and must be made available to similarly situated shippers.

There were indications last week during the final public hearing of the Advisory Commission on Conferences in Ocean Shipping, and a subsequent report in The Journal of Commerce Sept. 16, that Orient Overseas Container Line, an ocean carrier based in Hong Kong, might support confidential contracts with shippers. That proposal was on a list of suggestions made by one of OOCL's major customers, E.I. du Pont de Nemours & Co.

The plan was outlined by Du Pont at that time and again this week by the Alliance for Competitive Transportation, an umbrella shipper group. It would continue conference antitrust immunity while making service contracts secret and allowing shippers to negotiate the contracts with individual conference carriers, something not currently permitted.

Brien E. Kehoe, attorney for OOCL, indicated support for the Du Pont proposal during questioning before the advisory commission, but this week he told The Journal of Commerce he was misquoted.

Other sources who attended the Sept. 12 hearing say Mr. Kehoe misunderstood the thrust of the question he was answering.

"What I was agreeing with was... that it's time to start paying attention to the health of the industry. We should look at the big picture," Mr. Kehoe said Wednesday.

Whatever happened last week, it became clear this week that OOCL has not broken ranks with the carrier coalition.

Addressing the Du Pont compromise, Peter Finnerty, vice president of corporate affairs for Sea-Land Service Inc. and chairman of the carrier coalition, said the proposal essentially is that carriers can "keep what they've got while shippers get what they want... That's their idea of a compromise."

In recent testimony before the advisory commission, he said "public availability of information is essential in order to maintain a healthy common carrier system, balancing the interests of the few very large shippers and the great many small shippers."

This week, Mr. Finnerty said there are ways to change shipper-carrier contracting that don't require major statutory changes in the 1984 act.

For instance, he said, shippers, especially large shippers, would prefer to negotiate one worldwide serv-

ice contract rather than multiple contracts with several conferences.

"Carriers are thinking about it," he said. They are also studying the idea of making mutually agreeable changes to service contracts, without interference from the FMC, he added.

"But there should not be a revision of the statute by Congress," Mr. Finnerty asserted. "It's not called for, it's too uncertain and too risky."

While supporting the idea of worldwide contracts, William A. McCurdy Jr., Du Pont's logistics and commerce counsel, cautioned that should not imply shipper support for a "worldwide conference system... That would be worse than what we have now."

Gerry Seifert, a maritime attorney and former counsel to the House Merchant Marine and Fisheries Committee, said the FMC could make some adjustments in its rules that would make a service contract "more of a true service contract and less an alternative tariff. All it is now is a cut rate; true service requirements could be imposed by regulation."

Mr. Seifert said if that happened, "confidentiality would be unnecessary."

Concerning the work of the advisory commission, which will issue recommendations next year, he said it is unlikely the 17-member panel will achieve a consensus on major changes.

"Nobody has found much fault with the (1984) act so far. My observation is that a case has yet to be made for a defect in the act that requires correction," he said.



GENERAL COUNSEL OF THE NAVY  
WASHINGTON, D.C. 20350-1000

3 October 1991



Honorable Andrew H. Card  
Assistant to the President and  
Deputy Chief of Staff  
The White House  
Washington, D.C. 20500

*P.G.*  
*Can't go!*  
*10/4*  
*Andy*

Dear Andy:

I am delighted that you will be able to join us this weekend to embark on USS JOHN F. KENNEDY (CV-67). I am sure this experience will give you new insights regarding the workings of the Navy.

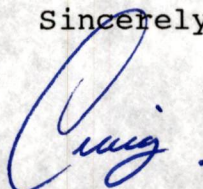
On Sunday, October 6th at 1200 we will fly by Navy aircraft from the terminal (Air Force side) at Andrews Air Base directly to the ship, which will already be conducting routine training operations off the coast. You should plan to arrive at the terminal's Distinguished Visitors Lounge at 1130 so that we can be briefed on the in-flight procedures. The flight will be aboard a COD which is, in effect, a windowless mail plane (see enclosure). The following day we will leave the ship around midday and return to Andrews on Navy aircraft via Naval Air Station, Jacksonville, Florida. We are scheduled to arrive at Andrews about 1600. This involves slight changes to what I told you earlier which I hope present no problems.

Keep in mind that we will be observing the crew of the KENNEDY in a working environment. As such, you will want to wear casual clothing (slacks and shirt) and, most importantly, comfortable shoes. Tennis or jogging shoes work well and will be appreciated after walking and climbing on steel deck plating all day. You will also want to bring along a windbreaker or sweater for the evening. Although we will be dining in the wardroom, you will not need a coat and tie. There will, however, be a nominal charge for meals. Cameras, still or video, are permitted and encouraged. However, it would be prudent to place your equipment in a protective carrying case as it will have to be stored with the luggage during the flights.

I have enclosed a map to Andrews Air Base and some additional information that you may find helpful. If you have

any questions please give me a call. I look forward to spending time together on what should prove to be a rewarding trip.

Sincerely,



Craig S. King

Enclosures

THE WHITE HOUSE

WASHINGTON

October 1, 1991

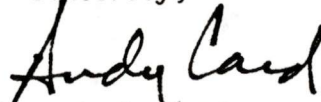
Dear Liz:

Thanks very much for writing, and thanks for sharing with me your thoughts on the issue of loan guarantees to Israel. I was glad to hear from you.

We all feel terrible about Bruce's loss, but he's young and we'll see him on the ballot again. You and all his friends and supporters did a terrific job, and I'm glad I could be part of his campaign -- even for just a day.

Take it easy, and give my best to all my friends in Longmeadow.

Sincerely,



Andrew H. Card, Jr.  
Assistant to the President  
and Deputy Chief of Staff

Ms. Liz Kittredge  
29 Elizabeth Circle  
Longmeadow, Massachusetts 01106

LIZ KITTREDGE  
29 ELIZABETH CIRCLE  
LONGMEADOW, MASSACHUSETTS 01106

Sept. 16, 1991

Dear Dudley,

I was delighted to meet you at Bruce Stebbins' house on Saturday afternoon (I'm the person on the Longmeadow School Committee working to get Longmeadow votes for Bruce.)

I would have stayed to speak to you after your remarks but my daughter needed my car to go to work, so I'm writing to you instead.

Since you brought up the subject of foreign policy and loan guarantees, I must tell you how strongly I disagree with President Bush's position. Loan guarantees should not be "delayed" - and that word "delay" worries me. Israel needs help to absorb the one million Russian refugees - these immigrants that no other country is willing to accept.

The issue of settlements should be settled face-to-face - The Arabs and the Israelis should learn how to have an honest dialogue. There should not be preconditions to the proposed peace conference.

Many of my friends who are political activists agree with me.

I've enclosed William Safire column from my local paper because he states more clearly what I feel, although I'm sure you've already seen it.

Please, please meet with the President's other advisers and reconsider loan guarantees.

Thank you very much,  
B. F. Fiedler

# SAFIRE: President's 'delay' on aid to Israel holding millions hostage

By WILLIAM SAFIRE

WASHINGTON — George Bush's Rosh Hashana message to Jews around the world: Until Israel signals its willingness to give up the West Bank before direct negotiations begin, the United States will deny credit guarantees needed to prepare to receive one million more Jews in their exodus from Russia.

Nobody puts it so baldly. Americans would take offense if their president admitted holding the lives of a million harried and worried people hostage to his demand that Israel surrender its most cherished position beforehand. To demand a ransom of land for humanitarian aid would be diplomatic blackmail, never the way the United States has done business.

To conceal the nature of that hostage-taking, Bush asks Congress for a four-month "delay" in consideration of Israel's urgent request for our cosigning its notes to put roofs over the refugees' heads. But everybody knows there is only one reason for the delay: to hang a sword of Damocles over the heads of Israeli negotiators

who may resist a predetermined, Bush-imposed solution. This is clearly intended to put an agonizing choice before Israel: Lose the land or lose the people.

Nobody suggests any other reason. The United States recognizes the plight of the Jews eager for emigration; no American politician wants the blood of any possible pogrom on his hands; rather than take them in the United States, we want them to go to Israel. And we are prepared to guarantee loans to help house them; that is not an issue.

But there is an issue before the Congress: Are we, for the first time in our history, prepared to use humanitarian aid as a lever to force another democratic government to act against what it sees to be its interests?

Not so, insists the president; he merely intends to use the "delay" as a means to lean on Israel to forbid its citizens from moving to lands that the PLO claims. The continuation of Jewish settlements, in Bush's eyes, is an obstacle to the grand settlement he has clearly in his mind and is determined, as the only superpower left standing, to impose.



Can you believe it?  
George Bush's position  
on settlements is more  
pro-Arab than the Arab  
position.

Both Bush and the Israelis are well aware what a "settlements freeze" really would be. It is no mere pause in an activity that irritates Arabs, as our State Department likes to pretend it is.

On the contrary, the day Israel bars Jews from moving to the West Bank is the day that Israel in effect gives up its claim to that disputed territory.

Everybody knows that, too; that's what the settlements fuss is about. To insist that Israel make Judea and Samaria, including the

outskirts of Jerusalem, verboten to Jews is to take the first long step toward the creation of a Palestinian state on that land, forever off limits to Jews.

That issue is one of those to be discussed at a face-to-face conference. Why, then, require that the issue be settled symbolically in advance? The White House answer is that settlements "inflare passions" and such a concession is needed for the Arabs to come at all.

But Tom Friedman of The New

York Times, who is far more evenhanded than me, reports this fact: "In the last three months of diplomacy, Secretary of State Baker managed to talk the Arab states out of making a freeze on Israeli settlement-building activity a precondition for their participation in the proposed peace conference, but he was not able to talk Mr. Bush out of it, officials said."

Can you believe it? George Bush's position on settlements is more pro-Arab than the Arab position. Assad of Syria was ready to meet Shamir of Israel without a settlement surrender in advance, but George Bush was not.

I am not among Secretary Baker's acolytes, but even he deserves

some sympathy as he must be coming to the conclusion that there is no greater obstacle to peace in the Middle East than Bush's obsession with forcing Israel out of the West Bank.

Obsession it must be, because there is no rational explanation for a one-sided policy that ought to abort the conference, or for threatening the futures — and perhaps endangering the lives — of a million innocents who want only to flee to freedom.

Decent people can disagree about the West Bank, but humanitarian aid delayed is aid denied. What new morality justifies the callous abuse of refugees to achieve some diplomatic aim? Congress should tell Bush that we are a principled people. We don't hold anybody hostage.

## Union-News

1860 Main St.  
Springfield, Mass. 01102

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THE WHITE HOUSE

October 1, 1991

Dear Ned-

I am sorry I will not be able to be with you and many of your supporters at The Pembroke Country Club on October 8<sup>th</sup>. My schedule has me in Washington, D.C. that evening.

Nevertheless, I will be with you in spirit. Count me as a proud and vocal Ned Kirby fan. You are a respected and very important voice in the Massachusetts Senate.

My best to all in the Bay State. Sincerely, *Andy*

*Andrew H. Card, Jr.*  
THE WHITE HOUSE  
WASHINGTON

The Honorable  
Edward P. Kirby  
379 Harvard Street  
Whitman, Massachusetts  
02382

OCT - 1 1991

Edward P. Kirby  
379 Harvard St.  
Whitman, MA 02382

Sept. 30, 1991

Ron Kaufman  
The White House  
Washington, D.C.

FAX 202-456-6547

Dear Ron,

This is a request for a letter of support, to be read at my fundraiser on October 8, 1991 at the Pembroke Country Club.

It is also a request for a letter of support from Andy Card, too.

Please address the letter(s) to Richard E. Bachman, at the Pembroke Country Club.

Please send the letters to: - { E.P. Kirby  
379 Harvard Street  
Whitman, MA 02382

Thank you for your help in this matter.

Sincerely,

*Ned*

EPK:mk

Andy,

We received nothing from Ned Kirby, so I guess this is the official request.

1c

*LINDA - know  
I don't know  
if Andy got  
a copy of  
this.  
Meghan*

August 29

Dear Andy,

GJ  
K

Please accept my personal gratitude for taking the time to visit Raytheon on Tuesday. I consider it to be a personal favor for which I am truly grateful.

You know that you can count on me, anytime, whatever your requirement may be.

Sincerely,

George

Blowing



Federal Maritime Commission  
Washington, D.C. 20573

Office of the Chairman

August 15, 1991

The Honorable Andrew H. Card, Jr.  
Deputy to Chief of Staff  
Executive Office of the President  
The White House  
1600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20500

Dear Andy:

Enclosed are some recent press clips that provide an overview of our current activities, including:

- Discussion of merchant marine policy.
- FMC's successful resolution of its trade case against Japan.
- FMC pursues cases against discriminating foreign trade practices in Korea and China.
- More on the issue of the controversial tariff fee revenue.
- The surcharge debate issue.
- Other ongoing activities at the FMC.

I would welcome any thoughts or comments you have about the Commission's activities.

With best wishes, I am

Sincerely yours,

Christopher L. Koch  
Chairman

Enclosures



FEDERAL MARITIME COMMISSION  
1100 L STREET, N.W.  
WASHINGTON, D.C. 20573

CONTACT KAREN L. HECKER  
202/523-5911

# NEWS CLIPS

## JULY 1991

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**FMC Pursues Foreign Trade Practices.**  
**FMC Chairman Questions Estimates of Tariff Fee Revenue.**  
**FMC and the Surcharge Debate**  
**FMC and Current Activities.....**

# FMC Chief Stresses Economic Need for Fleet

By ERICH E. TOLL

Journal of Commerce Staff

NEW YORK — While the Persian Gulf war prompted a reassessment of the military value of the merchant marine, the nation's top shipping regulator is suggesting that a U.S.-flag fleet is indispensable to the economy.

Many other nations, particularly in Asia, consider a domestic commercial fleet essential to economic strength, as well as military power. "That's something we should think about real hard," said Christopher L. Koch, the chairman of the Federal Maritime Commission.



**KOCH: "Would we be comfortable with all our imports and exports on foreign-flag vessels?"**

The United States must form a consensus on that issue before restructuring government support of the industry because ending that support would mean death to U.S.-flag shipping, Mr. Koch said.

"Do we want a U.S.-flag merchant marine? If yes, why and at what cost? We have to answer that before making any changes," Mr. Koch said during an interview at The Journal of Commerce headquarters last week.

The U.S.-flag commercial fleet would cease to exist if all forms of government buttresses were eliminated, the official said.

Mr. Koch said he is convinced U.S. shipping is vital to the military, and is leaning toward concluding a domestic fleet is essential to the U.S. economy.

The official cited a historical argument for the economic rationale. Prior to World War I, U.S. ships carried less than 10% of the nation's trade.

When the war started, the Europeans called home their commercial vessels. That caused such a severe capacity crunch that shipping prices jumped 1,500% during four weeks as cargo backed up from East Coast ports to the Midwest.

"Asian countries think that a national-flag fleet is key. Maybe we ought to think the same thing," Mr. Koch said. "Would we be comfortable with all our imports and exports on foreign-flag vessels?"

Major U.S. carriers believe that because they have higher costs than many foreign competitors, they can best compete by offering higher quality service, Mr. Koch said. A primary aim of liner rate-setting conferences is to steer competition toward quality and away from pricing. But the FMC chairman said he has not yet concluded whether the conference system provided for in the Shipping Act of 1984 buttresses American shipping.

U.S. deregulation of trucking and aviation was successful, Mr. Koch said, but those forms of deregulation could not be applied to maritime because of its inherent differences.

The international nature of shipping makes it unlike trucking. "The international arena is different," Mr. Koch said. Foreign competitors "don't have the same cost structure, government backing, or customer loyalty."

The Japanese are intensely loyal to their national carriers, Mr. Koch noted as an example.

Aviation differs from shipping because international air service is regulated by bilateral agreements. Mr. Koch noted broad opposition to applying bilateral accords to maritime.

However, the aviation industry's Civilian Reserve Air Fleet program could serve as a model for the relationship between the U.S. military and merchant marine, Mr. Koch said.

In the Civilian Reserve Air Fleet program, the government pays for the option to use civilian aircraft during a national emergency, and modifies the aircraft for its needs. The chief executives of major U.S. shipping lines have supported such an plan.



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# AMERICAN MARITIME CONGRESS

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Vol. 14, No. 28

WASHINGTON LETTER

July 15, 1991

## *FMC Chairman Supports A U.S.-Flag Fleet*

"Asian countries think that a national-flag fleet is key. Maybe we ought to think the same thing," Federal Maritime Commission (FMC) Chairman Christopher L. Koch asserted in a recent interview with the *Journal of Commerce*. The United States, he stated, must consider: "Do we want a U.S.-flag merchant marine? If yes, why and at what cost? We have to answer that before making any changes" to existing maritime policies. He pointed out that U.S.-flag commercial shipping historically has been essential to the United States economy. He also noted the praise received by the U.S. merchant marine for their service in the Persian Gulf War. Chairman Koch questioned: "Would we be comfortable with all our imports and exports on foreign-flag vessels?"

Chairman Koch emphasized that other nations, particularly in Asia, regard their domestic-flag commercial shipping as essential to economic strength and military power. "That's something we need to think about real hard," he said, before attempting to restructure or eliminate government operating subsidy programs. The FMC Chairman maintained that ending government support, such as the Operating Differential Subsidy (ODS) program (which provides financial assistance to certain U.S.-flag operators competing against vessels of other nations), "would mean death to U.S.-flag shipping." He said he is "convinced U.S. shipping is vital to the military...and is essential to the U.S. economy."

# The Journal of Commerce

and Commercial

FRIDAY, JUNE 28, 1991

## Japan Confirms It Will End Controversial Harbor Tax

By A.E. CULLISON  
Journal of Commerce Staff

TOKYO — Japan will discontinue enforcement of the controversial harbor management fund special tax at the end of March 1992 due to vehement protests lodged by U.S. and European shipping companies, government officials said Thursday.

The harbor tax already had been scaled back last month, and the minister of transport had told U.S. officials that the program would be allowed to expire next year. Those moves led the U.S. Federal Maritime Commission to drop its investigation of the tax, a proceeding that could have resulted in the FMC imposing sanctions against Japanese carriers.

Officials of the Ministry of Transport said Thursday the tax, created by the non-profit Japan Harbor Transportation Association in October 1989, was intended to be used to assist in securing a stable labor supply and to improve port facilities.

The tax was collected by Japanese warehouse companies on cargoes entering the country's ports. The association reported it had collected a total of around \$65.2 million from Japanese and foreign shipping companies as of the close of fiscal 1990, a term ending in March this year, and had paid the money into the Japan Harbor Management Fund. However, the fund evidently was used to provide low-interest loans to finance improvements of import cargo-handling facilities.

For the past two years, U.S. and European shipping lines have denounced the tax as an unfair obligation that worked in restraint of trade. They also insisted that it was not possible for foreign shipowners to obtain direct commercial benefits from the payments and that, in any event, they had to pay more into the fund than their Japanese competitors.

In documents filed with the FMC, American President Lines Ltd., Oakland, Calif., said it had paid more than \$2 million into the fund.

Sea-Land Service Inc., Edison, N.J., said it had paid nearly \$600,000.

It was only in May that an agreement among executives of the Japan Harbor Transportation Association, the Japan Shipowners' Port Council and the Japan Foreign Steamship Association brought about a reduction in fund charges.

As a result, the decrease in payments to the special fund this fiscal year is expected to amount to around \$7.4 million. This will mean that overall contributions in fiscal 1991 will be reduced to about \$37 million.

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Vol. 14, No. 27

July 8, 1991

## The FMC Pursues Foreign Trade Practices

The Federal Maritime Commission (FMC) is continuing its ongoing battle against unfair foreign shipping practices which create unfair trade conditions for U.S.-flag carriers. Recently, FMC actions helped encourage changes to the controversial so-called Japanese Harbor Management Fund that had been used for non-maritime-related activities, and the agency penalized Korean-flag carriers for the apparent lack of progress toward easing certain restrictions on U.S.-flag carriers. Now, the FMC is taking further action against the People's Republic of China (PRC).

On June 27, the FMC voted unanimously to proceed with a formal investigation pursuant to the Omnibus Trade Act of 1988 regarding allegations of unfair shipping conditions in the U.S./People's Republic of China trade. The investigation will focus on alleged PRC-imposed restrictions on port service and inland operations and excessive or discriminatory charges for various PRC-controlled services (see *Washington Letter*, December 10, 1990). FMC Chairman Christopher L. Koch stated: "Information gathered by the Commission indicates that U.S. carriers may have significant obstacles imposed on them as a condition for operating in the PRC

that Chinese carriers do not face in this country." U.S.-flag carriers American President Lines, Ltd. and Sea-Land Service, Inc., as well as two Chinese-flag carriers, previously had been ordered by the FMC to provide information regarding the conditions in the trade. The formal investigation will "provide the opportunity for the U.S.-flag carriers and the PRC-flag carriers to fully address the allegations and their implications....," noted Chairman Koch. The FMC expects a decision on the U.S./PRC trade allegations by late fall.

**"Information gathered by the Commission indicates that U.S. carriers may have significant obstacles imposed on them as a condition for operating in the PRC that Chinese carriers do not face in this country."**

**Christopher L. Koch  
FMC Chairman**

In a related development, the FMC has extended the deadline for comments on a May 13 proposed rule to combat alleged unfavorable shipping conditions in the U.S./Venezuela trade, particularly the government of Venezuela's cargo reservation

laws which create unfair trade conditions for U.S. carriers (see *Washington Letter*, May 20). Comments are now due to the FMC on or before July 31, 1991. Earlier this year, a U.S.-based shipping company filed a petition with the FMC for relief from these alleged conditions. If the allegations are proven true, the FMC may impose a \$100,000 per-voyage fee on Venezuelan carriers. Failure to pay the fee would result in

(Continued on page 2.)

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FOREIGN TRADE, continued.

suspension of tariffs or agreements of the carriers or denial of access to U.S. ports.

Shipping practices in the U.S./Ecuador trade will also be the subject of future FMC action. In December 1990, a U.S.-owned company which manages foreign-flag tankers, filed a request for enforcement of a final rule issued in January 1990 which imposed a fine against the Ecuadorian-flag carrier Maritima Transligrá, SA (see *Washington Letter*, January 22, 1990). The final rule ordered the Ecuadorian-flag carrier to pay \$50,000 per outbound voyage from the United States to Ecuador. The U.S.-owned company recently alleged that attempts have failed to re-establish liquid bulk service in the U.S./Ecuador trade, despite the previous FMC intervention. In addition, the FMC pointed out that Maritima Transligrá has failed to pay any fines and has neglected to submit periodic reports, as ordered. Therefore, the FMC has initiated a Fact Finding proceeding on the request for enforcement. A report from the FMC-appointed Fact Finding Officer is due on or before September 19, 1991.

Maritime observers noted that, in this case, the Ecuador shipping law under attack by the FMC actually would be strongly beneficial to U.S.-flag ship operating companies, as the Ecuador law divided the trade between U.S.-flag and Ecuador carriers (unless no U.S.-flag ships were available, in which case Ecuadorian vessels could carry 100 percent of the trade). A number of U.S.-flag carriers had plans to build or convert vessels for this particular trade, which were shelved after the FMC attacked the Ecuador cargo-sharing law.

# Chinese Ship Lines May Face US Fines

By WILLIAM DiBENEDETTO

Journal of Commerce Staff

WASHINGTON — The Federal Maritime Commission is starting a formal investigation of shipping practices in the U.S.-China trade that could lead to hefty penalties against Chinese carriers.

Thursday's announcement followed a unanimous vote by the five-member commission during a closed meeting the previous day.

The action reflected an informal information-gathering probe the agency began in January.

The investigation will focus on "doing business" restrictions in China that prevent U.S. carriers from operating branch offices, collecting their own tariffs and conducting intermodal operations such as feeder services between China and Hong Kong.

Under the 1988 Foreign Shipping Practices Act, if the commission finds that unfavorable conditions affecting U.S.-flag operators exist, it can impose sanctions on Chinese carriers that include tariff or agreement suspensions, denial of access to U.S. ports, or fees of up to \$1 million a voyage.

In a prepared comment, commission Chairman Christopher L. Koch said the information collected by the agency "indicates that U.S. carriers may have significant obstacles imposed on them as a condition for operating in (China) that Chinese carriers do not face in this country."

During the agency's earlier information-gathering phase, China Ocean Shipping Co., known as Cosco,

told the commission that no Chinese laws or policies adversely affect operations of U.S.-flag carriers.

Cosco also said action by the commission would violate the 1988 U.S.-China Maritime Agreement and fall outside the dispute resolution provisions of that agreement.

On Thursday a Cosco representative, who asked not to be identified, said: "We're disappointed. We have cooperated with the investigation and have provided a great deal of information, while U.S.-flag carriers continue to make secret allegations that are difficult to rebut."

He said Cosco will continue to cooperate and will "show that U.S.-flag carriers are not disadvantaged by what are Chinese domestic laws."

Another Chinese carrier, China National Foreign Trade Transportation Corp., or Sinotrans, also could be affected by the commission's investigation and proposed sanctions.

The commission's announcement noted that despite the U.S.-China bilateral maritime pact, "numerous government-to-government negotiations have failed to resolve (the) issues."

"The bilateral agreement does not preclude us from using the tools given us under the 1988 law," Mr. Koch said in a phone interview.

He said the probe "will provide the opportunity for the U.S.-flag carriers and the (Chinese) flag carriers to fully address the allegations and their implications."

He anticipated a final commission decision in the case by late fall.

## House Leaders Attack Unfair PRC Shipping Practices

On the eve of the House vote on Most Favored Nation status (H.R. 2212) for the People's Republic of China (PRC), Rep. Walter B. Jones (D-NC), chairman of the House Merchant Marine and Fisheries Committee, declared that China's trading status should be contingent upon removing unfair shipping conditions in the U.S.-PRC trade which adversely affect U.S.-flag carriers. The Federal Maritime Commission is currently investigating the PRC for alleged restrictions on port service and inland operations and excessive or discriminatory charges for various PRC-controlled services (see *Washington Letter*, July 8). These restrictions, among other things, prompted the House on July 10 to impose conditions on their 313 to 112 approval of China's Most Favored Nation status.

"U.S.-flag carriers should receive fair and equal treatment while doing business in China," asserted Chairman Jones, "and our government and this Congress should insist that they get it....China wants to keep Most Favored Nation status. President Bush wants China to have it. In return," he proclaimed, "the United States must

insist that China not discriminate against our companies doing business there. China must promptly eliminate the unfair burden it places on U.S.-flag shipping."

In a related development, the House Merchant Marine and Fisheries Subcommittee on Oversight and Investigations, chaired by Rep. William O. Lipinski (D-IL), held a hearing on July 17 on fair trade practices with the PRC. During opening remarks, Rep. Neil Abercrombie (D-HI), the subcommittee's vice chairman, voiced concern that the PRC thus far has failed to comply with the 1988 U.S.-China Bilateral Maritime Agreement. "U.S.-flag carriers are being unfairly treated by China," he contended, "and if the FMC find this to be true," then violation of the maritime agreement "should be enough to withhold China's Most Favored Nation status." Maritime Administrator Warren G. Leback testified before the subcommittee, but with little specificity because he said he did not want to "present testimony that would be prejudicial" to the FMC investigation.

# FMC Moves Against PRC

*Japan to drop its harbor fee under US/EC pressure.*

*Commission hopes China will change its practices too.*

By Tony Beargie

Despite promises by China Ocean Shipping Company of a future court battle, the Federal Maritime Commission has decided to move forward in an investigation against the People's Republic of China under the Foreign Shipping Practices Act of 1988.

On the other hand, after winning major concessions from the government of Japan, the commission dropped an investigation under the same law aimed at Japan harbor fees imposed on U.S. and other non-Japanese-flag carriers.

In the Japanese case, the threat of stiff sanctions under the tough 1988 statute appeared to be sufficient ammunition to win a cancellation of the controversial harbor fees.

However, with respect to the Japan harbor issue, the FMC enjoyed the backing of the European Community which also pressured the Japanese to cancel the fees.

Whether or not the FMC's strong-arm policies will be sufficient to persuade the PRC to do away with a number of alleged unfair maritime trade restrictions remains to be seen.

Strong words from the state-owned China Ocean Shipping Company, which included a threat of a court fight in the United States, did not deter the FMC from continuing its investigation into the alleged unfair trade practices which are said to be harming U.S.-flag carriers serving the U.S.-PRC trade.

These restrictions allegedly imposed by the PRC include measures which bar U.S. carriers from operating branch offices in the PRC; from collecting lawfully filed tariffs; and from conducting intermodal operations in the trade.

The FMC voted to move against the PRC despite an unusually strongly worded protest from COSCO which not only threatened a court battle but also tore into a host of long-standing U.S. laws—including the Jones Act, U.S. subsidy programs and cargo preference programs. (For coverage of COSCO's spirited defense, see the July 1991 issue of *American Shipper*, page 14.)

Information in the hands of the commission shows that U.S. carriers may be suffering restrictions imposed by the PRC which are not imposed on their carriers in the U.S., FMC chairman Christopher Koch said.

The investigation will give both U.S.-flag carriers (Sea-Land and American President Lines) and the PRC flag carriers

(COSCO and China National Foreign Trade Transportation Corporation) an opportunity "to fully address the allegations and their implications under the Foreign Shipping Practices Act," Koch said.

The FMC is expected to hand down a final decision by late fall, the chairman said.

In the meantime, diplomatic efforts to resolve the matter will most likely be taking place.

**Harbor Fee.** A pledge by the Japanese government to end the harbor fees in March of 1992 represents a big win for the FMC and the European Community.

"We are very pleased by this successful

conclusion of the commission's investigation....," Koch said.

Aside from agreeing to end the fund, the Japanese made other concessions including the exemption of empty, shifted and transhipped containers from the fund and assurances that the fund's proceeds will be used only for maritime labor purposes and will not be used to build import distribution centers.

While voting to end the Japanese probe, the FMC will require the Japanese to file quarterly reports so the U.S. will be able to monitor the modified fund to make certain that the Japanese commitments are fulfilled.

The FMC's decision to end the Japan harbor fee probe was preceded by a pledge from Japan's Minister of Transport to end the fund next March. American President Lines and Sea-Land Service also urged the FMC to halt the investigation. (For coverage, see the July 1991 issue of *American Shipper*, page 74.) ■

## **When The FMC Gets Tough, Unfair Foreign Trade Practices Wither**

Recent changes to the controversial so-called Japan Harbor Management Fund (see *Washington Letter*, June 3) have prompted the Federal Maritime Commission (FMC) to discontinue an ongoing investigation developed to end certain unfair foreign shipping practices in the U.S.-Japan trade. The FMC on June 13 unanimously decided to end their investigation "due to an agreement that substantially changes the fund and because of the Japanese Minister of Transport's assurances to U.S. carriers that the fund will not be renewed." The FMC had been investigating a fee paid by U.S.-flag and other carriers into the Harbor Fund, established by the Japan Harbor Transportation Association in October 1989, which allegedly was used for non-maritime-related activities. Under the Omnibus Trade Act of 1988, the FMC has the authority to investigate and combat practices by foreign governments which create unfair trade situations for U.S.-flag carriers.

The FMC granted a joint request filed by U.S.-flag carriers (American President Lines, Ltd. and Sea-Land Services, Inc.) and Japanese-flag carriers stating that a "new, modified agreement" had been reached. This modified agreement, according to the FMC, makes three significant changes: "empty, shifted and transshipped containers are exempted from coverage; the proceeds of the fund will be used only for maritime labor purposes, and not to build import distribution centers, as previously stated; and, the fund is renewed for a limited one-year duration."

The changes, noted FMC Chairman Christopher L. Koch, "substantially reduce the economic burden on U.S. carriers. The Commission, however, will require regular quarterly reports [to be submitted by the carriers involved in the U.S.-Japan trade] to monitor the modified fund to be certain that the benefits to our carriers are realized and that the commitments are fulfilled....The Commission is discontinuing the proceeding at this time without prejudice to reinstating a new investigation if the anticipated progress and liberalization is not achieved."

# US Gains Korea Truck Concessions

By ROBIN BULMAN

Journal of Commerce Special

SEOUL, South Korea — Faced with the prospect of a \$100,000 charge every time a South Korean vessel docks at a U.S. port, the Korean government agreed partially to open its trucking market to American carriers.

A deal initialed Tuesday also will allow American ship lines to work directly with Korea's state railroad on movement of containers, rather than through local partners.

The truck pact, which will be phased in over two years, left neither country satisfied after two days of talks here.

U.S. ship lines may operate trucking services in the Pusan port area starting Aug. 1. The open area will be expanded to South Kyongsang province by 1992, and to North Kyongsang by mid-1993.

The Kyongsang provinces are adjacent to the Port of Pusan.

South Korea went into the talks offering only to allow U.S.-operated shuttle trucking services between Pusan and off-dock container yards, a distance of about 12 miles. Rejecting this, the American side sought complete opening of the market.

Several U.S. ocean carriers, including Sea-Land Service Inc. and American President Lines Ltd., want to establish trucking companies so they can offer door-to-door service between American and Korean plants.

The U.S. Federal Maritime Commission is investigating allegations that Korea's restricted trucking market discriminates against American ship lines. Korean lines are permitted to run their own trucks both in Korea and in the United States.

It seems certain that Korea would not have budged from its initial offer without the threat of the \$100,000 docking penalty proposed by the FMC.

Kim Kyu Sung, director of international cooperation at Korea's

transportation ministry and a member of Korea's negotiating team, acknowledged as much Wednesday.

"These were not bilateral talks; these were unilateral talks conducted under a lot of pressure from the FMC," he said.

Even now, U.S. negotiators made no promises that the FMC, an independent regulatory agency, will scrap the surcharge, Mr. Kim said in an interview. "But we expect and we hope the FMC will withdraw the proposal."

Mr. Kim conceded that Korea's laws protect domestic trucking and shipping industries. He maintained these sectors are not yet fit to compete in a fully free market.

Members of the U.S. negotiating team declined official comment. Representatives of American ship lines with knowledge of the talks could not be reached for comment Wednesday.

Korean trucking and shipping companies are "disappointed" with the outcome of the talks and what they view as Korea's concessions, Mr. Kim said. "We are trying to persuade them to understand our government's policies."

Less controversial was the question of U.S. carriers contracting directly with Korean National Railroad for movement of their containers. They were required to work through licensed Korean truckers.

Korea agreed to grant U.S. lines licenses no later than Dec. 31 to deal

with the railroad directly for transporting containers between Pusan and Pugok, the inland container depot near Seoul. About 90% of container traffic in Korea goes between these two sites.

Korea turned down a U.S. request to allow American lines to own and operate container terminals at Pusan. The terminals must be kept public due to heavy congestion at the port, officials argued.

Instead, Korea repeated a proposal to allow foreign lines to own and operate terminals at the Kwangyang containerport under construction on the south coast. Foreign lines declined to participate in the Kwangyang project, citing a low level of business and inadequate infrastructure.

## Koch Questions Estimate Of Tariff Fee Revenue

By WILLIAM DIBENEDETTO

Journal of Commerce Staff

WASHINGTON — The chairman of the Federal Maritime Commission says congressional estimates of revenue from a proposal to slap user fees on the use of the agency's new computerized tariff-filing system are way too high.

Christopher Koch told the Senate Commerce, Science and Transportation Committee's Merchant Marine Subcommittee last week he understands that the Bush administration opposes the tariff user fee plan, no matter what the revenue estimate.

The Congressional Budget Office estimated the tariff access fees would raise about \$750 million over five years.

Mr. Koch said that when he heard that figure, "My gut instinct told me that \$750 million was entirely implausible." He consulted with the Office of Management and Budget and came up with an estimate of about \$214 million.

The big difference in estimates lies in a number of key assumptions by the congressional office; including the ability to collect fees from secondary users, he said. Mr. Koch touched on a wide range of regulatory topics, including trade conditions and the status of the 1984 Shipping Act, during the brief hearing on the commission's \$17.9 million budget for fiscal year 1992, which begins Oct. 1.

Last month, a House maritime committee passed separate legislation to repeal the Coast Guard's user fee on recreational boaters and, to offset the lost revenue from the repeal, substituted proposed fees on primary and secondary use of tariff information at the commission.

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The Congressional Budget Office estimated the tariff access fees would raise about \$750 million over five years.

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(The repeal bill has since stalled on its way to the House floor. Last week, while considering the Coast Guard budget bill, House members approved a non-binding sense-of-Congress resolution that recommends repeal of the boater decal fee but is silent on specific alternative revenue-raisers.)

Sen. John Breaux, D-La., chairman of the Senate subcommittee, said at the hearing that its budget authorization bill for the commission has a provision that closes a loophole in the 1984 Shipping Act related to activities by carriers owned or controlled by a foreign government.

Under the 1978 Controlled Carrier Act, which was incorporated into the 1984 law, those operators are subject to close rate scrutiny by the commission to make sure they do not engage in predatory, non-commercial pricing measures. But that scrutiny does not extend to special discount arrangements with shippers, known as service contracts.

The subcommittee bill would fix that by requiring service contracts by controlled carriers to adhere to the same "just and reasonable" standards that they must follow in setting regular tariff rates.

Mr. Koch said the move is a "good idea" that is "an appropriate remedy to a drafting error of the 1984 act."

# THE FEDERAL PAGE

## Government Information as Revenue Source

House Panel Would Kill Boat Tax, Substitute Fee for Computer Access to Maritime Data

By Brent Mitchell  
Washington Post Staff Writer

Access to government documents is an issue that draws a specialized crowd on Capitol Hill. For a decade, opposing camps of librarians, academics and information companies have debated philosophy while trying to influence the distribution of thousands of computer files and databases the federal government creates every year.

But this year their narrow world was swept up into the bigger issue of taxes and the deficit. As part of Congress's never-ending search for revenue, the House Merchant Marine and Fisheries Committee earlier this month unanimously approved a new \$21-an-hour charge for use of a new maritime computer database of information currently available, only on paper, for free.

The fees for using the Automated Tariff Filing and Information System (ATFI), a collection of shipping rates and data essential to U.S. commercial shippers, are designed to replace an estimated \$718 million the government expects would be collected over the next five years from taxes on pleasure boats. That tax would be repealed.

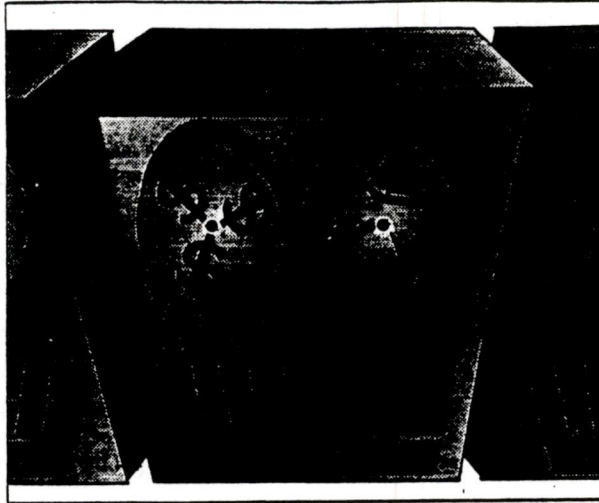
The pleasure boat fee, enacted last year at a rate of \$25 to \$100 per boat, was widely unpopular. And under the rules of last year's budget agreement, no revenue source can be canceled without another created in its place.

Thus the proposed new charge—or "user fee," in the current anti-tax vernacular—for information. In response, industry and public interest groups have set aside some of their traditional differences to fight what they say is a new government royalty that will restrict access to public information.

The American Library Association sees free access to government-produced information as a basic democratic right—the data citizens need to participate in their nation's decisions. The Information Industry Association sees it as the raw material for the for-profit information industry.

But both are afraid the committee proposal will create a precedent in using provision of public information as a source of government revenue.

"If congressional committees are searching for funds to supplant or replace pet peeves that they have, then information is going to be a really easy target," said Ronald L. Plesser, who represents the Information Industry Association. "If this is successful, it will fundamentally change the nature of government information."



THE WASHINGTON POST

User fees—charges that theoretically cover government expenses—are commonly attached to documents or databases. But Plesser and others object to the 35 cents per minute of computer time the committee proposes to charge, because charges would not be limited to the primary user of the information.

Shippers currently receive information by buying it from the

information industry, which takes the on-paper data provided free by the government, processes it and distributes it in database form. The information companies also collect tariff information from the shippers and file it with the government for a fee.

Under the proposed system, anyone could have access to the computerized material by paying the fee. But any secondary user of that information—someone who gets access to the data through a private company or library—would also have to pay the government 35 cents per minute, and critics say that amounts to copyrighting the information.

"The long-term ramification is that you could have to pay for a wide variety of government information," said Patricia Glass Schuman, president-elect of the American Library Association. "It means that unless people can afford to pay, they don't have the right to know. . . . We believe that is the basic democratic principle."

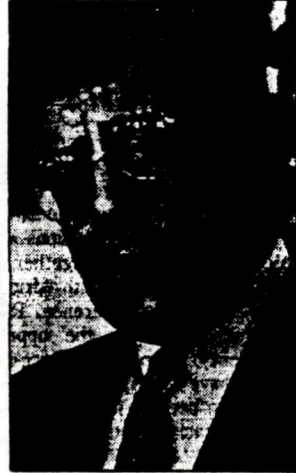
George Pence, minority staff director for the Merchant Marine Committee, said the committee had no special interest in taxing the tariff database, but felt it was the best way to replace the money that would be lost from pleasure boaters.

The committee sees the ATFI charges as similar to fees charged for access to information like the census. The bill, proposed by Rep. Robert W. Davis (R-Mich.), opens access to any computer owner, and Davis said the database will still be available free, on paper, in the Federal Maritime Commission office.

"People usually think of copyrighted information as [what] a person gets for it . . . but the copyright also gives you control over who can print it and who they can sell it to," Pence said. "None of that transfers with this [bill]. This specifically says that anyone can get this without limitation," as long as the government collects its fee.

Michael G. Scullia, vice president of BOAT/US, an Alexandria-based organization of boaters, said the tariff database charge is justifiable because people who pay will receive a service in return. He said he told his 390,000 members to write Congress because the boat tax, officially a Coast Guard user fee when it was created by the House-Senate conference committee on the budget last year, was levied on 4.1 million boaters when only 49,000 annually need assistance.

The Davis bill will be considered next by the full House unless another



REP. LEON E. PANETTA

... said to accept delay of tax repeal

er committee asks to examine it. Plesser, of the Information Industry Association, said the Davis proposal may violate the Copyright Act and said that even with higher rates, the private companies that now distribute tariff information would not raise the \$750 million in five years that the Congressional Budget Office projects.

Budget Committee Chairman Leon E. Panetta (D-Calif.), who had opposed the bill because its revenue would not fully replace the boat tax for two years, has accepted a subsequent committee proposal to delay repeal of the boat fees until 1993, according to his spokesman.

The American Library Association has led a coalition trying to give citizens greater access to all government computer documents, and Schuman said she supports the portion of the Davis bill that allows open access to the database.

Taxpayer Assets Project Director James P. Love testified in April against the constraints on ATFI. "What we are talking about is essentially the product that is at the bottom of the food chain," Love said last week. "These are just the facts and documents that everyone needs to analyze government policies and practices."

# Swapping User Fees

*GOP Congressman would raise \$750 million off shippers to replace \$718 million from recreational boaters.*

By Tony Beargie

Politically, it looked like a sure fire way to make millions of voters happy and a small number sad.

No one admits to dreaming it up, but GOP Congressman Robert W. Davis, representing Michigan's upper peninsula, thought enough of the idea to push it through the House Merchant Marine & Fisheries Committee, which deals with small boats as well as big ships.

His plan is to charge a fee for use of the Federal Maritime Commission's future Automated Tariff Filing and Information (ATFI) service and use the money to offset \$718 million which will be lost to Uncle Sam between now and 1995 if Congress abandons fees for recreational boaters.

The proposed ATFI fee of 35 cents per minute for access to the ATFI computer seems small enough but adds up to \$750 million between 1991 and 1995, according to estimates compiled by the Congressional Budget Office. There are many who question the CBO estimate, among them FMC Commissioner Rob Quartel, who happens to be the man in charge of putting the ATFI program together.

"We'd be lucky to get \$7 million, let alone \$750 million," according to Quartel.

Nevertheless, the committee chaired by Democrat Walter P. Jones of North Carolina's coastal region saw Davis's idea as a politically astute concept and gave it the committee's blessing.

**Staffer Defends CBO Figures.** The House committee's Republican staff director George Pence took issue with those who claim CBO's revenue garnering estimates are exaggerated.

Those who claim the projects are off the wall lack the data on which to base those claims, Pence said. "The FMC has no idea what the market might be" for data information accessors, he added.

Pence said he understood that CBO put forth a three- to four-week market analysis effort in coming up with the projections.

The minority staff director said the committee has received a "mixed" reaction to the Davis bill.

While tariff data suppliers "are worried," consumer groups do not like the access fees but they do like the idea that the legislation

opens up FMC's data base to the public, Pence said.

Ocean carriers, shippers and NVOCCs reacted with caution, he said, adding that the maritime industry and shippers "like the fact that the data will be available and that they would have a number of ways to get information" under the bill.

For example, by opening up the data base, the legislation will provide big users information in bulk which could be obtained from their own computers, Pence noted.

"We haven't taken away anyone's existing options (regarding ATFI), but we've added new ones," he said.

Pence is hopeful that the legislation will reach the House floor before the August congressional recess.

As of this writing, there was no move-

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*"We'd be lucky to get \$7 million, let alone \$750 million."*

**-Rob Quartel**

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ment on the legislation in the Senate.

The monies collected from ATFI would be put into a special "Strategic Sealift Fund". The money placed in this fund would be used to meet U.S. manpower and sustained sealift needs, the committee explained. Specific appropriations from the sealift fund will be enacted "as part of a general maritime promotional program later in the Congress," the committee said in a background memorandum prepared for congressional members.

The committee feels that the fee system will open up the volume of information to the public gained by remote access. Under the legislation, a 30-minute time limit proposed by the FMC for remote access tariff examination is eliminated and replaced by a charge of 35 cents per minute.

**Collection Figures Disputed.** While the legislation introduced by the committee's ranking GOP member, Davis of Michigan, easily cleared the maritime committee, privately, many members are known to be skeptical of the CBO's big buck projections.

This skepticism has also taken hold within the Federal Maritime Commission.

FMC chairman Christopher Koch was out of town and could not be reached for

comment. However, an agency spokesman agreed that the huge collections envisioned by the CBO could be on the high side. In any event, FMC staffers are now looking into the CBO estimates.

As always, FMC member Rob Quartel, who heads up the agency's automated tariff filing and information system project, pulled no punches in his assessment of the bill.

Quartel voiced delight over repealing the boating tax, and said that if Congress wants to find a good way to raise money it should turn to the use of operating-differential subsidy dollars, rather than "phantom revenues from ATFI."

"The projections of revenue from this tax at \$750 million in the first five years are wildly unreliable," Transax president Peter Cass told *American Shipper*.

"As preposterous as this proposed legislation sounds, it has political momentum and is moving forward," Cass said. "The maritime and transportation industry should not be lulled into a non-responsive role."

**An Ironic Twist.** Ironically, the legislation could bring about a positive effect on competition in the tariff sector, Quartel said.

Under the user fee approach, the big tariff service firms like Transax would bypass ATFI by going to carriers who could sell them copies of their electronic tape filings. The firms could get the data cheaper from the carriers, Quartel said. The tariff firms could then use this data for setting their own ATFI type systems, Quartel suggested.

In a statement explaining the bill, Rep. Davis fell in line with Quartel's assessment regarding the legislation's potential for creating tariff data selling opportunities in the private sector. "There will ... be great business opportunities for businesses to enhance the tariff data for resale to others with specific needs," Davis said.

**Trouble In Congress Predicted.**

Quartel and others feel the legislation will fail in Congress due primarily to CBO's false hopes of raising the projected funds.

According to the House Merchant Marine & Fisheries Committee's chief counsel Ed Welch, many are skeptical over the CBO estimates.

Concern has been voiced by the House Budget Committee and the Government Operations Committee, Welch said.

Also, the House Judiciary Committee may have some misgivings over the legislation, Welch indicated.

Several tariff-filing firms, as well as the National Industrial Transportation (NIT) League, have informally voiced opposition to the bill, the congressional attorney said. ■

# ✓ Surcharge Debate

*The traditionally anti-regulation shipper community wants a stronger FMC oversight in the surcharge arena.*

By Tony Beargie

A broad spectrum of shippers has turned to the Federal Maritime Commission for help in solving one of their most vexing problems—the myriad of ocean carriers surcharges.

Many believe surcharges, which are not regulated by the FMC, are used by carriers as profit centers to offset losses which carriers take on tariff rates, which are regulated.

To rectify the situation, members of the Agricultural Ocean Transportation Coalition (AgOTC)—the group that got the ball rolling on the surcharge issue—say the way the agency handles the surcharge case may very well determine the future of the FMC's tariff filing and enforcement duties. These duties are viewed by many as the foundation which justifies the existence of the FMC in the first place. With the current Shipping Act review debate now off the ground, the tariff filing issue could be crucial to the survival of not only the Shipping Act but the FMC itself.

Absent strong action by the FMC, the

*"Our point is this: the Commission can and should self-initiate for surcharge abuse as it does for other forms of tariff abuse."*

**-AgOTC Brief**

tariff filing system will be threatened, AgOTC warned.

For years shippers have complained about what they consider to be abuses of the "tariff filing system" through the imposition of carrier "add-ons," AgOTC said. Despite repeated complaints the FMC has not followed through, the ag shippers asserted.

AgOTC urged the agency to go after surcharge abuses with "the same vigor that it pursues rebating."

The FMC has no excuse for past inaction on grounds that it lacked specific complaints, the ag shippers said. Such a justification "begs the question," they argued.

"How many complaints have been filed about instances of rebating," the AgOTC members asked rhetorically. "Yet the lack thereof has not deterred (nor should it) the



## Plain Vanilla Service

*"Plain vanilla ocean liner service is cargo transport from ship's side ... at marine loading terminal base port to ship's side at marine discharge terminal base port, with or without transshipment, relay or feeder service by water via intermediate ports. ..."*

Commission from protecting the tariff system from abuse through rebating. We believe that abuse of the tariff system through surcharge manipulation merits equal attention from the Commission. Our point is this: the Commission can and should self-initiate for surcharge abuse as it does for other forms of tariff abuse," the ag shippers frankly stated.

Furthermore, if the tariff filing system "is the central element" of all of the shipping laws that fall under FMC's domain and ocean shipping regulation in general, then the FMC should respond to the shipper complaints under the same basis that the very life of the tariff system "mandates aggressive enforcement of the anti-rebating provisions," AgOTC told the FMC.

The shipper community has been frustrated by the fact that FMC's assessment of surcharge abuses could be more easily accomplished than its anti-rebate efforts. AgOTC said. "Nonetheless, the commission has aggressively pursued rebating while neglecting to review the surcharge issue."

Example of abuses are "easily available to the commission" simply by examining

carriers' tariffs, AgOTC said. In an apparent reference to the list of questions sent out by the FMC to the public on the surcharge issue, AgOTC said that "it strikes us as odd that the commission is asking us to describe the contents of the tariffs which the commission itself houses."

**Revenue Making Gimmicks?** AgOTC members, like other shippers, provided the FMC with examples which paint a picture of excessive surcharges being levied by ocean carriers as revenue making gimmicks.

To drive its point across, the shippers' group cited terminal handling charge hikes imposed by members of the U.S.-North Europe Rate Agreement and by American President Lines as examples of what shippers view as surcharge abuses.

In 1989, the USA/NERA conference filed a per-container terminal handling charge which increased from \$350 to \$420, three months after raising the rate from \$275 to \$350, according to AgOTC.

"We have reason to believe that the true destination terminal charges paid by USA/NERA are nowhere near that amount, and percentage increases in the actual costs paid out by USA/NERA during that three-month period were nowhere near that level," the FMC was told.

Information obtained from the Port of Oakland shows that the port charges on the carriers using its facilities come to \$105 per box for wharfage and \$20 per box for crane service, AgOTC revealed. This would bring the actual terminal handling costs to between \$125 and \$150 per box, rather than the \$420 being charged by the conference as a terminal handling charge, the shippers' group said.

According to the Port of Oakland, the costs assessed on the conference have increased from 2 to 3 percent between 1986 and 1989, but over the last four years the conference filed increases totalling 434 percent for 40-foot containers and 560 percent for 20-foot containers, the FMC was told.

American President Lines has charged THCs that vary by almost 100 percent for the same terminal service from 40-foot containers as the same terminal, "and even on the same ship," AgOTC claimed.

Some shippers—notably those belonging to the First International Shippers Association—would like to see most surcharges outlawed altogether, while others who did not go to that extreme in effect called for an FMC crack-down on surcharges which they feel have now grown to the degree that they can be safely described as "carrier abuses."

In any event, comments filed with the commission show that the traditionally anti-regulation shipper community wants a stronger FMC oversight in the surcharge arena.

Many of the shipper comments generally fall in line with earlier views voiced by 350 members of the Wine and Spirits Shippers Association, who urged the FMC to get tough on carrier surcharges. (For coverage, see the July 1991 issue of *American Shipper*, pages 64-65.)

### **Middlemen Want Fee Protection.**

The National Customs Brokers & Forwarders Association of America added a new twist to the carrier surcharge debate by turning to the FMC for help in realizing potential gains won by the forwarding and brokerage community in the 1986 Tax Reform Act.

The Tax Act provision which guarantees licensed brokers and forwarders a 1.25 percent minimum of all ocean freight charges and surcharges has been in effect since 1986, but the tax reform mandate has never been reflected in FMC regulations, NCBFAA members told the commission.

"We encourage the commission to deal decisively with the surcharge issue in the context of the current proceeding, and in a subsequent rulemaking, including attention to the Tax Act provision pertaining to compensation to forwarders and brokers," the FMC was told.

The brokers and forwarders group urged the agency to codify the tax law amendment governing the payment of forwarder compensation into the agency's regulations.

Under the current set-up, carriers within the same conference may interpret the tax law requirement in different ways, which results in "unequal treatment," the association said. "This should not happen. However, without a standard set forth in the (FMC) regulations, the commission itself would appear to be without a basis for measuring the conduct of carriers in this regard."

The national brokers and forwarders group also urged the commission to issue a policy statement backing legislation introduced by Congresswoman Helen Delich Bentley R-Md. that extends the Tax Reform Act provision covering the payment of forwarding compensation to all FMC-licensed forwarders.

**Regulatory Limits Urged.** The customs brokers and forwarders group called on the FMC to initiate a formal rulemaking proceeding aimed at setting "regulatory limits" on the implementation, administration and duration of surcharges.

"The commission might consider establishing a time limit on the life of surcharges" perhaps 30, 60, or 90 days, after which they would have to be rolled into the base rate or eliminated altogether, the transportation intermediaries told the FMC.

Also, the group urged the FMC to in-

clude a device in new rules that would grant forwarders, brokers and shippers standing to contest unduly high surcharges and to seek reparations from carriers for lost business and other damages.

**Turn To Insurance Coverage?** The NCBFAA suggested that carriers might turn to insurance companies to protect themselves from unanticipated costs.

"They (the carriers) might even build the premium for (insurance) coverage into the basic freight rate, rather than adding it on as a surcharge," the forwarders and brokers group suggested.

This approach would avoid government regulation, and bring on a closer accounting from carriers than the FMC could accomplish, since each insurer would keep a close watch on its own pay-outs, the FMC was told.

**Surcharge Elimination Urged.** Due to "misuse or abuse of surcharges by carriers and conferences," members of the Seattle, Washington-based First International Shippers Association called on the FMC to bar surcharges altogether, with two exceptions—port congestion and war risk surcharges.

Port congestion surcharges should be allowed to continue since they are the only tools available to carriers "to force a port to clean up its act," the shippers' association's director R.C. Buckingham said. War risk surcharges are obviously required for carrier protection, he added.

Terminal handling charges should be rolled into the basic freight rate since most major carriers run their own terminals, the shippers' association said.

**Five Conditions.** However, if the FMC decides to allow surcharges to continue, the shippers' association recommended that the following five guidelines and regulations be stipulated:

- That the surcharges be true emergency surcharges to recover unexpected, uncontrollable increased costs. The surcharges would also have to be clearly defined.
- The establishment of a specific formula for calculating surcharges which would be published in carriers' tariffs.
- Surcharges and the formula for calculating them should be reviewed and approved by the FMC.
- A requirement mandating the inclusion of bona fide costs, price lists and contract prices in the surcharge calculations.
- The establishment of 60- or 90-day surcharge time limits, with permission for up to three justified 30-day extensions approved by the FMC.

## FMC Will Seek Industry Input On New Rules

Travel Weekly  
July 4, 1991

■ WASHINGTON — The Federal Maritime Commission decided to request industry comment on proposals for "fine-tuning" the financial responsibility rules for cruise lines that protect passengers' advance deposits.

During an open meeting here, the five commissioners also endorsed a recent FMC report on the cruise industry, including its general conclusion that there is no need for tighter surety requirements in view of the industry's "almost impeccable" track record in dealing with defaults.

The probe was ordered last year when the FMC increased the maximum surety from \$10 million to \$15 million.

One question under review at the time was whether the ceiling should be eliminated entirely.

Under that scenario, cruise lines would provide a bond, surety or escrow protection for all advance deposits, an amount that can exceed \$100 million for some large lines.

That scenario died at the FMC meeting.

In fact, the FMC is not only proposing to retain the \$15 million cap, but also agreed to a suggestion by Commissioner Rob Quartel to entertain proposals for reducing the ceiling as a way to cut industry costs.

These and other questions will be put to the industry in an advance notice proposed rule-making, probably in August.

FMC staffers at the meeting said final rules are unlikely to be adopted until next spring.

Also on the docket are technical changes for making self-insurance a better option for some lines, and alternate ways to calculate surety requirements, such as by taking account of seasonal fluctuations, an operator's financial history or other factors.

The fact-finding probe had also suggested that the FMC could consider seeking new authority from Congress to extend its jurisdiction to cover the land or air portion of cruise packages.

## FMC Unveils Final Outline Of Automated Tariff System

By TIM SHORROCK

Journal of Commerce Special

WASHINGTON — Steamship lines, start your computers.

After years of study, controversy and industry gripes, the Federal Maritime Commission formally set January as the start date for its electronic filing and retrieval system for ocean tariffs.

In a report issued Tuesday, the agency said it had resolved all but two issues raised by the steamship industry about the commission's Automated Tariff Filing and Information System.

Those two issues are the agency's decision to require carriers to use the harmonized system of commodity coding in their tariffs, and the one-year phase-in schedule for carriers and rate-setting conferences to begin switching from manual tariffs to the automated system.

The ATFI system, in the planning stages since the mid-1980s, will allow steamship lines and conferences to file ocean freight rates, service contracts and related pricing data through a computer hookup. Shippers, customs brokers and ocean cargo consolidators will use it to

retrieve tariffs and determine the most economical way to move their products.

"The FMC tried from the very beginning to involve the industry, both users and filers, in this process," said Robert Quartel, the agency commissioner in charge of implementing the system. "This cleans up the slate."

The third interim report released Tuesday includes the agency's response to public comments made on previous commission outlines for the ATFI system. The industry will have one more chance to comment on the remaining items on the ATFI agenda before a final report is issued in September or October, Mr. Quartel said.

Use of the harmonized code — a 10-digit system used throughout the world to identify commodities — has been a contentious issue since the ATFI system began taking shape. Carriers questioned the agency's legal authority to impose its use and objected that using the code would make the tariffs too complex and create confusion for tariff filers and users.

## FMC Weighs Ship Terminal Deregulation

By WILLIAM DiBENEDETTO  
Journal of Commerce Staff

WASHINGTON — Marine terminal operators welcome a Federal Maritime Commission proposal that would permit them to keep their carrier contracts secret but they oppose the section that would cancel terminals' antitrust immunity.

The formal comments filed with the commission include one from the Department of Justice, urging the commission to go further and "eliminate filing requirements and antitrust immunity for all" marine terminal operator agreements, including marine terminal conference agreements.

"There is no evidence of market failure to justify regulation," said the department, and "there is no need for prior government review" of any terminal operator agreement.

Justice added that the terminal industry "is not vulnerable to destructive competition or conflicting national laws, two concerns cited to justify regulation and antitrust immunity for ocean carriers."

The commission published proposed rules in May, basically tracking suggestions recom-

SEE SHIP, PAGE 8B

## Ship Terminal Industry Resists Antitrust Plan

CONTINUED FROM PAGE 1A

mended by Christopher Koch, commission chairman. He did not speculate on what changes or additions to the proposed rule will be made when the commission debates it in September.

"We don't know yet what we'll do," said Mr. Koch on Wednesday. He said the question on removing antitrust immunity from exempted activities is "a legal decision we'll have to make."

The proposal is the culmination of about seven years of work, including a fact-finding investigation and an earlier set of proposed rules. The commission received a host of formal comments from ship lines, ports and stevedore groups, in addition to Justice, on the latest proposal.

American President Lines Ltd., Oakland, Calif., agreed with the idea of broadening the proposed regulatory exemption. It should be extended to marine terminal service agreements between two carriers in interstate commerce in domestic trades and between two ocean carriers for the foreign trade, said the line.

A more cautious view came from the American Association of Port Authorities. It strongly supported the commission's decision

to retain jurisdiction over terminal agreements by maintaining its role as the forum for shipping law complaints arising from unfiled agreements or tariffs.

But the association said the commission may not have authority to remove the antitrust exemption for terminal operators under the 1984 Shipping Act.

Also, the proposed exemption will "place public operators at a competitive disadvantage" unless private terminal operator tariff and agreement information is available to the public upon request, said the association.

The Gulf Seaports Marine Terminal Conference said the commission can't remove antitrust immunity as a condition to granting an exemption from agreement and tariff filing.

The commission has "no authority" to do that, said the conference: "Congress granted the immunity, and only Congress — not the commission — can take it away."

The Master Contracting Stevedore Association of the Pacific Coast Inc., supported the proposal but complained that as currently drafted, it would "only exempt an agreement for marine terminal services and would not exempt a combined rate, which includes both stevedoring and terminal services."

Congressional Information Bureau

FMC MAKES ORGANIZATIONAL CHANGES

Chairman **Christopher L. Koch** announced that the Federal Maritime Commission will make several organizational changes. After reviewing the Commission's resource situation, considering the Commission's budget restrictions, and consulting with the other Commissioners, the Chairman came to the conclusion that certain organizational and personnel changes must be undertaken in order to conduct the Commission's business more efficiently, as well as to make the maximum use of available resources. The following changes became effective on July 28, 1991.

1. **John Robert Ewers**, formerly Director, Bureau of Administration ("BOA"), has been reassigned to the previously approved position of a second Deputy Managing Director, Office of the Managing Director. Mr. Ewers' duties will be focused on two major areas -- oversight of the ATFI program and primary responsibility for management controls and audit follow-up. **Bruce Dombrowski** will continue to serve as Deputy Managing Director with all of his current duties and responsibilities.
2. **Norman W. Littlejohn**, formerly Deputy Director, Bureau of Investigations ("BOI"), and approved by an the Office of Personal Management Qualifications Review Board for appointment to the Senior Executive Service ("SES"), has been appointed as Director, BOA.
3. **Bryant L. VanBrakle**, formerly Acting Director, Bureau of Domestic Regulation ("BDR"), and also approved by an OPM Qualifications Review Board for appointment to the SES, has been appointed as Director, BDR. The name of the Bureau has been changed to the Bureau of Tariffs, Certification and Licensing ("BTCL") to more accurately reflect the activities of the Bureau.
4. **Robert A. Ellsworth**, formerly Director, Bureau of Economic Analysis ("BEA"), has been reassigned to the newly created position of Director of Policy Planning and Analysis, within the Office of the Chairman.
5. The Bureau of Trade Monitoring has been renamed the Bureau of Trade Monitoring and Analysis ("BTMA"). **Sandra L. Kusumoto**, the former Deputy Director, BEA, is currently on detail to the Advisory Commission on Conferences and Ocean Shipping, has been reassigned as the Deputy Director, BTMA, upon the termination of her detail.
6. The staff of BEA will individually be reassigned to other organizations within the Commission. Upon completion of these reassignments, BEA will be abolished.

As a result of these personnel reassignments, deputy bureau director positions in BOI and BTCL have become vacant. The Chairman, after consultation with the Commission's Executive Resources Board, has determined to fill the BTCL Deputy Director position as soon as possible through fair and open competition. The Commission will be advertising for candidates to fill the vacancy shortly. Additionally, the BOI Deputy Director position will be held in reserve as a rotational assignment for the Commission's SES Candidates Development Program which is currently under review at the Office of Personnel Management. The BOI position will be filled on a permanent basis through fair and open competition at a later date.

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AC HAS SEEN

RECEIVED

JUL 19 1991

Mary Claire Kendall

329 G Street, N.E.

Washington, D. C. 20002

July 18, 1991

Dear Andy,

I appreciated the opportunity to meet with you on Tuesday, July 16 and am grateful for your willingness to call Edie Holiday, Gary Bleementhal and Kevin Moley on my behalf.

I'll keep you posted on any developments. And, again, thank you for your support.

Sincerely,  
Mary Claire

THE WHITE HOUSE

7-8-91

Dear Mary Claire -

Thank you for your note updating me on your situation at the Public Health Service.

Give me a call in about a week. My schedule should be flexible then so that we can meet.

Keep in touch.

Sincerely,  
Andy Card

THE WHITE HOUSE  
WASHINGTON

Mary Claire Kendall  
329 C Street, N.E.  
Washington, D.C.  
20002

AC HAS SEEN

Mary Claire Kendall  
329 G Street, N.E.  
Washington, D. C. 20002

RECEIVED  
JUN 23 1991

June 24, 1991

Dear Andy,

I hope everything is going well for you and that I'll have the opportunity to meet with you sometime this summer.

Working at the Public Health Service is sometimes difficult for a political appointee but Dr. Mason and his team are doing their best. Dr. Mason did a terrific job articulating the Administration's pro-life position today at a press conference called by Reps. Chris Smith and Henry Hyde to release new Wirthlin poll showing most Americans oppose use of abortion as birth control. He also had the opportunity to set the record straight on the Sunday 99.1 NY1 article, "President Defers Action on a Plan To Buy and Distribute Vaccines" which was

a gross misrepresentation of the facts. He clearly pointed out that the emergency plan cited in the article calling for a \$91 million increase in funding had not even reached the Secretary, let alone the President, and that it was being considered in the context of the '93 budget process which was still ongoing. In short, he said, the article had not been at all helpful to the process.

Andy, I'll look forward to seeing you this summer, if your busy schedule allows.

Best regards,

Mary Claire

Enclosure

6/24

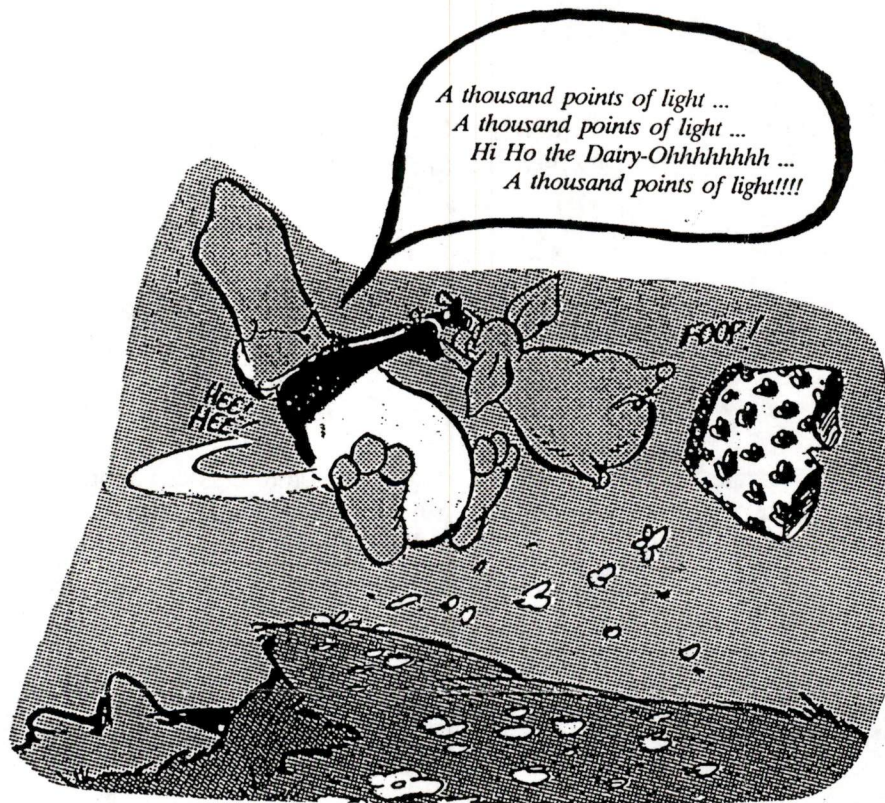
Andy -

Hpl - This is something  
I organized as Co-Chair  
of the Bush-Quayle Schedule C  
Assn. Thousand Points of Light  
Committee.

Mary Claire

Document Originally  
Attached to  
Following Page

# LET YOUR LIGHT SHINE AS A BUSH/QUAYLE SCHEDULE C!



Join your associates on June 22, 1991, to volunteer a half day working with the elderly residents of Potomac Gardens housing project in preparing and helping them plant their flower gardens.

All you need is garden gloves and enthusiasm! It's that easy!!

Volunteers plan to meet at 9 a.m. at the Department of Health & Human Services, 200 Independence Avenue, S.W., (the Hubert H. Humphrey Building across from the Botanical Gardens.) Plans are to work until 1 p.m. so you may want to bring a snack.

**To volunteer, please call and register by June 17  
with the Schedule C Association Thousand Points of Light  
Committee:**

**Patti Sanner, Project Coordinator (work 202-619-0794 or home 703-241-2812) or Committee Co-Chair, Mary Claire Kendall (work 202-245-6600 or home 202-547-6062).**

**BUSH/QUAYLE SCHEDULE C ASSOCIATION**  
**Potomac Gardens Housing Project**  
**June 22, 1991**

**WAIVER OF LIABILITY/HOLD HARMLESS AGREEMENT**

The undersigned party understands that there may be hazards related to his/her volunteer involvement in the Bush/Quayle Schedule C Association's June 22, 1991, project to assist the residents of Potomac Gardens and agrees that he/she shall hold the Bush-Quayle Schedule C Association harmless from any liability resulting from acts or omissions by it, its officers, or its members, which are not the result of gross negligence or intentional misconduct.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Mary Claire Kendall

329 G Street, N.E.

Washington, D.C. 20002

J.C.  
AC HAS SEEN

RECEIVED

JUL - 9 1991

July 8, 1991

(Didn't I  
just send  
MC a note?)  
Andy

Dear Andy,

As I indicated to you earlier this year, I would like to work on the President's re-election campaign - presuming he decides to run for a second term.

As you might have gathered by now, I am anxious to move from the Public Health Service back into Republican politics. I've enjoyed my stint here but it's time to move on.

Please keep me in mind as you beef up the White House staff in anticipation of the campaign and/or as you begin to assemble the campaign staff.

Sincerely,

Mary Claire

Enclosure

MARY CLAIRE KENDALL  
329 C Street, N.E.  
Washington, D.C. 20002  
(202) 245-0279-w; (202) 547-6062-h

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PROFESSIONAL EXPERIENCE

SPECIAL ASSISTANT TO THE ASSISTANT SECRETARY FOR HEALTH

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (DHHS), Office of the Assistant Secretary for Health (OASH), March 1989-present. Alert the Assistant Secretary for Health (ASH) to issues of political importance. Work closely with the ASH in preparation for and follow-up to one-on-ones with the Secretary and Deputy Secretary. Assist the ASH with policy initiatives and administration of programs. Keep the ASH abreast of the news. Provide communications, writing, and policy assistance (e.g., in speeches, letters, memoranda, talking points and issue/policy reviews and through liaison activity). Coordinate special initiatives for the Public Health Service (PHS). Serve: (1) on Management Team of the White House Economic Policy Council Working Group on Rural Development responsible for implementing the President's Initiative on Rural Economic Development; (2) as Special Liaison to the PHS Coordinating Committee on Women's Health Issues; and (3) as PHS Points of Light Coordinator on the DHHS Committee responsible for implementing the President's Thousand Points of Light Initiative within DHHS. (Received Outstanding Performance Appraisal for FY '90).

PERSONNEL ANALYST

OFFICE OF THE PRESIDENT ELECT/THE WHITE HOUSE, Office of Presidential Personnel, November 1988-February 1989. Analyzed resumes submitted to the President and his advisors for appointment in the new Bush Administration. Assisted the four Associate Directors in selecting the most highly qualified individuals to fill the cabinet and sub-cabinet level positions.

RESEARCH ANALYST/WRITER

BUSH/QUAYLE '88, Research Division, August-November 1988. Drafted talking points and memoranda for surrogate speakers. Researched opposition's policies and positions on domestic and social issues. Developed youth education policy proposal. Wrote memoranda for campaign chairman, deputy press secretary, and for key advisors responsible for debate preparation. Researched and analyzed campaign media coverage for director of polling. (Also worked on George Bush for President staff as volunteer, October 1987.)

CONFIDENTIAL ASSISTANT TO THE DIRECTOR/CHIEF SPEECHWRITER

U.S. DEPARTMENT OF EDUCATION, Office of Bilingual Education and Minority Languages Affairs, October 1987-August 1988. Wrote speeches given to numerous constituent groups outside Washington. Exhibited ability to present policy in a positive and persuasive manner. Wrote article on educating Hispanic Americans published in The World & I.

**MARY CLAIRE KENDALL**  
329 C Street, N.E.  
Washington, D.C. 20002  
(202)245-0279-w; (202)547-6062-h

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**EXECUTIVE ASSISTANT TO THE EXECUTIVE DIRECTOR**

**THE LYNDE AND HARRY BRADLEY FOUNDATION, INC.**, Milwaukee, WI, September 1986-August 1987. Handled broad range of executive communications, both oral and written, to grantees and prospective grantees. Wrote and edited speeches and talking points.

**ADDITIONAL EXPERIENCE:** Staff Assistant, **Russo, Watts & Rollins, Inc.**, October 1985-May 1986. Executive Assistant, **Jeremiah Denton** for Senate Committee, May/June 1985 (temporary position). Staff Assistant, **Office of Senator Mark O. Hatfield**, February-May 1985 (temporary position). Finance Director, **The Jefferson Educational Foundation**, June 1984-January 1985 (consultant position). Intern, **Office of Simon C. Coombs, M.P.**, London, England, April/May 1984. **ENTRY LEVEL EXPERIENCE:** Staff Assistant, **Republican National Committee**, September 1983-March 1984. Staff Assistant, **Washington Consulting Group, Inc.**, September 1982-July 1983. Administrative Assistant, **Daly Associates, Inc.**, November 1981-August 1982.

**POLITICAL EXPERIENCE:** Republican Precinct Chair, 13-38, Montgomery County, September 1983-November 1984. Director of Programs, **Montgomery County Young Republicans**, June 1983-May 1985. In addition, before entering excepted service in the Federal government, volunteered on many Federal, State and local Republican campaigns. Current member of the **Capitol Hill Club** and the **Republican Women's Federal Forum**.

**Health:** Excellent

**Marital Status:** Single

**Interests & Activities:** American history, politics and policy, fashion and design, community service and family. Serve as Co-Chair of the **Thousand Points of Light Committee of the Bush-Quayle Schedule C Association (BQSCA)** and as the **DHHS Representative on the BQSCA Board of Directors**.

**EDUCATION:** Wellesley College, B.A., History/Political Science, May 1981