

Originally Processed With FOIA(s):
2025-0466-S

FOIA Number:
2025-0466-S

FOIA MARKER

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

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

OA/ID Number: 06121
Folder ID Number: 06121-004

Folder Title:
Sam Skinner: 1989 Alpha File C-F [1]

Stack:	Row:	Section:	Shelf:	Position:
G	15	23	4	

JAMES SI-CHENG CHAO
520 NORTH STREET
HARRISON, NEW YORK

June 19, 1989

The Honorable Samuel Skinner
Secretary of the Department of
Transportation
400 Seventh Street S.W.
Washington, D.C. 20590

Dear Mr. Secretary:

Thank you so much for sparing your precious time to attend our daughter, Elaine's, swearing-in ceremony and reception on June 1, 1989.

As parents, Ruth and I cannot help but express our heartfelt gratitude for your guidance and assistance to Elaine. Elaine, like many of your other staff, is so enthusiastic about the opportunity to work with you, and we are all confident your leadership will launch a new era in our nation's transportation systems.

Needless to say, it was, indeed, a great pleasure to have finally met you after having seen and read so much about you from the television and newspapers, and after having heard Elaine speak so highly of your abilities, vision, and leadership. We hope to see you either in New York or Washington, D.C. soon.

Warmest regards.

Sincerely,

Ruth & James S.C. Chao

Ruth and James S.C. Chao

RJC:mm

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590
OFFICIAL BUSINESS



alph.



Postage and Fees Paid
Department of Transportation
DOT 518

Mr. & Mrs. James S.C. Chao
520 North Street
Harrison, N.Y.

THE SECRETARY OF TRANSPORTATION

6-28-89

Dear Ruth and James

Thanks for coming to the
Sweeney - on and your kind comments.

Sen

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

Postage and Fees Paid
Department of
Transportation
DOT 518



John Amadori
1248 Deer trail
Libertyville, Ill. 60048

THE SECRETARY OF TRANSPORTATION

Dear John

5-23-89

Thanks for your note.
I will keep your request in
mind. Keep up the good work.

Sam



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

May 25, 1989

Dear Mr. Clements:

Thank you for your thoughtfulness in sending me a copy of Taylor's Encyclopedia of Government Officials: Federal and State. I am sure it will be a valuable reference to my staff and to me at the Transportation Department.

Sincerely,


Samuel K. Skinner

Mr. John Clements
Chairman of the Board
Political Research, Inc.
16850 Dallas Parkway
Dallas, TX 75248



Political Research, Inc.

The Honorable Samuel K. Skinner
Secretary of Transportation

Dear Secretary Skinner:

Since 1966, it has been my pleasure to provide the President, Vice President and each cabinet member with a complimentary copy of TAYLOR'S ENCYCLOPEDIA OF GOVERNMENT OFFICIALS: FEDERAL AND STATE.

We hope you enjoy your personalized copy of Volume XII.

Sincerely,

John Clements
Chairman of the Board



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

May 25, 1989

Dear Mr. Clements:

Thank you for your thoughtfulness in sending me a copy of Taylor's Encyclopedia of Government Officials: Federal and State. I am sure it will be a valuable reference to my staff and to me at the Transportation Department.

Sincerely,


Samuel K. Skinner

Mr. John Clements
Chairman of the Board
Political Research, Inc.
16850 Dallas Parkway
Dallas, TX 75248



THE SECRETARY OF TRANSPORTATION

March 1, 1989

Dear Ellen:

Your nice note just arrived. I see the mails in Washington are no better than the mails in Chicago!

Greatly appreciate your thoughts and look forward to seeing you soon.

Sincerely,

A handwritten signature in black ink, appearing to be 'D. Holt', is written below the word 'Sincerely,'.

THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

OFFICIAL BUSINESS

Postage and Fees Paid
Department of
Transportation
DOT 518



Ms. Ellen R. Conaway
National Republican Senatorial Committee
425 Second Street, N.E.
Washington, D.C. 20002

January 27, 1989



Dear Sam,

Congratulations Mr. Secretary! You will be just terrific!

I appreciate your thinking of me for a position at D.S.T. However, I still have politics in my blood. I've accepted the Deputy Executive Director job at the National Republican Senatorial Committee. (675-4307)

Best of luck in your wonderful new appointment. You'll be just terrific and

we're lucky to have you in Washington.

If I can ever do anything to be of assistance to you, please let me know. I'd be honored to help.

All the best.'

Sincerely,
Ellen Conaway

THE SECRETARY OF TRANSPORTATION

5-25-89

Cindy

I really appreciate the time
you spent with me this week both
in the general session and our interview.
While I have chosen someone else
I want you to know I was very impressed

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

Postage and Fees Paid
Department of
Transportation
DOT 518



LCDR Cynthia Coogan
Commandant (G-ACS)
U.S. Coast Guard Headquarters
2100 Second Street, S.W.
Washington, D.C. 20593

with your record, interests, and
goals within the Coast Guard.

The Coast Guard is lucky to
have you.

Sam Skinner

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

May 30, 1989

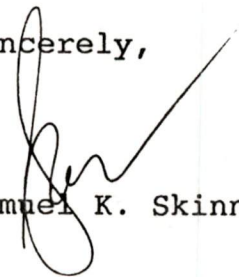
Mr. Lou Cordia
Executive Director
214 Massachusetts Avenue, N.E.
Suite 740
Washington, D.C. 20002

Dear Mr. Cordia:

Many thanks for the Reagan Alumni Directory. I'm
sure I'll find it very useful.

With my best regards,

Sincerely,



Samuel K. Skinner

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

June 15, 1989

Mr. Louis J. Cordia
Director
Executive Branch Liaison
Heritage Foundation
214 Massachusetts Avenue, N.E.
Washington, D.C. 20002

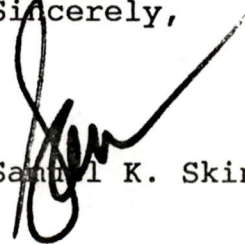
Dear Mr. Cordia:

Many thanks for the book, The Imperial Congress.

I am pleased to accept it on behalf of the Department.

With my best regards,

Sincerely,



Samuel K. Skinner

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

June 15, 1989

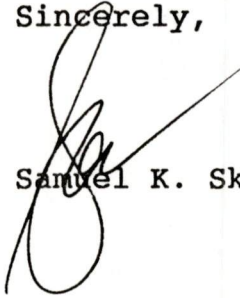
Dear Alec:

Thank you very much for your warm hospitality last night at the President's Dinner. We enjoyed very much being with you and Louise and the other guests at your table.

I hope our paths will cross again before too long.

With warmest personal regards,

Sincerely,



Samuel K. Skinner

Mr. Alec Courtelis
Courtelis Company
Suite 1400
701 Brickell Avenue
Miami, FL 33131

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

May 30, 1989

Mr. Marshall B. Coyne
The Madison
15th and M Streets, N.W.
Washington, D.C. 20005

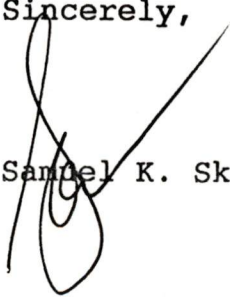
Dear Marshall:

Many thanks for your book, Summit at The Madison.

I look forward to reading it at my earliest opportunity.

With my best regards,

Sincerely,


Samuel K. Skinner



Thank
you, As

THE MADISON

WASHINGTON, D. C. 20005

*From the desk of
Marshall B. Coyne*

*With my very
best wishes
JMC*

P.S. If you would like additional copies,
please let me know.

THE SECRETARY OF TRANSPORTATION

allen

5-23-89

thanks for your note,
lets keep in touch.

[Signature]

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

Postage and Fees Paid
Department of
Transportation
DOT 518



Mr. Allan Cox
400 North Michigan Avenue
Chicago, IL 60611

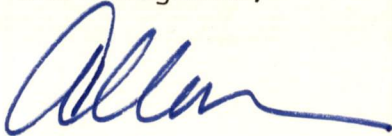
May 18, 1989

Samuel Skinner
Secretary of Transportation
400 7th Street, SW
Washington, DC 20590

Dear Sam:

Nice call!

Best regards,



Allan Cox

AC:db
Enclosure

Skinner firm on car fuel-economy rules

By Gary Washburn and Jim Mateja

Citing a need to conserve energy, U.S. Transportation Secretary Samuel Skinner refused to relax the federal fuel economy standard for a fifth year and ordered the nation's automakers to build cars that obtain an average of 27.5 miles per gallon in the 1990 model year.

General Motors Corp. and Ford Motor Co. had asked the department to relax the mileage standard for 1990, saying it would add expense and threaten jobs.

Speaking at a Chicago press conference Wednesday on a variety of issues, Skinner said that enforcing a 27.5 m.p.g. corporate average fuel economy, or CAFE, standard represents "a significant change in direction from the Reagan administration."

Under Reagan, the Transportation Department rolled back the 27.5 m.p.g. law to 26 m.p.g. for 1986 to 1988, and 26.5 for 1989.

"I'm not anti-Detroit; I'm pro-energy," Skinner said in an interview. "I don't think CAFE is the answer to our national energy policy. We've done nothing by relaxing the law over the last few years to develop more fuel-efficient cars."

Skinner said higher gas prices in recent weeks haven't forced consumers to be more fuel efficient, either. "The threshold of pain on gas prices seems quite high for the U.S. consumer," he said.

GM and Ford executives had said the stricter limits would

place a financial burden on them. Skinner said the U.S. again is close to depending on foreign sources for nearly 50 percent of its oil, similar to its dependence a decade ago.

In Detroit, a GM spokesman called CAFE "a misguided regulatory program that doesn't save energy but does endanger U.S. jobs."

"Americans want larger family-size vehicles. If we're restrained from competing with foreign manufacturers for those sales, the effect will be a loss of American jobs and no energy savings for the country," the spokesman said.

Donald R. Buist, director of Ford's automotive emission and fuel economy office, said: "Although the standard is tough, Ford will comply with the 1990 model year passenger car standard. For the longer term, alternative ways of measuring fuel economy progress should be considered."

Chrysler said its fleet has averaged 27.5 m.p.g. since 1984 and will meet or exceed that in 1990.

"GM and Ford may have some real problems," Skinner said, "but they've got to put more money into developing more efficient engines. They claim this means some more vehicle downsizing at a time when people want bigger cars. But maybe this is a luxury we can't afford. Energy isn't a blank check we can draw down on forever."

Turning to airlines, Skinner said the Transportation Department

See Fuel, pg. 6

Fuel

Continued from page 1

ment opposes a proposed merger of airline computer reservations systems by American and Delta unless conditions are met that would guard against an undesirable competitive advantage by the two.

In a letter sent Tuesday to Atty. Gen. Dick Thornburgh, Skinner said he recommended approval of the merger only if other airlines "play a role" in the joint venture and only if the combined system is operated independently of the owner airlines.

"We believe those steps are correct and proper steps," he said.

Deregulation of the airline industry has saved consumers as much as \$100 billion in the last 10 years, Skinner said, but "absolute consolidation" of the industry cannot be permitted.

Commenting on a variety of other subjects, Skinner said that:

● A proposed program calling for a 6-cent-a-gallon increase in the Illinois gasoline tax, to provide more funding for repairs of highways and transit infrastructure, is "long overdue."

● A gas tax should be used by state and local government to rebuild their deteriorating transportation infrastructures, and the federal government should not increase its levy on gasoline to help balance the budget as some congressional leaders have proposed.

● "High occupancy vehicle" lanes—special traffic lanes reserved for vehicles containing a minimum number of occupants—should be created in Chicago and other urban areas to reduce congestion.

● A vote by Denver residents to build the first major new U.S. airport since 1974 is "a significant event" that should be copied by other areas of the country, including Chicago.

● If an effective corrosion detection program cannot be devised for the nation's airlines, aging planes may have to be pulled from service after 20 or 25 years for extensive rebuilding.

● The federal government "is not going to rest" until the Alaskan oil spill is cleaned up, but there is evidence that fishing in Alaskan waters this summer "will be as good as it's ever been."

Business

Chicago Tribune

Thursday, May 18, 1989

1989 MAY 22

The Compleat Manager

BY ALLAN COX

EVERYBODY WINS WITH TEAMWORK

Managing by team is the executive's opportunity to let in a little light and air, and to make his job less lonely.

Everett Olson, a man for whom I had deep respect, ran the Carnation Company with an iron hand for more than 20 years. In my brief work with him, it was clear he was a brilliant curmudgeon who kept counsel with no one. When Nestlé SA bought out Carnation in 1984, he was furious. He hadn't seen it coming. He died soon thereafter, at age 80, a bitter man. He was an unfortunate example of Malcolm Muggeridge's pronouncement: "Few men of action have been able to make a graceful exit at the appropriate time."

A much younger man, another client, is someone I've stayed close to for more than a decade. Early in his career, having hit stride, he felt cocky enough to cross swords with an influential superior. I was asked by his boss's boss to deliver the message that he was about to be fired. He survived the crisis and went on to become president of a free-standing company with \$4 billion in sales. He later sold it to a larger one and is today chief executive of a financial-services firm. His new company is smaller, but his net worth has gone through the roof.

These men are examples of two ways to approach top-management responsibilities. Both had superior talent. One elected to shoulder the burdens of his position in relative isolation and was feared for his intimidating style. The other, sometimes self-deprecating, leans the other way and occasionally says to his subordinates: "You have to make yourself vulnerable!"

Allan Cox is a top-management, team-effectiveness consultant based in Chicago. His fifth book, *The Achiever's Profile*, has recently been published by AMACOM Books.

He believes in a together kind of achievement, a *team* way of managing.

I don't suggest for one moment that this simple distinction between two people almost 40 years apart in age explains the differences between their success and failure. After all, the younger man has plenty of time left to blow it. But who can quarrel with who's carried the lighter load? All fingers point to the one with the safety valve, the one who admits his need for collaboration. Any executive with a jolt of intelligence knows he

The job of CEO, everyone thought, was the most solitary of all. I did not subscribe to this notion. I thought it was one more example of hyperbole as the language of business. (Read any annual reports lately?) At bottom, it struck me as romance. With all the power, perks, and prestige, how could anyone in that job feel isolated?

I learned otherwise fast, and I learned it from chief executives themselves. For example, back then when my practice was primarily top-executive searches, I found that dinner conversations with a typical client turned not so much on the search we'd undertaken together as on the quality of his staff, tradeoffs on decisions he faced, worries about product development and adequacy of research



David FeBland

doesn't have all the answers. But if he won't bring himself to admit this to people he brings into his trust, he's a wheel bound to go out-of-round.

When I first entered consulting work, green as a gourd, in 1965, I had dutifully done my homework. I'd read most of Drucker's books, gobbled up piles of business magazines and journals, and was schooled in my own field of organizational behavior.

An early theme I encountered was the loneliness of life at the top.

spending, perhaps a daughter in college caught shoplifting, or a son estranged from his mother.

Most of all, though, what do you suppose these CEOs wanted to know more than anything else? They positively pined to know how they were doing! Yet it was only the very best ones who took measures to assure that they could find out where they came up short. They fostered their improvement by listening to people inside or out who gave it to them straight.

Today, achievement-committed

leadership is devoted to team management. As Frank Morgan, president of Quaker Oats Company, says about his company, "Nobody sings solo."

Entering the 1990s, the idea of avoiding isolation has come of age. No matter what business or function an executive manages, the people who report directly to him present him with an opportunity to build a team and to generate the give-and-take that spurs the candid information he needs to do his job better.

What I'm suggesting is that CEOs are merely the most conspicuous practitioners of isolation. Many other executives know full well that this is a temptation they also face daily. For example, in a study

of 551 middle managers in 13 corporations, 49 percent indicated that their most frequent method of reaching decisions was "alone" (compared with 39 percent of 515 top executives in the same study). Managing by team, then, is any executive's opportunity to strip the windows bare and let in a little light and air. If he does, his job will be less lonely and his contribution richer.

About a year ago I sent a letter and form to a client of mine who's president of one of the country's largest, most innovative manufacturers in the building-materials business. The form is a brief team-achievement inventory I've designed that invites executives to rate their management group on

the basis of members' openness and trust for one another and their participation in decisions. I urged him to fill it out, to take stock of team management in his firm.

He wrote back, "I quickly ran through your team inventory and satisfied myself that we are doing pretty well. I then reflected on the enormous capability we all have to fool ourselves and concluded that we would be well served if I let my people provide their own responses. Please send me another nine copies, which I'll send to my top management with instructions to return them to you in confidence."

He continued, "For the first time for a lot of us, capital programs will be restrained by the availability of cash, as opposed to the absolute value of each program. Put another way, we'll have to turn down good programs. This will be hard for us to deal with, but the better understanding we all have of the process—the better the teamwork—the easier this will go."

This executive recognizes that what needs attention the most is the team and that this would be equally true if his task were something other than capital allocation. He also knows that he must maintain the integrity of the team concept throughout his company. What he now proclaims to the troops is this: "Everyone who is a team member on one level is a team leader on the next level down. There's no better place to start team management, and the spirit that goes with it, than from your own office. Filter it throughout your department. This is what we believe. Pass it on. Set an example. Help us lobby for team management to take hold throughout the entire organization. Teach all your executives to think team and teach team. Then let's all work on getting our teams to pull together."

He has become an athlete for a together kind of achievement. It sort of makes you want to suit up, doesn't it? ■

Alphabetical

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

June 23, 1989

The Honorable Larry E. Craig
The House of Representatives
Washington, D.C. 20515

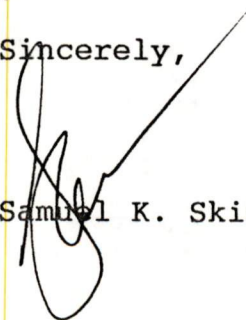
Dear Larry:

I regret that I was unable to attend your Eighth Annual Potato Bake on Wednesday night.

Many thanks for the invitation, and I hope we have the opportunity to get together soon.

With my warmest regards,

Sincerely,


Samuel K. Skinner



Craig

1989 IDAHO POTATO BAKE

Special Invited Guests

Manuel Lujan
Secretary of Interior

James Watkins
Secretary of Energy

Samuel K. Skinner
Secretary of Transportation

Senator James A. McClure

Senator Steven D. Symms

Congressman John Paul Hammerschmidt

Congressman Don Young



Cordially invite you to

**Congressman Larry Craig's
EIGHTH ANNUAL POTATO BAKE**

Wednesday June 21, 1989

6:00 - 8:00 p.m.

308 Constitution Avenue, N.E.

Washington, D.C. 20002

R.S.V.P.
546-1808

\$300
Per Person
CSMP

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

July 25, 1989

Mr. Eugene Croisant
Chief of Operations Officer
Continental Bank
231 South LaSalle Street
Room 1301
Chicago, IL 60697

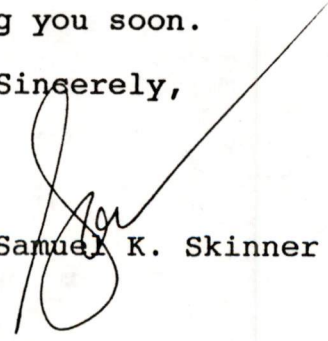
Dear Gene:

Many thanks for the handsome lion statues.

In this job, I need all the good blessings
I can get. I just hope the lion paws don't
wear out before my career does.

I look forward to seeing you soon.

Sincerely,



Samuel K. Skinner



THE SECRETARY OF TRANSPORTATION

March 23, 1989

Geno,

Not bad! It doesn't, however, reflect the magnitude of your contribution. It has been tremendous. Thank you very much.

Warmest personal regards,

A handwritten signature in black ink, appearing to be 'J. V. [unclear]', written in a cursive style.

Croisant helps new Transportation Secretary

Gene Croisant first met Sam Skinner 28 years ago, when Croisant managed the bank's data processing function and Skinner was a salesman for IBM. "We used to bang heads a lot then," said Croisant, "but over time we developed a mutual respect and friendship."

A lot has changed since those days: Croisant now is the bank's chief operations officer, and Skinner is President George Bush's new Secretary of Transportation. But the respect for each other that began nearly 30 years ago remains strong, so much so that Skinner turned to Croisant when he needed the right person to take charge of filling the key executive positions in the Department of Transportation (DOT).

It's a grueling assignment, said Croisant, but he has brought considerable experience to the effort: When James R. Thompson first was elected governor of Illinois in 1976, Skinner, then Thompson's successor as U.S. Attorney in Chicago, suggested that Thompson tap Croisant to staff the state's cabinet.

At the time, Croisant was head of Personnel for the bank. "The difference between Personnel's process of finding a new manager and that of finding state cabinet officers or undersecretaries for the DOT is in the number of candidates immediately available," Croisant said.

"Advertising in a newspaper for a bank managerial position may get limited response. However, everyone knows there will be many job openings whenever a state

or federal administration changes, so candidates attracted by the prospect of high-level government positions start making contacts right after elections. We're filling only 30 key positions in the DOT, but we have received over 800 inquiries, including quite a stack referred by

Croisant's belief in the quality of Continental's people was reaffirmed during his D.C. stint.

the White House personnel office," he said.

Filling the undersecretary and executive positions for the DOT is perhaps more difficult than for other cabinets, Croisant said, because of the unusually wide variety of functions included within the department, ranging from the Federal Aviation Administration, Federal Highway Administration, and the Coast Guard, to the National Highway Transportation Safety Administration.

"The department is basically an umbrella organization for major and diverse operating entities as opposed to some other cabinet departments that are more focused," said Croisant. "The DOT covers everything from managing air traffic controllers to patrolling coastal waters for drug smugglers."

As soon as Skinner knew he was to be named Transportation Secretary, he called Croisant for help. Croisant immediately went to Tom Theobald, who approved of "lending" Croisant to the government for a few weeks.

"I spent three weeks working full-time in Washington," Croisant said. From Jan. 2 to 25, he worked 15 hours a day, seven days a week.

The work consisted of being the "floodgate" between Skinner and the flurry of can-

didates for top department positions. Croisant put in place the process for handling activity. "All inquiries got responses and were categorized by skill or job preference," he explained. "Then we tracked the candidates' political affiliations to make sure they agreed with the new administration's policies where applicable. We also supplemented the inquiries received with an outreach program to contact industry, academia, and professional organizations for referrals and candidates."

Next Croisant called candidates for interviews, trimmed the list, and then gave Skinner five or six names of exceptionally qualified prospects for each position, with Croisant's own assessment. Skinner interviewed the candidates recommended, after which he and Croisant sat down to evaluate them again.

Once narrowed to a few, the names go to the White House personnel office and White House Chief of Staff John Sununu. "After this step, President Bush himself becomes involved in the selec-

tion, because 15 of the 30 key positions are at the Presidential appointment level, and several require Senate approval," Croisant said.

The process of filling the DOT's top spots will continue through March. Although he's been back in the bank full-time since the end of January, Croisant has spent his week-ends in Washington, with his expenses picked up by the DOT. Croisant will continue to serve the DOT as a dollar-a-year consultant.

Skinner made his gratitude to Croisant known in his first public speech, saying that by heading the DOT's transition team for personnel, Croisant has been "instrumental to me and to the President."

Croisant said he's invigorated by the pride he feels in what he's doing, despite the exhausting pace he's maintained. "Skinner is a true Chicagoan. I wanted to help him not only because he's my friend, but also because it's helping someone who will strongly represent the Midwest in the cabinet.

"Also, there's a sense of



Gene Croisant

pride in helping the new administration get under way.

"Finally, I'm proud of Continental Bank, for two reasons: first, for donating three weeks of my time to the new government. Also, as I was interviewing these candidates, all of whom are top-notch individuals, the high quality of people we have here at Continental became even more obvious to me—we have people here who could compete easily with anyone from around the country to fill these high-powered positions," he said.

"I've always felt it, but it was great to have it reaffirmed." ®

Coinage

Published bi-weekly by Corporate Relations for all employees and retirees of Continental Bank Corporation.

Editor: Debby Storms (312) 923-5210

Associate Editor: Scott Rose (312) 923-5207

Circulation and Advertising: Anna Morales (312) 923-5202

Vice President, Corporate Relations: Ted McDougal (312) 923-5200

March 10, 1989 Volume 26, Issue 5

Alphas

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

Postage and Fees Paid
Department of
Transportation
DOT 518



Petty Officer Crutchfield
United States Coast Guard
Air Station
San Francisco, CA 94128-5000

THE SECRETARY OF TRANSPORTATION

7-27-89

Dear Petty Officer Crutchfield

thanks for the ride.
Keep up the good work.

Jon Skinner

THE SECRETARY OF TRANSPORTATION

5-25-89

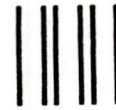
Dear Rick

I thought Commersant activities
went great today. What's your pact
with the weather god anyway.

Best of luck in Retirement.

Sam

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590
OFFICIAL BUSINESS



Postage and Fees Paid
Department of Transportation
DOT 518

Rear Admiral Richard Cueroni
Superintendent
United States Coast Guard Academy
New London, CT 06320

Recommended hand pen note to RADM Rick Cueroni; CGA Superindendant

24 May 1989

Dear Rick,

I thought Commencement activities went great today. What's your pact with the weather god anyway? The Academy facilities looked super and I know that President Bush was as impressed as myself. Well done!

Best of luck after your Change of Command on 28 June. Retirement in Panama City sounds nice!

Sincerely,

SKS

Rear Admiral Richard Cueroni
Superindendant
United States Coast Guard Academy
New London, CT 06320

THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

OFFICIAL BUSINESS



Postage and Fees Paid
Department of Transportation
DOT 518

Ms. Rhonda L. Culpepper
Bureau of Trade Development
International Trade Administration
Department of Commerce
Washington, D.C. 20230



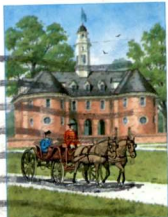
THE SECRETARY OF TRANSPORTATION

Rhonda

4/29/89

I am glad things are
working out. You deserve it.

Jan



June 25, 1788

Virginia

USA
25

The Honorable Samuel Skinner
Secretary - Department of Transportation
400 Seventh Street, S.W.
Washington, D.C. 20590

Dear Mr. Secretary:

I thank you very much for your help and unyielding support on my behalf.

I am in place at the Department of Commerce in Trade Development. It sure is a different world compared to campaign life, but I know this position will give me depth in the

Rhonda L. Culpepper

International arena which
I was seeking.

I have ^{learned} nothing but wonderful
things about the job you are
doing - you have become a
"star".

Again, thank you for your
help for I really appreciate
your kindness. Sincerely,
Rhonda

LINDA L. CREIGHTON

Dear Mr. Secretary,

lunch was wonderful.

Your office is even better than
your jet.

I've enclosed a few more
prints by way of a thank-you
gift. Next time, lunch is my treat.

Regards,
Linda

THE SECRETARY OF TRANSPORTATION

D

5-15-89

Tom

How are you
Keep it up.

Jim

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

Postage and Fees Paid
Department of
Transportation
DOT 518



Mr. Thomas J. Donohue
President
American Trucking Associations
2200 Mill Road
Alexandria, VA 22314

THOMAS J. DONOHUE

5/8/89

Sam

The picture looks
better than you do!

Thanks for your support —
Tom

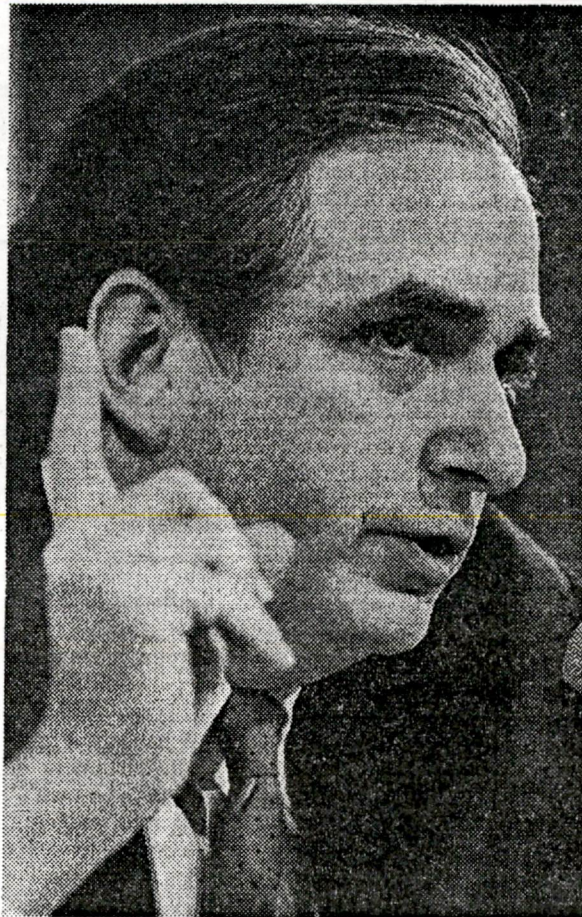
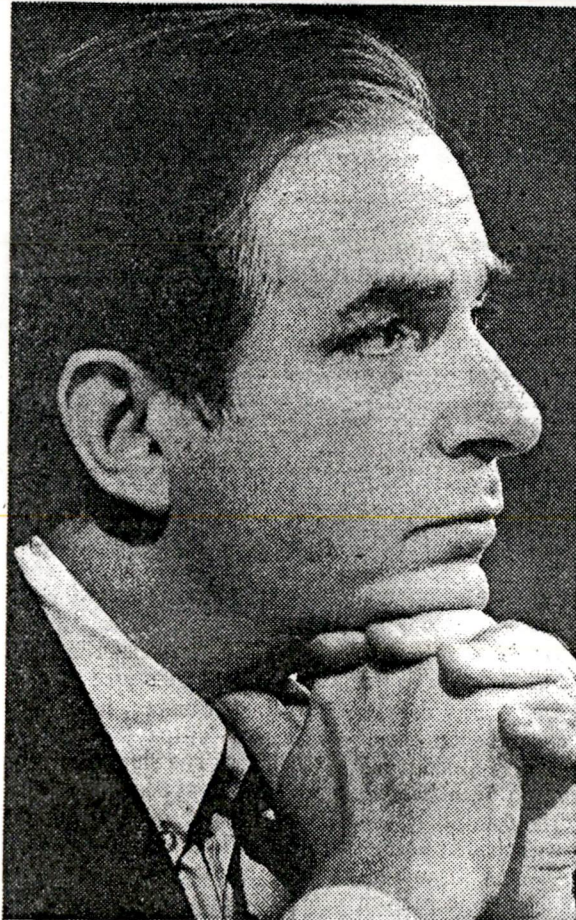
D

Dick Darman
AKA "Mr. Charming"?

5-15-89

Great article but well
deserved. You keep it up and
you will be ready for
Hollywood.

Sam



BY JAMES K.W. ATHERTON—THE WASHINGTON POST

“You will succeed only if you first build trust. It’s like wolves. They show each other their necks and don’t bite.”

—OMB Director Richard G. Darman on how to negotiate a budget

D - Dams



U.S. Department of
Transportation
Office of the Secretary
of Transportation

The Secretary
5/15/89

Dick Darman

For your
information

Sam

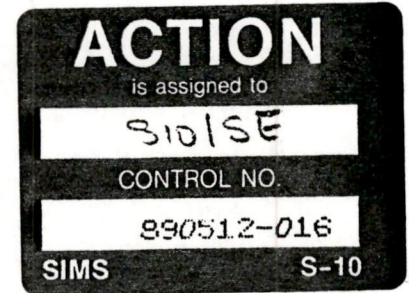
CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

RICHARD L. LESHER
PRESIDENT

1615 H STREET, N. W.
WASHINGTON, D. C. 20062
202/463-5300

May 5, 1989

The Honorable Samuel K. Skinner
Secretary
U.S. Department of Transportation
400 7th Street, S.W.
Washington, D.C. 20590



cc: S-1

Dear Mr. Secretary:

Thank you for making time in your understandably busy schedule to appear as a featured guest at our program on the nation's infrastructure during the Annual Meeting of the U.S. Chamber of Commerce on Monday, May 1, 1989. Your comments underscored the seriousness of the problem and certainly began a dialogue on the subject among our members, as well as Americans watching the program on C-Span.

At the session, you will recall, we did an opinion poll on infrastructure matters. The results were most interesting, and I am enclosing a copy of the poll results for you.

Again, my thanks for your participation in a session that presented both new ideas and new information to our audience.

Sincerely,

Richard L. Lesher

Enclosure



U.S. CHAMBER OF COMMERCE - 1989 ANNUAL MEETING
OPINION POLL III - Infrastructure

As you leave, please hand this card to an usher or deposit it in the nearest ballot box.

1. What role does an efficient infrastructure, e.g., roads, bridges, water, and sewer, play in promoting economic growth in your community? (a) Very important 93% (b) Important 7% (c) Not very important 1% (d) Not at all important 1/2%
2. In the past year, have you attended or participated in meetings with your government officials to address or correct infrastructure problems? Yes 82% No 16%
If "Yes," how responsive have your government officials been to your concerns? (a) Very responsive 24% (b) Responsive 46% (c) Not very responsive 23% (d) Not at all responsive 2%
3. Current estimates indicate that approximately \$3 trillion will be needed over the next 10 to 20 years to repair and expand America's infrastructure. Would you support legislation to force the federal government to spend money that it already has collected for these purposes that currently is not being used? Yes 88% No 8%
4. Would you support increased user fees, e.g., higher gasoline taxes, to provide better highways? Yes 82% No 15%
5. If your chamber of commerce has had the opportunity to support recent state/local bond issues for improvement or expansion of the infrastructure, has it?
State: Yes 63% No 17%; Local: Yes 48% No 17%
6. Do you believe that expanded public transit will play a major role in solving congestion problems? Yes 65% No 26%
7. Could a local business group or company use privatization to expand transit options in your area? Yes 62% No 27%
8. What level(s) of government should pay the major costs of maintaining and expanding infrastructure? (a) Federal 48% (b) State 69%
(c) Local 45%
9. Should tax incentives, such as tax exempt revenue bonds and accelerated depreciation, be provided to encourage the private sector to help to meet America's infrastructure needs?
Yes 88% No 7%
10. How would you rate the condition of the infrastructure in your community?

	Adequate	Inadequate
(a) Roads	<u>28%</u>	<u>58%</u>
(b) Bridges	<u>40%</u>	<u>47%</u>
(c) Airports	<u>58%</u>	<u>29%</u>
(d) Public transit	<u>45%</u>	<u>39%</u>
(e) Waterworks	<u>52%</u>	<u>32%</u>
(f) Sewage treatment	<u>43%</u>	<u>43%</u>
(g) Solid waste management	<u>22%</u>	<u>64%</u>
11. Should private developers be forced to finance the necessary infrastructure for new projects?

	Yes	No
(a) Commercial	<u>53%</u>	<u>25%</u>
(b) Residential	<u>53%</u>	<u>25%</u>
(c) Industrial	<u>50%</u>	<u>29%</u>
12. In what state is your organization located? -

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

Akaka
Postage and Fees Paid
Department of
Transportation
DOT 518



The Honorable Daniel Akaka
House of Representatives
Washington, D.C. 20515

THE SECRETARY OF TRANSPORTATION

5-15-89

Congressman

Thank for recognizing
United Flight 811 on the Floor.
Thank for attending the Ceremony.
[Signature]

HONORING THE CREW OF
UNITED AIRLINES FLIGHT 811

(Mr. AKAKA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. AKAKA. Madam Speaker, the Secretary of Transportation, Samuel Skinner, honored the crew of United Airlines Flight 811 today with the Secretary's Award for Heroism.

As many of you will recall, the cargo door of United Flight 811 was blown open in flight over the Pacific Ocean on February 24. What could have been a tragedy of massive proportions was averted by the crew's heroic conduct during that terrifying emergency. Even with the threat of personal injury or death, the crew acted with the courage and skill of true well-trained professionals.

The flight attendants have shown that beneath their smile and kind words are even greater qualities: Courage, commitment, and concern for the safety of airline passengers. Now more than ever, these are the virtues that stand out when people think of flight attendants.

The pilots maneuvered the impaired plane back to safety with skill and adroitness. Calm, cool, and collected they are the embodiment of the fearless aviators in the sky.

To the crew of United Flight 811, congratulations on receiving the Secretary's Award for Heroism. You are deserving recipients for your valiant efforts in securing the safe return of several hundred people on board. You are an inspiration to us all.

SKS:

Recommend you pen a personal note to Congressman Daniel Akaka.....

saw the statment you made on the House floor following the ceremony we had honoring the crew of United Flight 811. It was great to see you there. I know the crew particularly appreciated your attendance.....

Baker



TRAVIS P. DUNGAN

Assistant Secretary of Commerce

6/21 D

Dear Mr. Secretary -

Thank you for your support in
Trappic World. I have attached
a memo on HAZMAT reauthorization
& look forward to discussing it
with you at our monthly meeting.
I think that a couple more
months →

down the road, Trappic World
will know that what I've
lacked in experience I have
made up for in hurry & hard
work.

Francis

THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

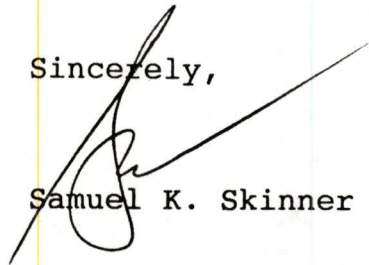
December 28, 1989

Dear Dick:

Thanks a lot for the great conversation and your support. I'll follow up on the things we discussed in our meeting today, and will look forward to touching base with you in a week or so.

Warmest personal regards and best wishes for a happy New Year.

Sincerely,



Samuel K. Skinner

Honorable Richard G. Darman
Director
Office of Management and Budget
Washington, D.C. 20503

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

December 28, 1989

DCI Communications
1633 Broadway
New York, New York 10019

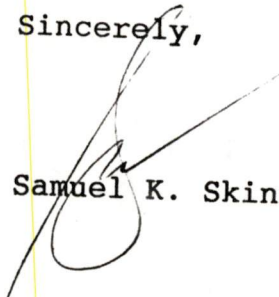
Dear Dick:

Many thanks for the autographed copy of
Skyward - Why Flyers Fly.

I appreciate your thoughtfulness, and extend
to you my wishes for a happy holiday season.

With best regards,

Sincerely,


Samuel K. Skinner



MAGNOLIA AND IRISES (detail)

Tiffany Studios, New York City, c. 1905
Stained glass

THE METROPOLITAN MUSEUM OF ART

Anonymous Gift in memory of
Mr. and Mrs. A. B. Frank, 1981 (1981.159)

11-00917-3

Dear Mr. Skinner,

I don't know how to thank you for your
incredible kindness to John last week.

He had a simply wonderful time with you.

It was great to see him so happy.

The week will stay with him, I'm sure,
for the rest of his life.

I also had a wonderful time. It was thrilling
playing on the White House court - and just
so much fun as well! I shall treasure the
memories of the week always.

I thought you might enjoy these photos.

I shall have some enlargements made and
send them to you as soon as they are
done.

John would love to intern with you next
summer, and Bill and I would love to
have him with you again.

I thank you again so much for an experience
we will always cherish.

Best to you,
Joan











Alphab.

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

December 7, 1989

Mr. John C. Datt
Executive Director, Washington Office
American Farm Bureau Federation
600 Maryland Avenue, SW
Suite 800
Washington, D.C. 20024

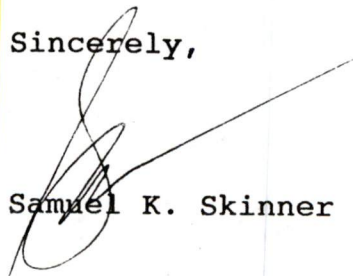
Dear John:

Many thanks for the pocket calendar.

I appreciate your thoughtfulness, and I hope our paths cross in the not too distant future.

With best regards,

Sincerely,


Samuel K. Skinner

Thank you for pocket calendar.

JOHN C. DATT
EXECUTIVE DIRECTOR, WASHINGTON OFFICE
(202) 484-3606


AMERICAN FARM BUREAU FEDERATION

600 MARYLAND AVENUE S.W. • SUITE 800 • WASHINGTON, D.C. • 20024 • (202) 484-3600

Dick Darma

12-6-89

Knowing how you feel about
increases + investment in technology
I thought you would be interested in
my latest Project

Jan

TRANSEXPO

Moving America... In The 21st Century



Duchossois

THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

November 21, 1989

MEMORANDUM FOR DAVID Q. BATES

FROM: SAMUEL K. SKINNER

SUBJECT: PAT DAY

A handwritten signature in black ink, appearing to be 'SK', is written over the name 'SAMUEL K. SKINNER' in the 'FROM:' line.

Dick Duchossois has forwarded to the President the enclosed letter, which is self explanatory. Dick is a good solid supporter of the President, and I would appreciate it if you would make sure that the White House responds to Dick's letter.

cc: Dick Duchossois

COPY

*Susan
Please see me
for letter
in this.*

November 1, 1989

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

Dear Mr. President:

The citizens of the United States are deeply grateful to you for your very active leadership in the war on drugs. There is no shortage of sad stories and ruined lives to attest to the need for the war. Fortunately there are other stories. The stories of those who have overcome their addiction and are not only well but are exceptional examples of the success one can achieve in life without the use of drugs.

On September 13, 1989 thousands of thoroughbred racing fans watched in disbelief as jockey Pat Day rode his mounts to victory one after another, setting an all time North American record and what seems to be a world record.

Pat won his first two races of the day and finished a strong second in the third. Race number four found him back in the winner's circle as did numbers five, six, seven, and eight. That is eight home runs in nine ups!...touchdowns all day long! He rode from 1:30 p.m. until 5:45 p.m. His 112 pounds of skill and muscle guided 1100 pounds of charging thoroughbred, speeding up to 40 miles per hour down a rain drenched track for the finish line.

Pat Day openly acknowledges his past problems with drugs. He looks for every opportunity to offer others the kind of help he once so desperately needed. The youth of today, as well as the not so young, are in need of spokesmen who have "been there".

The President
November 1, 1989
Page 2

Mom can warn. The President can plead. Teachers can scold. However, the words of a successfully recovered addict are the words that are heard.....and felt. Pat is testimony to just how far one can go if one gets "clean".

A few of his achievements include:

- three time Eclipse Award winning jockey (1984, 1986, and 1987).
- The nation's winningest rider in 1982, 1984, and 1986.
- His mounts earned more than \$12,000,000 in 1987.
- Seven out of eight races in one day at Churchill Downs.
- Eight out of nine races won in one day at Arlington International.

Pat is extremely devoted to Irene, the infant he and his wife adopted. It would be inappropriate in an open letter to write details of the child's dilemma before the adoption. He is an example of the real issues and his voice may be of importance to those who are in need of help.

The accomplishments Pat Day has had, his success in the Triple Crown races, the major thoroughbred races throughout the country, the number of records he has already accumulated, and his T.V. exposure have made him a national figure this year. Today's young people are influenced by sports heroes and Pat is certainly an encouraging example of one of the sports people who has overcome adversities. He accomplished something very special and has turned his life around and the lives of many others.

COPY

The President
November 1, 1989
Page 3

I am proud to bring Pat Day's achievements to the attention of our nation's leaders. He has set a magnificent example for the many people who feel they are alone or cannot break the "habit".

If you feel the example Pat Day has set would be of benefit to the nation, he would be willing I am sure to do whatever he could in your war on drugs.

With kindest regards,

R. L. Duchossois

RLD:ss

bcc: L. Atwater
A. Courtelis
W. Farish
M. Galvin
S. Skinner

Donohue
AMERICAN TRUCKING ASSOCIATIONS, INC.

2
THOMAS J. DONOHUE
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

2200 MILL ROAD
ALEXANDRIA, VIRGINIA 22314
(703) 838-1800

November 20, 1989

The Honorable Samuel K. Skinner
Secretary of Transportation
U.S. Department of Transportation
400 7th Street, S.W.
Washington, DC 20590

Dear Sam:

Enclosed is a picture from the
ATA Chicago meeting. I have inscribed
it so as to avoid any confusion about
just what you were talking about.

Thanks for your help.

Sincerely,

Tom

Enclosure

U.S. DEPT OF
TRANSPORTATION

89 NOV 24 AM 11:05

OFFICE OF SECRETARY
OF TRANSPORTATION
EXECUTIVE SECRETARIAT





Sam. That's all the Truckers want... a few more inches and a few more pounds - Best Worker Tom 11/20/89

Alph ab.

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

Postage and Fees Paid
Department of
Transportation
DOT 518



Mr. R. L. Duchossois
Chairman
Arlington International Racecourse, LTD.
P. O. Box 7
Arlington Heights, IL 60006-0007

THE SECRETARY OF TRANSPORTATION

Dear Dick

11-19-89

Thank you for your note and
kind words. Illinois has a great
asset in Arlington Racecourse and a
great asset in you. We are all very
lucky for both to be in Illinois
Sew

ARLINGTON INTERNATIONAL RACECOURSE LTD.

RLD

Richard L. Duchossois
Chairman

November 2, 1989

PERSONAL

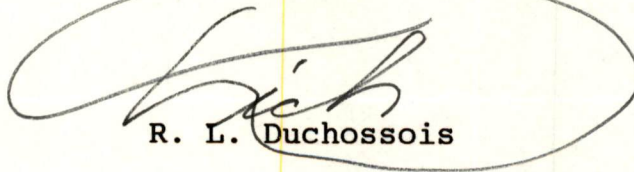
The Honorable Samuel J. Skinner
Secretary of Transportation
400 7th Street SW
Washington, DC 20590

Dear Sam:

Thank you so very much for giving such a wonderful and enlightening talk at the Economic Club Dinner Meeting on Tuesday, October 31. We were delighted you would take time from your extremely busy schedule to be with us.

On a personal note it was great to see you and your wife again. You are doing a good job and I wish you the very best of everything. If we could ever be of any help, please feel free to call at any time.

With kindest regards,


R. L. Duchossois

RLD/cr

THE SECRETARY OF TRANSPORTATION

11-8-89

Dick

The Industry is listening.

[Handwritten signature]

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

Postage and Fees Paid
Department of
Transportation
DOT 518



The Honorable Richard G. Darman
Director
Office of Management and Budget
The White House
Washington, D.C. 20500

HAND CARRY

Transportation: America's Unsung Crisis



Earlier this year, Department of Transportation Secretary Samuel K. Skinner identified the development of a national transportation policy as his agency's most urgent objective.

For this he is to be commended. Transportation permeates virtually every aspect of our society and plays a vital role in our economy. It accounts for 18 percent of the Gross National Product. Transportation and transportation-related businesses employ one-tenth of the U.S. work force. Annual expenditures for transportation products and services in this country total nearly \$800 billion.

Unfortunately, travel in this country is rapidly losing its convenience. The infrastructure is wearing out. We need better highways and bridges. Our airports need to be expanded and modernized. We need to explore the use of high-speed rail in our dense corridors.

As Secretary Skinner says, America must have a transportation system to "ensure our global competitiveness" and to "successfully provide for the demands of our domestic economy." Further, with the rapidly increasing demand for ground and air transportation, congestion on the highways and at the airports will soon grow to intolerable levels.

A national policy means the federal government must be the primary mover, the one ultimately responsible

for developing and implementing such a policy. But such a federal policy cannot overshadow the importance of state and local participation, both of which are essential to successful implementation.

Perhaps aviation is most dependent on a national policy, because aviation is a national system. U.S. commercial aviation is also a mass-transportation system. In 1988, 450 million people traveled on the scheduled airlines. Airline passenger travel is projected to grow to 800 million passengers by the year 2000, while total aircraft movements are expected to increase more than 25 percent.

The airlines must do their part by looking ahead and making the necessary long-term capital commitments. USAir's planning, for one, is based on that projected growth in air travel. We have 255 aircraft on order/option over the next seven years for a total potential commitment of \$7.5 billion. This program will keep our fleet modern. We expect to retire more than 125 older, less quiet aircraft during this time period.

USAir is also making major commitments to airport terminal facilities. In Pittsburgh alone, USAir's share of the cost of the new terminal will be some \$388 million. Other major programs are under way in Charlotte and San Diego, with Baltimore/Washington International recently completed.

In order to obtain sorely needed improvements to the airports and airways system, the federal government must spend every dollar of user taxes collected for airport and airway capital development. This has not been the case. There is currently a surplus of \$6 billion in the Aviation Trust Fund. Further, this fund is threatened by talk of using part of the airline ticket tax to meet Gramm-Rudman-Hollings Deficit Reduction

Act spending ceilings rather than to fund needed aviation projects.

This is not the appropriate use of user fees collected to make improvements to the aviation system. The FAA needs the authority to spend the money in the Aviation Trust Fund on critically needed improvements.

Further, FAA spending needs to be targeted on capacity expansion at existing airports and on building new airports where needed and where environmentally acceptable. Funds also need to be targeted for improvements to the air traffic control system. The National Airspace System Plan needs to be accelerated as well as reviewed for follow-on strategies to take us into the next century.

In developing a national policy for aviation, air service to short-haul markets must be considered. The need to mandate joint civil/military use of selected military airfields should be reviewed as should the amount of airspace set aside for exclusive military use.

A national transportation policy must go hand-in-hand with a national noise policy. Federal rulings on noise regulation must take precedence over any state, local, or other jurisdictional rulings.

Finally, a national policy must include a commitment to stability. The airlines, airports, and airways system must be able to plan for the long term. We need to know the rules of the game, and to know that the rules will not be changed.

With such a commitment, we can get on with building the world's best and most efficient transportation system.

Edwin I. Colodny
Edwin I. Colodny
Chairman and President
USAir Group, Inc.

THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

November 1, 1989


Dear Debbie and John:

I wanted to tell you how much Honey and I enjoyed the dinner on Saturday evening at the Altmans'. We had a wonderful time, and we particularly appreciated having the chance to visit with you. We look forward to seeing much more of you in the days ahead.

Thank you again for having us.

With warm regards,

Sincerely,



Samuel K. Skinner

The Honorable and Mrs. John Dingell
House of Representatives
Washington, D.C. 20515

Alphas.

THE SECRETARY OF TRANSPORTATION

Oct. 20, 89

Dear Bob

Just read the great article
in Business Week. What a tribute to
you and U.T. If we are going to remain
#1 in the World, Service to Customers will

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

Postage and Fees Paid
Department of
Transportation
DOT 518



Mr. Robert F. Daniell
Chairman and Chief Executive Officer
United Technologies Corp.
United Technologies Corp. Building
Hartford, Connecticut 06101

have to play a major role.
It was great seeing you the
other day and I look forward
to our next meeting.
Sam

The Corporation

MANAGEMENT

WHERE 1990s-STYLE MANAGEMENT IS ALREADY HARD AT WORK

Bob Daniell is transforming United Technologies by making the customer king

It was with some urgency that Robert F. Daniell, the newly appointed CEO of United Technologies Corp., summoned his top executives in March of 1986. Just weeks after taking the reins from predecessor Harry J. Gray, Daniell called a management powwow at the Jupiter Beach Hilton in Florida. The subject? UTC's shaky future. Customers of its Pratt & Whitney jet engines, outraged by lousy service, were defecting in droves to archrival General Electric Co. Market shares at UTC's once-dominant Otis elevator unit and Carrier air-conditioning company were evaporating. Profits had hit a 13-year low. "Things had to change," says Daniell.

Unlike management meetings under the iron-fisted Gray regime, however, there was no lecturing from Daniell. Instead, a Boston consultant moderated a roiling discussion in which managers put forth their remedies: Dump divisions wholesale, diversify, pump up research-and-development spending. "Just the fact that we went through all of that yelling and screaming was unusual," says one executive who attended. After two days, Daniell and his team decided to remake UTC—to level its autocratic structure and bring more of its 186,800 employees into the decision-making process. The ultimate goal: to get UTC's haughty culture to take marching orders from its customers.

Worker empowerment. Team-building. Getting close to your customer. While a lot of companies are just starting to talk about such methods, Bob Daniell is already proving that they can work wonders on the bottom line. The changes are nowhere more apparent than at jet-engine maker Pratt & Whitney Co., which pulls in more than half of UTC's operating profit. Orders have increased eightfold, to nearly \$8 billion, since 1987. Overall, UTC has been a rather sluggish performer. While the company has rebounded from the drubbing it took in a 1986 restructuring, its profits this year—at \$675 million on revenues of \$20 billion—will be just slightly better than in 1984. But UTC is poised to take off. Spurred by Pratt & Whitney's swelling engine orders, the company's net profits

are expected by analysts to jump nearly 16% in 1990, to \$785 million. Wall Street's response? UTC's stock, at about 56, has risen 37% in the past year—almost twice the pace of its aerospace and defense industry brethren.

A LISTENER. Daniell will be hard-pressed to keep up the pace. Pratt & Whitney is duking it out with some formidable competitors, most notably GE and Rolls-Royce PLC. And those companies are hard at work on new engines that could grab business from Pratt. What's more, to sustain a new era of brisk growth for

UTC, Daniell must apply the lessons learned at Pratt & Whitney to some of the company's divisions that are still lackluster.

Daniell isn't alone in his vision of how to energize a company. As far as the organizational gurus are concerned, he's doing exactly what Corporate America needs to do to get through the next decade (table, page 96). "In the 1990s, organization—the team—is the competitive weapon," says Rosabeth Moss Kanter, a consultant and professor at Harvard business school. There's little

DANIELL:
"THINGS HAD TO
CHANGE"



SETH RESNICK

choice. Pacific Rim countries will force production costs still lower. And these feisty new competitors will turn up the heat on the U.S.—and Japan—when it comes to innovation.

In many ways, Daniell is the antithesis of conglomerate-era, empire-building managers, making UTC the kind of case study that business schools love to scrutinize. In 10 years, former Chairman Gray built UTC from a \$2 billion company into an \$18 billion manufacturer of goods ranging from military helicopters to shopping-mall escalators. He ran his empire largely by the numbers—and treated his people with all the finesse of a feudal lord.

By contrast, Daniell is low-key, a listener. When he gets passionate, it's usually about his effort to make employees feel like proprietors. He's a builder—but of a different sort than his predecessor. Daniell is an operations guy who's willing to get his hands dirty. Before taking the top job, he turned around UTC's Sikorsky Aircraft Div., where he started his career as a helicopter engineer 33 years ago (page 98).

Daniell holds little regard for the trap-

pings of corporate power. As chief operating officer in 1985, he didn't bother to return a questionnaire of personal data requested by *Who's Who*. When he became CEO in 1986, executives stopped using the heliport atop headquarters, and after he was named chairman in 1987, the guards at headquarters hung up the guns they had worn. Gray and Daniell are "two completely different personalities," says T. Mitchell Ford, a UTC director who is the retired chairman of Emhart Corp. Gray declined to be interviewed for this story.

NO-FAULT BOSSES. When Daniell finally became CEO, he inherited a divided, argumentative management. Executives were too frightened to admit mistakes, and they directed their staffs like armies. All the way down the line, staffers refused to take responsibility for errors.

First, Daniell had some financial problems to wrestle with. He began auctioning off \$1.5 billion in assets and cutting staff. "These were fundamental blocking and tackling moves, but that wasn't really the problem," he says. He had to rid the company of the complacency that had allowed GE to start snatching

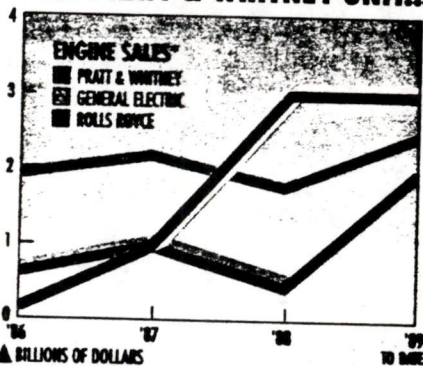
away business from Pratt & Whitney.

The jet-engine division was No. 1 for so long its managers had forgotten that sales don't come automatically. An incident in 1983 made that painfully clear. The Air Force, one of the engine maker's biggest customers, was dissatisfied with Pratt's work on the F-100 engines for its two main fighters, the F-15 Eagle and F-16 Falcon. It had opened bidding on the contract to GE—a real slap at Pratt & Whitney. The contract had been bringing in about \$1 billion in revenues annually, nothing to sniff at. Yet Pratt & Whitney's president at the time, Robert J. Carlson, was quoted in the Sunday magazine of *The Hartford Courant*, the division's hometown paper, saying: "It won't mean a tinker's goddamn whether the F-100 stays or goes, not one damn thing." Even when reminded of the incident recently, Carlson defends his attitude. He says he believed then that a resurgence in commercial engine sales would soon eclipse the Air Force business. He was proven right, but that didn't help at the time. The Air Force awarded 75% of its orders to GE.

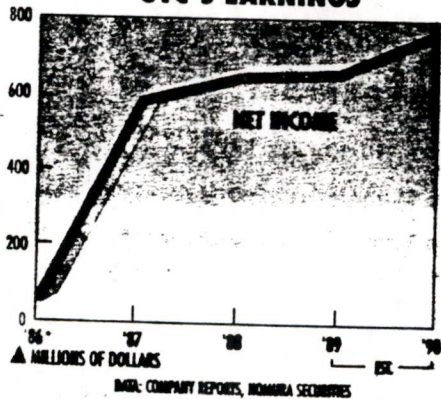
For Daniell, who was then a senior

UNITED TECHNOLOGIES TAKES OFF

SALES HAVE JUMPED AT ITS PRATT & WHITNEY UNIT...



...HELPING TO BOOST UTC'S EARNINGS



THE PW4000:
EASY TO
SOUP UP

COURTESY BY PAUL GIANNI/IBM PHOTOGRAPH BY SE TH RE SNIK

The Corporation

vice-president, Pratt's arrogance "was brought into crystal-clear focus." By the time he became CEO, the cavalier attitude toward customers was crippling the commercial engine division. Pratt had always been UTC's crown jewel—even during the Gray regime. Over 10 years, UTC had pumped \$2 billion into a new generation of engines, which were introduced in 1986. But customers weren't interested—they couldn't get service for the engines they had. Spare parts arrived months late. Engineering advice took forever to obtain. And when customers suggested minor changes in service or design, they got such icy retorts as: "You don't know what you're talking about," says Kenneth Johnson, Pratt's vice-president for customer support.

OLD STORY. Worse, the delays were costing customers plenty as their airliners sat on the ground. At American Airlines Inc., as much as 30% of Pratt's spare parts arrived late, while fewer than 10% of other companies' deliveries ran late. "It was ulcer-producing," says David L. Kruse, American's vice-president for maintenance and engineering. Some customers rebelled. UAL Corp. threatened in 1986 that if Pratt didn't ship parts and answer questions faster, UAL would never buy another Pratt engine, Johnson says.

Pratt, once master of the jet-engine market, saw orders slip to 26% of the total in 1987, compared with GE's 47%. The strongest kick in the pants, however, came in December, 1987, when longtime customer Japan Air Lines Co. ordered more than \$1 billion in engines for 747s from GE. It was the same old story: slow service. Daniell didn't wait for excuses. He went to Japan and personally apologized to JAL's top officials.

Daniell warned his managers that he shouldn't have to apologize again. He pushed his manufacturing executives out on a limb by going public with a series of brutally frank ads. One showed a jetliner tethered by red tape to the tarmac and was emblazoned with the tagline: "Excuses just won't fly. Our bureaucracy shouldn't be your hang-up." Daniell and aerospace head Arthur E.

Wegner humbled the managers further by making them pay for the *mea culpa* out of their own budget.

At the same time, Daniell was working on a long-term goal: changing Pratt's by-the-book structure. Dictatorial management and a Byzantine approval process made employees feel powerless. Take the case of an airplane builder who wants to mount an engine a fraction of a

millimeter closer to the wing than the blueprint specifies. Normally, a good engineer at Pratt could just eyeball the blueprint and give the customer the nod for such a change. But until Pratt changed the system in February, 1988, the request would wind through nine departments, including a committee that met only once a week. "They had to submit mountains of paper," says William J. Garvey, a Pratt manager who helped abbreviate the process.

Now, the design engineer makes the decision and only needs to get three signatures. Says Garvey: "It's all part of quality—taking responsibility." As a result, average response time has gone from 82 days to 10, and the request backlog has shrunk from 1,900 cases to fewer than 100.

Daniell went further with his campaign to improve service. He increased the number of service representatives in the field by nearly 70%—despite 30% staff cuts in the rest of the company. JAL, for one, got a special service center near Tokyo to meet its needs alone. Field reps also were given authority to approve multimillion-dollar warranty replacements on the spot, instead of waiting weeks for the O. K. from headquarters. Before the changes, airframe makers were forced to shut down their assembly lines up



P&W WORKERS:
URGED TO ACT
LIKE OWNERS

A CEO'S CHECKLIST FOR MANAGING IN THE '90s

In the more competitive business environment of the 1990s, companies will have to be more flexible, move faster, and tap every last bit of talent in the organization. Case in point: Bob Daniell's reinvigoration of United Technologies Corp. Here are the secrets of his success.

FLATTEN THE HIERARCHY Daniell leveled a Byzantine corporate structure by cutting many layers of decision-making. At Pratt & Whitney, for instance, he cut eight levels of management to as few as four

EMPOWER YOUR WORKERS Managers pushed decision-making down. For instance, field representatives at Pratt & Whitney now make multimillion-dollar decisions about reimbursing customers on warranty claims. Before, they would have to wait for approvals from numerous layers above

GET CLOSE TO YOUR CUSTOMERS This is Daniell's battle cry. Worker empowerment helps, but the imperative goes even further than that. For instance, Pratt & Whitney lends some of its top engineers to customers for a year—and pays their salaries

TRAIN, TRAIN, TRAIN Daniell uses training to revamp the corporate culture. More than 5,000 senior and middle managers are getting at least 40 hours of classroom work. In some classes, customers are brought in for gripe sessions and a problem-solving team gathered from many different departments must come up with solutions

The Corporation

to 40 times a month because a Pratt part was missing. Now, Pratt causes only two work stoppages a month on average, and some months pass without any.

Training is also a big part of Daniell's shakeup of the culture. As part of the course work, customers actually come in for gripe sessions, and managers are gathered from all departments to solve problems. In another novel program, Pratt lends out about a dozen of its most talented young engineers to customers for a one-year hitch while paying their salaries. In the first year of the program, for example, a Pratt engine expert worked in the maintenance-engineering department of Northwest Airlines Inc. Back from the stint in July, he has been able to help Pratt revamp the engineering manuals that go with new engines.

Some customers have found the improvement startling. In mid-August, Howard La Grange, vice-president at Aviall of Texas Inc., which overhauls airplanes under contract, needed a scarce engine part to repair a Chinese airliner. A Pratt service representative heard about the problem and called to ask how he could help. He offered to ship three new turbines—which would have cost Pratt roughly \$3 million—in order to tide over Aviall until the part could be machined. La Grange eventually found a less costly solution, but he couldn't believe the improvement in service. "I almost laughed a little and asked him what the hell he was doing."

NOT DONE YET. That's the good news. The bad news is that Pratt has plenty more work ahead. Many employees are livid about staff cuts. And some middle managers grouse that they haven't seen enough of a change in top management's attitude. They complain, says Michael M. Michigami, former president of UT Control Systems, that Pratt's bureaucracy is still stifling: "We hear the words. We see a little bit. We don't see enough." And customer complaints have yet to vanish. A JAL official says that parts still arrive late at times. Even Daniell admits service isn't where he wants it to be. Says one director: "You can't turn around a 3,000-horsepower locomotive in a microsecond."

Still, now that Pratt has largely repaired its customer relationships, it has been able to turn up the heat on its competition. It is battling GE and Rolls-Royce, among others, for engine orders that could amount to \$60 billion over the next five years. While Pratt must keep playing catch-up on service with GE, long the industry model, its marketing edge is becoming more and more apparent. Pratt's entirely new generation of engines stands out from its competition's

'A GUY WHO GREW UP IN A STOVEPIPE CALLED SIKORSKY'

When the board of United Technologies Corp. began to lean on Chairman Harry J. Gray in the early 1980s to find a successor, the name Bob Daniell hardly leaped to mind. After all, Daniell had toiled for 25 years at Sikorsky, a unit that accounted for just 8% of UTC's sales. "Bob was not a major player," says one executive.

Chief Executive Robert F. Daniell, however, is living proof that quiet competence doesn't always finish second to self-aggrandizement. At crucial points in his career, Daniell succeeded because he was able to serve as the low-key mediator in a tense situation.

SPEAKING TERMS. Daniell, 56, never seemed destined for great accomplishments. He grew up in modest surroundings in Milton, Mass., the son of a mattress salesman. He played hockey for fun and married his high-school sweetheart. He earned a three-year degree in general science from Boston University in 1954 and then enlisted in the Army, where he worked as a helicopter mechanic.

Upon leaving the service, he joined UTC's Sikorsky helicopter as a design engineer, a job that required him to translate often-unrealistic prototypes into plans that could be manufactured. He had to act as mediator between designers and production-line supervisors. "He grew up the hard way, on the shop floor," says Jack Powers, Secretary-Treasurer of Teamsters Local 1150. Daniell worked his way up as product manager and marketing head for the subsidiary to become president of Sikorsky in 1981.

At the time, Sikorsky was awash in problems. For one, engineering and manufacturing groups weren't talking to one another. So engineers would promise the Pentagon helicopters with fancy features that its manufacturers couldn't produce. One of Daniell's first steps was to make the vice-president for engineering the vice-president for manufacturing. "You're going to help me fix these problems you created," he recalls saying.

He then set out to change the shop floor. Graffiti scrawled on the factory walls showed the workers' lack of pride. Daniell organized a stem-to-stern cleanup. And he met with every worker to explain his goal of a more team-oriented workplace. Although many workers were suspicious at first, "he was a very gracious man," says union leader Powers. Within a year, production costs had dropped more than 20%, while sales doubled.

NO THREAT. While Daniell walked the shop floor at Sikorsky, UTC headquarters was in turmoil as one potential successor after another left. Chairman Gray's No. 2, Edward L. Hennessy Jr., grew impatient and moved to the top slot at Allied-Signal Inc. Alexander M. Haig Jr. became Secretary of State in the Reagan Cabinet. Robert J. Carlson

left in a huff, hurling allegations—never proven—that Gray had tapped his phones. In 1985, Gray named Daniell as president and chief operating officer, even though Daniell had no broad management experience. "Here's a guy who grew up in a stovepipe called Sikorsky and one morning woke up in charge of a \$17 billion company," says J. Thomas Bou-

chard, a former UTC executive vice-president and now president of US West Inc. Cynics claimed Gray had picked an unflashy successor who would pose no threat to his authority.

Unflashy, yes. But some former executives say Daniell was smart enough to avoid any bold moves while Gray was chairman. "Daniell knew exactly what he wanted to do," says Raymond D'Argenio, one of Gray's senior vice-presidents. Daniell limited early brainstorming sessions to a few managers, for example, but once Gray left, the whole team was called in to sizable weekend conferences, where Daniell served notice that the UTC arrogance had to go. "The accelerator pedal wasn't full down until I was CEO and chairman," he says. And now, three years later, nobody at UTC is underestimating Bob Daniell.

By Todd Vogel in Hartford



DANIELL: A BORN MEDIATOR

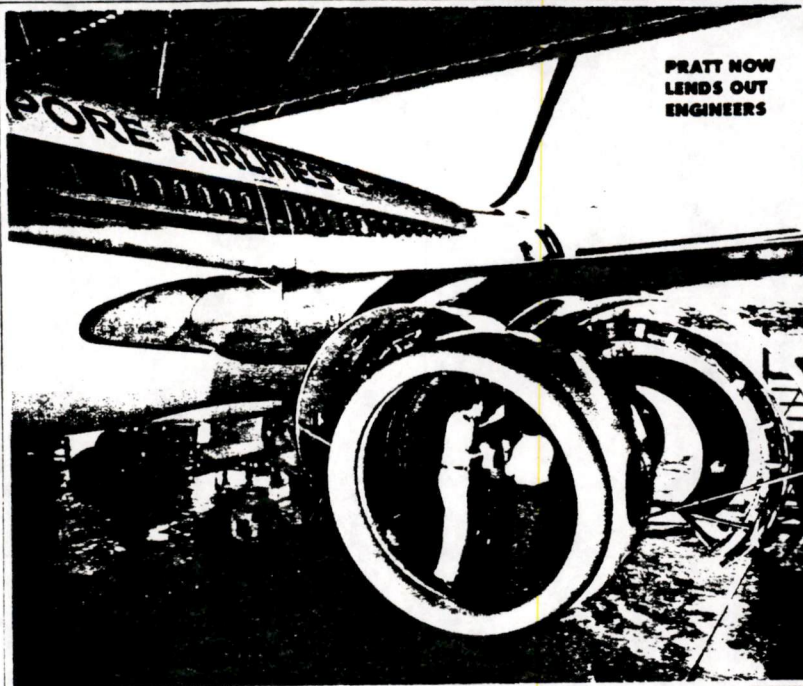
The Corporation

offerings, which are upgrades of old models.

Pratt now offers the widest range of engines for commercial jet aircraft. There is the PW4000 for widebody planes such as the 767 and 747. The V2500 (developed under a joint venture with Rolls and other European partners) is for narrow bodies such as A-320s. And it has the PW2000 for intermediate-body planes such as 757s. Pratt's new engines have been in the market long enough to show that the kinks are worked out and that they're technologically superior to the competition, says David S. Gardner, an analyst at Nomura Securities International Inc.

PROP WASH. Pratt's top seller, the PW4000, cuts fuel consumption by a wide margin, is more cheaply maintained, and can be changed much more quickly than its predecessor. Also, it can be easily souped up for planes designed for the 1990s. GE is planning a counterattack with an unducted fan engine, which uses a propeller in the jet core to cut fuel consumption by as much as 40%. Daniell is keeping up Pratt's high level of development spending—and is in the race on this front. However, the industry may not be ready for the fancy new design until nearly 2000.

GE disputes that Pratt's new engines are superior, but the numbers tell the story. The PW4000, for instance, has won 70% of the orders on widebodies



UNITED TECHNOLOGIES' FAR-FLUNG LINEUP

Division	Products	Revenues as percent of total	Operating profit margin
PRATT & WHITNEY	Jet engines	34.0%	10.8%
FLIGHT SYSTEMS	Helicopters, radar, flight controls	19.0	-0.4%
CARRIER	Air conditioners	19.0*	4.5%*
OTIS	Elevators	17.0*	7.5%*
INDUSTRIAL	Auto parts, wire	11.0	10.5%

*Estimates

DATA: COMPANY REPORTS, OPPENHEIMER & CO.

since its introduction in early 1986, Gardner points out. And nearly 40% of those sales went to airlines that had used GE engines. As a result, Pratt is increasing its market share—grabbing about 40% in 1989, up from 29% in 1988. GE's share has been whittled from 33% to 29%, says Gardner.

Daniell can't stop with improving Pratt. He has instituted the same training and service-improvement programs

Carrier to keep his management skills sharp. But maybe that's not such a bad thing. For, as he sees it, the greatest danger to a company can be the arrogance bred of success. "It's very hard," says Daniell, "to behave as No. 1 for very long" and stay there. In other words, his goal is to keep UTC acting like the underdog—even when it's on top of the heap.

By Todd Vogel in Hartford



DANIELL'S TWO TOP LIEUTENANTS, ART WEGNER AND GEORGE DAVID, HAVE THEIR MARCHING ORDERS: "EXCUSES JUST WON'T FLY"

PHOTOGRAPHS BY (TOP-LEFT/RIGHT) PETER CHEN, JOHN S. ABBOTT, SETH RESNICK

Alphas

THE SECRETARY OF TRANSPORTATION

Dear Bo

10-12-89

Glad to hear things are
great in Calif. If I have
any ideas, I will let you know.
Sam

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

Postage and Fees Paid
Department of
Transportation
DOT 518



Mr. John P. Dering
Egon Zehnder International Inc.
California Plaza, Suite 2625
300 S. Grand Avenue
Los Angeles, CA 90071

Egon Zehnder International Inc.

California Plaza, Suite 2625
300 S. Grand Avenue
Los Angeles, California 90071
Telephone (213) 687-2120
Telefax (213) 687-2122

September 25, 1989

PERSONAL AND CONFIDENTIAL

Honorable Samuel Skinner
Secretary of Transportation
for U.S. Government
Washington, D.C. 20590

Dear Sam:

I continue to be amazed of the number of times I see you in the media either in photo or in quoted remarks. More power to you! Very quickly, and hopefully without imposition, I have attached the specifications of a position of high visibility in the transportation field. My firm, and I personally, have the responsibility to find a Deputy Director for Design and Construction of the new tollway effort in California. This is approximately sixty-eight miles of tollway in the Orange County areas. I thought perhaps either from your present position or your former position in Illinois, you might have recommendations as to a qualified individual. Any input would be greatly appreciated.

Also, in the Washington Letter on Transportation, September 11, 1989 I noted that you have been active in amalgamation as well as transportation. My best wishes to you and Mary Margaret for the greatest of happiness. I can personally vouch for the fact that the second time around is a wonderful experience.

I must admit that the announcement caught me by surprise, but then I have lost almost all contact with the Lake Forest life.

Again, the very best to both of you.

Warm regards,


John P. Dering

JPD/sf

Alpha

THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

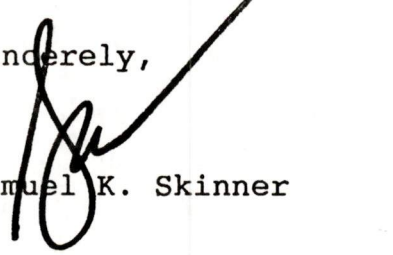
October 12, 1989

Dear Greg:

It was a pleasure to return from several days of travel to find your very thoughtful letter awaiting me. I was delighted to learn that you have joined McDonnell Douglas. Congratulations.

I was glad we had the opportunity to work together, though briefly, and wish you every success in the days ahead.

Sincerely,


Samuel K. Skinner

The Honorable Gregory S. Dole
7503 Brookville Road
Chevy Chase, MD 20815

PERSONAL

File-NAN

Patrick A. De Biase
904 North Greenbay Road
Lake Forest, Illinois 60045

1264 BRADWELL LANE
MUNDELEIGH, ILL
60060

Dear Sam,

Congratulations on your appointment
as Sect of Transportation; Congratulations
on your recent marriage; The best of
luck to you in both endeavors!

Sincerely,
Pat DeBiase

P.S. I am happy to see you agree with
my position regarding foreigners buying
up America. As you may recall
that was my position at your Bush
rally in Libertyville that day!!!

I realize that you are probably
limiting that position to the airlines,
nevertheless that is a start! —

Pat

U.S. DEPT. OF
TRANSPORTATION

89 OCT 11 AM 11:48

OFFICE OF SECRETARY
OF TRANSPORTATION
EXECUTIVE SECRETARIAT

Pat DeBiase
1264 Bradwell Lane
Mundelein, Il 60060

Mr. Sam Skinner
Secretary of Transportation
Washington, D.C. 20590

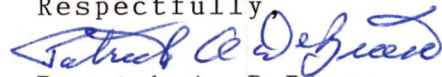
Dear Secretary Skinner:

I wish to complement you on your position vis a vis Foreign Ownership of our Airlines. It is about time that someone in Washington has the intelligence and the courage to stand up against foreigners buying up American assets.

Stand your ground against all those stupid; naive; uninformed; "FREE TRAITORS" in Washington who, like, Nero, are fiddling while America is being 'economically raped!

History will not deal kindly with today's so called "Free Traders" who do not have the wisdom nor the courage to "Defend America's Economy and Assets."

Respectfully,


Patrick A. DeBiase

copies to:

President Bush
VP Quayle
Congressmen: Dixon
 Simon
 Crane
 Porter
Sec. of Commerce: Mosbacker

THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

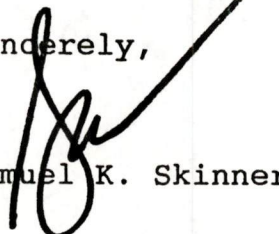
October 12, 1989

Dear Greg:

It was a pleasure to return from several days of travel to find your very thoughtful letter awaiting me. I was delighted to learn that you have joined McDonnell Douglas. Congratulations.

I was glad we had the opportunity to work together, though briefly, and wish you every success in the days ahead.

Sincerely,



Samuel K. Skinner

The Honorable Gregory S. Dole
7503 Brookville Road
Chevy Chase, MD 20815

SUSAN S
Draft response

September 28, 1989

Samuel Skinner
Secretary of Transportation
U.S. Department of Transportation
Room 10200
400 7th Street SW
Washington D.C. 20590

Dear Mr. Secretary:

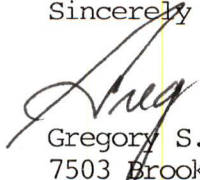
As John Gaughan may have told you, I've joined the McDonnell Douglas "family." On Monday, September 25, I accepted Douglas Aircraft Company's offer to become its Director, Commercial Programs -- Domestic and International. Needless to say, I look forward to my association with Douglas Aircraft and the aerospace industry.

I will devote the next forty-five to sixty days in Long Beach -- headquarters for Douglas Aircraft -- acquainting myself with the organization. Thereafter, I will return to the company's Crystal City office to assume my new responsibilities. My return to the private sector after four extremely interesting years at the Department of Transportation in various capacities is welcomed.

I want to personally thank you for your interest in my career and support during the transition process. Your sensitivity during this period was a manifestation of your general management style. It is clear, from staff and others, that you are establishing new management standards and a benchmark for all those who assume the awesome responsibilities as Secretary of DOT.

I wish you continued good fortune as a distinguished member of President Bush's Cabinet and remain,

Sincerely yours,



Gregory S. Dole
7503 Brookville Road
Chevy Chase, Maryland 20815

Congratulations on your recent change in marital status.

89 OCT -5 11:10:05

U.S. DEPT. OF
TRANSPORTATION

89 OCT -2 AM 10: 02

OFFICE OF SECRETARY
OF TRANSPORTATION
EXECUTIVE SECRETARIAT

THE SECRETARY OF TRANSPORTATION

Greg

5-10-89

Thanks for coming in.
I look forward to working
with you.

Sen

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

Postage and Fees Paid
Department of
Transportation
DOT 518



Mr. Greg Dahlberg
Staff Director
Subcommittee on Transportation
Committee on Appropriations
House of Representatives
Washington, D.C. 20510



THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

May 9, 1989

Dear Justine:

I wanted to take this moment to thank you for all the support that you give to the Department of Transportation on a daily -- and what frequently seems like an hourly -- basis. It's a great comfort to know that you're always there for us, and we appreciate it. The excellent teamwork and rapport that we've developed will surely serve the President's interests, and I'm grateful to you and David and Phil and the rest of the Cabinet Affairs staff for all your help.

On a personal note, thank you for arranging the very special, White House tour for my daughter Jane last Friday. Honor gave her a wonderful tour that she will remember for the rest of her life.

Again, my thanks.

Sincerely,



Samuel K. Skinner

Ms. Justine D'Andrea
Associate Director
Office of Cabinet Affairs
The White House
235 Old Executive Office Building
Washington, D.C. 20500

Alphas

THE SECRETARY OF TRANSPORTATION

9/23/89

Justine

Thanks you for your support of DOT and our team. The Human side of our job is something you and I will never forget. Jan

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

Postage and Fees Paid
Department of
Transportation
DOT 518



Ms. Justine D'Andrea
Office of Cabinet Affairs
The White House
Washington, D.C. 20500

THE WHITE HOUSE

9/9

Dear Mr. Secretary-

Wanted to thank you for all your help and insight on the meeting with the United flight crew.

Working here we sometimes tend to forget that we are dealing with something much more important than photo opportunities -- human emotions!

Thanks again.
Justine D'Andrea

Alphabetical

THE SECRETARY OF TRANSPORTATION

Dear Mayor

6-13-89

thanks for Breakfast and
your time. You are going to be
a great Mayor and I am proud
to know you and help enjoy it with you

THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

OFFICIAL BUSINESS



Postage and Fees Paid
Department of Transportation
DOT 518

Mayor Richard Daley
121 W. LaSalle St.
Chicago, IL 60602

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

September 8, 1989

Representative Lee A. Daniels
Chairman
Illinois House Republican Campaign Committee
P.O. Box 588
Elm Hurst, IL 60126

Dear Lee:

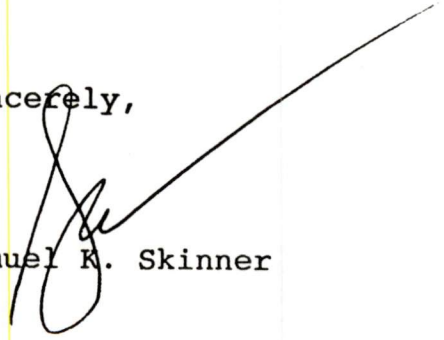
Many thanks for the wonderful hospitality I received during my visit to Illinois.

The Steuben Glass Star, you so graciously presented me, has certainly made a handsome addition to my office.

I realize that this letter is overdue, and I didn't want another moment to slip by before letting you know I appreciated your generosity.

With my best regards,

Sincerely,


Samuel R. Skinner

THE SECRETARY OF TRANSPORTATION

4/17/89

Dick

Glad you on Bimby.
Hay in there. The compromise
is something they said couldn't be
done and you did it. Congrats.
Sam

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590
OFFICIAL BUSINESS



Postage and Fees Paid
Department of Transportation
DOT 518

Dick Daman
White House
Washington, D.C.

Personal

THE SECRETARY OF TRANSPORTATION

Dick Darman
AKA "Mr. Charming"?

5-15-89

Great article but well
deserved. You keep it up and
you will be ready for
Hollywood.

Sam



U.S. Department of
Transportation
Office of the Secretary
of Transportation

The Secretary
5/31/89

Dick

Great article
and well deserved.

Sam

Say Hello to Charmin' Darman

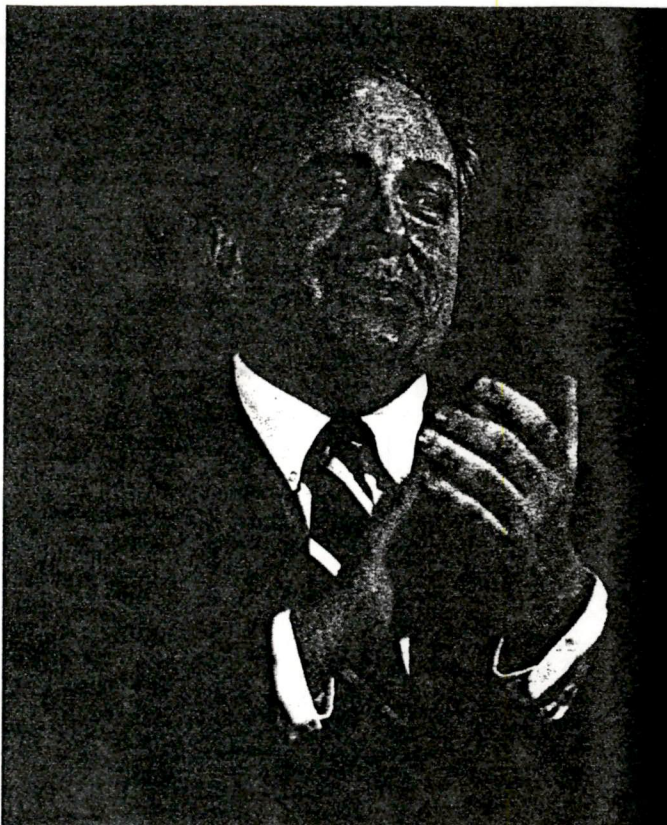
The budget director checks his ego at the door

His friends had seen it happen dozens of times before. Baited repeatedly on one of the Sunday talk shows, budget director Richard G. Darman tightened his lips and began to seethe. One of Darman's longtime allies, watching the TV program at home, winced: "He's gonna twist off." But the scathing retort never came. The friend later phoned Darman and said, "You were about five seconds away from blowing." "But I didn't," crowed the kinder, gentler Darman.

For six years Dick Darman was the bad boy of the Reagan administration. The most brilliant intellect and political gamesman in the government, Darman could also be withering and arrogant. He regularly derided his peers behind their backs; he dismissed one cabinet officer as "virtually content-free." Hypersensitive to any press criticism, Darman was so vain that he refused to be photographed from certain angles. His abrasive manner quickly alienated Ronald and Nancy Reagan as well as Vice President George Bush. Even such patrons as the then White House chief of staff James Baker were disapproving. "Your human relations leave something to be desired," Baker dryly cautioned his deputy more than once. "You can't treat people like that."

Pious convert: Darman no longer does. To hear his friends and even his former enemies describe him these days, Darman has become the soul of amiability, a team player's team player. Congressmen find him fair and forthcoming; administration colleagues trust him with the deepest secrets. Darman himself is as pious as any convert about his newfound virtue. "I have a rule," he says. "I try not to say anything negative about anybody."

Charmin' Darman needs all the friends he can get. Washington sees Bush's budget director as the last, best hope for finding a solution to the federal government's deficit woes. He has already wrapped up a package of small (and largely illusory) budget savings to get the government through the next fiscal year. Last week he began a round of quiet but intensive diplomacy on



LARRY DOWNING—NEWSWEEK

Be Nice or Begone: *Fitting in with Bush's conciliatory style*

Capitol Hill aimed at winning support for what he calls "the Big Fix"—a deal that would truly cut the deficit. He hopes to establish at least the outlines of a deal by this fall, before congressmen start posturing for re-election in 1990.

Darman knew his choices were Be Nice or Begone. A brief fling as a Wall Street investment banker in 1987-88 bored him; he wanted to get back into government service. But his prospects looked bleak if Bush became president. The veep had complained to friends that Darman habitually trashed him to the press, and after one suspected leak, Bush angrily declared that Darman would never serve in his White House. Fortunately for Darman, several Bush confidants realized that the then floundering presidential candidate badly needed Darman's political skills. The strategists launched a two-pronged offensive: to convince Bush that Darman was capable of change, and to impress on Darman that change was a prerequisite for rejoining the inner circle.

Throughout the 1988 campaign, top

Bush lieutenants Robert Teeter and Craig Fuller continually told Bush of Darman's savvy advice. Gradually Bush softened, inviting Darman to attend a key strategy session at his Kennebunkport retreat. When Darman refused to tell reporters about the meeting, Bush's confidence grew.

By the fall, Darman had become a trusted adviser, winning points for his dead-on portrayal of Michael Dukakis in mock campaign debates. Shortly before the Inauguration, Bush issued a once unthinkable invitation for Darman and his two sons to join him for a weekend at Camp David. By then Bush had made up his mind: Darman was the right choice for budget director.

Grown up: At 46, Darman says he has simply grown up. "I was an adolescent proudly well into my 40s," he confesses. "I was not as decent to other people as I should have been, and I was arrogant." He also credits his wife, Kathleen, for urging him to reform. "As a moral matter," he says somewhat stiffly, "it seemed increasingly important to me that I try to be a better human being." Others take a more skeptical view. "My experience with Dick Darman is that he has always been pragmatic," says Democrat Leon Panetta, chairman of the House Budget Committee. "Now, as a pragmatic, he's adjusted to the new president, who clearly favors a more conciliatory

approach."

Will the new Darman last? "This surgery was not complete," cracks a Darman friend. "We didn't neuter him." But responsibility has given Darman reason to behave. Though he chafed at being described as merely a "Baker aide," he was in fact an anonymous staff man in the Reagan administration. He operated mostly behind the scenes, designing stratagems that, while often successful, were sometimes described as "Darmanesque": too clever by half. Now the White House's front man on the budget and chief negotiator with the Hill, he has to be both straightforward and accommodating to get anything accomplished. He has become the president's de facto domestic-policy adviser, and chief of staff John Sununu has also come to rely heavily on his counsel, conferring with him privately every morning at 7:15 before the senior staff meeting. To keep his pass into the Oval Office, Darman knows, he has to check his ego and his temper at the door.

THOMAS M. DEFRAK and
ANN MCDANIEL in Washington



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

THE DIRECTOR

FOR RELEASE UPON DELIVERY
JULY 20, 1989

BEYOND THE DEFICIT PROBLEM:
"NOW-NOW-ISM" AND "THE NEW BALANCE"

Address to the National Press Club
by
Richard G. Darman
Director, Office of Management and Budget
Washington, D.C.
July 20, 1989

The deficit can be a colossally boring subject. Recently, it has shrunk somewhat as a percent of Gross National Product. It is moving down toward \$150 billion and, if the Budget Agreement is fully implemented, on toward 100. But that has only made it more tedious. No longer can a President joke that "the deficit is big enough to take care of itself." Indeed, no longer is the deficit quite big enough to command sustained public attention.

The deficit is, of course, still a problem. Federal debt keeps moving on up -- toward \$3 trillion. That rising debt should not be ignored. In the spirit of avoiding tedium, however, let me look toward more interesting issues that underlie the deficit -- and reach beyond it.

New Balance

I know this is a difficult context in which to find issues interesting. Many observers claim to be suffering from a general sense of tedium that extends beyond the deficit to public policy generally. Some lament that there is no dramatic "vision thing." By this, I am afraid, they mean merely that there is no so-called "revolution," nor any grand catch-phrase.

Our culture is advertisement-saturated and entertainment-dominated. We have come to demand drama and catch-phrases as if they were Constitutionally protected rights. We expect each new Presidency to offer its own variant of the New Deal, the New Frontier, the New American Revolution, the New Beginning. It's as if each new White House communications director were a national account manager obliged to outdo the creative talents who brought prior generations the political equivalent of New Tide, New Cheer, and New Dawn.

If one had to come up with a similar catch-phrase for the Bush Presidency, I suppose it might be: the New Balance. Admittedly, that sounds like the brand name of a jogging shoe. In fact, it is -- and hardly a Nike at that. But then, maybe it's time to assert that not all approaches to public policy-making should soar with winged feet; that from time to time America may benefit from leadership with its feet close to the ground, and with strides suited for the longer race.

Be that as it may, there is New Balance. One sees it in the tone and style of bipartisan approaches to the budget and foreign policy. One sees it also in the substance of proposals to address such major problems as: restructuring the savings and loan sector; reducing harmful air pollution; re-fitting defense procurement to the constraints of limited resources; negotiating more open international markets; and restoring safety to the production of Defense's nuclear materials.

It is inherent in this New Balance that -- compared with other approaches -- it often involves more complexity, less simplification; more consensus-building, less polarization; more caution, a bit less quickness. From an entertainment-oriented perspective, the tedium of the budget's slow move toward balance may be seen as but one more symptom of a general pattern: the New Balance may threaten to become the New Boredom. This is a price of balance.

Political Mau-Mau-ism and Cultural "Now-now-ism"

In contrast to the emerging New Balance, other subjects have recently been judged better to have passed the entertainment test. Notable among these have been issues of possible personal corruption, as in the case of certain Congressional leaders (and possible program corruption, as in the case of HUD). Former Speaker Wright referred to the Congressional part of this drama as "mindless cannibalism." I suppose one might think of it as a kind of political Mau-Mau-ism -- although that might be unfair to the Mau Maus.

But serious though issues of personal and program corruption are, I must confess that I often wish there were equal time given to issues of possible policy corruption -- and the associated cultural values that allow such policy corruption to develop. For every minute devoted to political Mau-Mau-ism, I'd like to see another devoted to what I would term cultural "Now-now-ism."

"Now-now-ism" is a short-hand label for our collective short-sightedness, our obsession with the here and now, our reluctance adequately to address the future.

America has long been an impatient culture. That is part of our distinctive strength. But it is one thing to be impatient about such forward-looking challenges as opening new frontiers. It is something entirely different to be impatient about consuming the fruit of overplowed ground. Our current impatience is that of the consumer not the builder, the self-indulgent not the pioneer. It borders dangerously on imprudence. --

In our public policy -- as, to some degree, in our private behavior -- we consume today as if there were no tomorrow. We attend too little to the issues of investment necessary to make tomorrow brighter.

Like the spoiled '50's child in the recently-revived commercial, we seem on the verge of a collective Now-now scream: "I want my Maypo; I want it NOWWWWWW!" But while the Maypo syndrome may be great for breakfast, and good for television advertising, cultural Now-now-ism is a formula for trouble.

Deficits and Wilding

The deficit is but one more symptom of our Now-now-ism. Many think of it as a cause of problems. But it is also a symptom: a kind of silent Now-now scream. It is the mathematical representation of our wish to buy now, pay later -- or, more accurately, buy now and let others pay later.

The wish is understandable. Like the decision to accumulate debt, it is not necessarily bad. The test is whether current expenditure satisfactorily increases future benefit and future capacity to pay. Unfortunately, much of ours does not:

- o In 1960, interest payments were only 7.5% of the budget. Now we are scheduled to pay 15% of the coming year's federal budget -- almost \$180 billion -- for interest on our mounting public debt. That buys the future nothing. And it buys the present nothing more than the ability to keep its borrowing

game going. (This 15% does not include the interest the government owes to its own trust funds. We aren't paying for that; we just write it down on paper.)

- o In 1960, transfer payments to individuals were about a quarter of the budget. Now they comprise about half the budget (another 50%) -- for Social Security, Medicare, means-tested entitlements, Veterans compensation, federal retirement programs, etc. While this radical shift in the pattern of public expenditure may seem morally attractive as a matter of current equity, it does little for the future. Indeed, the related trust funds that pretend to hold "surpluses" for future beneficiaries in fact hold hundreds of billions of dollars in unfunded IOUs. These are a little surprise for the workers of tomorrow left by the consumers of today.
- o Our so-called investment in housing programs seems to have been mis-managed, at best. In some cases, it appears to have done a better job of transferring wealth to developers and middlemen than to intended beneficiaries.
- o Our rapidly rising investment in drug-abuse control has yet to show satisfactory results. Spending for next year will be 150% of what it was for 1988. Yet, there is a widespread sense that we are still treating symptoms, not addressing underlying causes.
- o Our public investment in applied civilian R&D has been declining as a share of GNP. In total civilian R&D, measured as a percent of GNP -- once an area of unequivocal U.S. advantage -- we are losing our lead to Japan.
- o Our investment in education is tilted heavily toward the status quo: an atrophied system, demonstrably below the standard necessary to keep America number one. Our comparative test scores should be seen as both troubling and embarrassing. In an earlier period, more concerned about the future, such scores would have elicited howls of outrage. Today, somehow -- though there are calls for reform -- they often elicit little at all.

Further:

- o Our corporate tax system is biased toward the accumulation of debt over equity. Some of our most creative and energetic private sector talents are motivated to invent paper transactions that merely reward financial manipulators, rather than expand

private productive capacity. And in a world of fast-moving deals, institutions responsible for longer-term investment feel obliged to chase near-term financial plays.

- o Individuals are encouraged toward current consumption at the expense of saving and longer-term gain.
- o And the culture generally seems to go for the short-term "play." Some people, who are apparently confident, trust in the motto: "You can have it all." Others, apparently less sure, seem to live by the dictum: "Take the money and run."

But worse:

- o Our culture seems to tolerate all this rather blithely.

We are rightly outraged at the breakdown of individual morality when it shows itself starkly -- as in "wilding" in the park. It is uncivilized. But civilization is not measured merely by the presence or absence of physical brutality. It is measured also by the capacity to build -- to create for the future, to bridge constructively across generations. Our Now-now culture acts as if it were willing to let that capacity degenerate.

Collectively, we are engaged in a massive Backward Robin Hood transaction -- robbing the future to give to the present. This Backward Robin Hood game operates on a scale that should be able to move the likes of "Robin HUD" below the fold. In its private form, it may be understood as short-sighted selfishness -- the entrepreneurial spirit gone a bit awry. In the public domain, however, this self-indulgent theft from the future borders on public policy wilding. Still, it is not of much evident interest.

Moonwalking to the Future

I do not mean this indictment to be too broad. From time to time, we have been able to show a clear interest in the future. For the past three decades, there has been one pre-eminent symbol of public policy commitment to the future: the space program. Today, of course, is the twentieth anniversary of its proudest moment: "one small step for man, one giant leap for mankind." And today, I am proud to say, President Bush is not only celebrating that moment, but also calling on us to expand our horizons with exciting new space missions for the benefit of generations yet to come.

Stepping back a bit from this celebratory moment, however, let us look at what has happened in recent years to our culture's attitude toward space. That, too, has been an unattractive symptom of Now-now-ism.

In recent Congressional appropriation votes, investment in space has suffered in order to finance such things as greater expenditure on questionable housing programs. The voters and lobbyists for the present are far better represented than the voters of the future.

When President Kennedy first spoke of exploring the stars, he was not obsessed with the claims of the present. His near-term target -- man on the moon -- was a decade away, beyond his own tenure. Of his larger vision he said, "All of this will not be finished in ... the first one thousand days ... nor even perhaps in our lifetime on this planet. But let us begin."

In the '70s, Tom Wolfe's bestseller celebrated The Right Stuff of the space pioneers. It resonated with an admiring public. By the early '80s, however, the public seemed to have lost its enchantment with space and the future. Wolfe's bestseller audience turned to The Bonfire of the Vanities. In it, a new "Master of the Universe" was found: Sherman McCoy -- an '80s-style bond salesman, found on his hands and knees on the marble floor of his Park Avenue cooperative, wrestling unsuccessfully with a reluctant dachshund, whose alleged need for a walk was to provide the excuse for a quick liaison with the would-be Master's mistress. Let me note the obvious: A society whose would-be Masters of the Universe are not forward-looking pioneers, but rather, morally bankrupt hustlers will itself neither master the universe nor even invent dreams worth living.

The great '60s and early-'70s metaphor for expanding human possibility was moonwalking -- escaping earthly bonds, leaping to the moon. This captured the imagination and excitement of a generation. In the '80s, "moonwalking" has become an equally attractive excitement. But its meaning has changed. The moonwalking of the '80s is an earthbound dance.

Again, to underline the obvious: There is a fundamental difference between the two types of moonwalking: One is a symbol of pioneering spirit; the other a symbol of entertainment. One is a set of steps, the benefit of which is for all mankind. The other is a set of steps that give the appearance of forward movement, when they are really a backward slide.

Cultural Reawakening: More Like Us

In a democracy, the future is at a disadvantage relative to the present: its voters are not here to represent themselves. They are dependent upon the values of those who are here -- our collective sense of moral obligation to the future.

Indeed, the heart of the Now-now problem is a problem of values:

- o The deficit is, in a sense, an expression of contempt for the burden of debt that is left to the future. That burden is now an average of \$45,000 -- and rising -- for every American family of four. It's like a second mortgage -- but without the house.

The deficit can be brought under control, however. It is now moving in the right direction. The Bipartisan Budget Agreement was a constructive, though modest, first step. With good will and responsible leadership, a more substantial multi-year deficit reduction package could also be agreed to this year. It should and could meet the Gramm-Rudman-Hollings deficit targets, while also improving the budget process and strengthening measures to restore fiscal discipline. This would be the right thing to do. Of course, that does not mean that it will be done. But if the political system cannot rise to its responsibility in a calm and orderly manner, it will ultimately have to do so in the context of crisis. In the end, the system is bound to respond.

But though the deficit may be brought under control, problems that stem from Now-now values extend far beyond the deficit. They are pervasive. Merely balancing the budget will not suffice to get at these problems:

- o A balanced budget would still leave us with rising debt unless we also get straight the way we account for increasing unfunded obligations to trust funds. The accounting issues go beyond conventional "balance." They raise the issue of whether we wish to be honest with ourselves about our future obligations.
- o A balanced budget per se would not shift the distribution of federal expenditure toward investment in the future unless we also restrain rapidly growing transfer payments. The composition of the budget matters. Inescapably, it reflects a value choice in its distribution of costs and benefits to the present vs. the future.

- o Beyond budgetary issues, the HUD-type scandals present issues of managerial values. With or without a balanced budget, such scandals may proliferate unless expenditures are subject to both improved control systems and people committed to integrity -- in the endless quest to keep near-term greed within socially acceptable bounds.
- o The drug problem will not be solved by budgets alone at any likely level of expenditure. Legal economic incentives cannot compete with the short-term psychological high that drug-abuse provides or with the economic rewards that illegal drug trafficking can offer. Yet, civilization must protect itself. We do not wish to become either a drug haven or a police state. So there has to be attention to the inner voice, the values, that tell people not to succumb to drugs' obvious near-term temptations -- the voice that can speak for long-term consequences. A culture that in so many ways emphasizes the here and now is bound to have a hard time changing that inner voice, the internal balance between today and the future. But the larger culture will have to show greater respect for the future if it is to be credible in asking young Americans to do so.
- o Similarly, the education problem will not be solved unless there is a cultural change -- a cultural reawakening. I don't mean something esoteric. I mean a broad and basic awakening that finds these symptoms of short-sightedness to be wrong: decisions by students to drop out of school prematurely; decisions by many educational administrators to underinvest in technology; decisions by some parents and caretakers to underattend to homework; decisions by a host of American employers to undervalue advanced quantitative training; decisions by the community at large to underinvest in the length of the school year; and decisions by television programmers -- a major American educational force -- to underinvest in substantive content. If this pervasive cultural shortsightedness is not changed, it is naive to expect that America's educational system will meet its most basic challenges: keeping America competitive, transmitting America's strengths and capacities across the generations.
- o And, as I've suggested before, many of corporate America's problems with current and future competitiveness will not be solved by changes in economic incentives or the cost of capital alone -- important though these be. High discount rates and

SENT BY: Xerox Telecopier 7020 7 0 10 00

inherent uncertainties will often put the future at a disadvantage relative to near-term rewards -- unless there is a value judgment that gives special weight to the future.

As a general matter, we will mislead ourselves if we believe that fixing the fiscal deficit alone will solve many of our more basic problems. It will help with some. It may be a precondition for addressing others. But unless we see it as a symptom of a more basic problem -- Now-now-ism, a problem of cultural values that must also be addressed -- we will miss a chance to secure America's historic place and mission.

Earlier this year, James Fallows put out a little book that got a bit less attention than it may have deserved. Its title captured an important point: To stay on the path of greatness, America does not need to copy any foreign culture. We need to be More Like Us.

Historically, America has been fundamentally -- indeed, quintessentially -- a future-oriented society: educating, hard-working, saving, unwilling to accept conventional limits, risk-taking, pioneering, building. If we have strayed a bit from this American cultural tradition, we need only look within ourselves to reawaken it.

The American Romance: A Field of Dreams

The current historical context could hardly be more favorable for a reawakening of appreciation for distinctively American values. A Soviet leader has captured public imagination by borrowing two fundamentally American concepts: restructuring ("perestroika") and openness ("glasnost"). Chinese students parade with statues of liberty. The Japanese have risen to power with a post-war politico-economic system that was, in no small measure, borrowed from America. Europe, at last, is moving toward what America has pioneered: a single, open, continental market. And today, specifically, the world recalls that heroic triumph of American ingenuity and commitment, American courage and grace: the journey of Apollo. It would be a ridiculous irony if we ourselves did not realize that we, first and foremost, can build on traditional American strengths.

But what of our Now-now-ism? Again: in some measure, impatience has long been an American characteristic. The question is one of balance. In recent years, we have tipped too much toward the present.

Yet, a reawakening may now be under way. As must be evident, I like to look at signs from popular culture. And some of the signs give reason for encouragement.

Consider, for example, a bit of the entertainment culture close to many of our homes. A few years ago, the most popular youth movie was Ferris Bueller's Day Off. Ferris was a forward-looking kid in only a limited sense. He was brilliant at plans to play hookey from school -- entertaining, but hardly constructive. Now, the three most popular movies are more positive morality plays, wrapped in healthy romance. Indiana Jones' Last Crusade is a quest that binds two generations in search of the holy grail. Batman has returned to rid the world of Gotham's greed. And in the very heart of America, A Field of Dreams is built out of a barely self-sustaining farm in response to a guiding voice: "If you build it, he will come." Lost generations are reborn, future generations are inspired, in a seamless game of catch that stretches across the generations. One senses the spirit being renewed.

Now back for a moment to the Budget: one way or another it will be brought under control. We will find our way to accountant's balance. But what I am trying to suggest is that the New Balance demands more of us.

The American dream is not meant to be filtered through green eyeshades. Nor is the human spirit meant to crawl on the floor like a dachshund. It is meant to rise up with wings like eagles. Ours is a seamless game of catch across the generations. If we do no more than make the farm break even, we will break the magical connection with the future. It is only if we build, that we'll see the field of dreams.

As we bring the budget into accountant's balance, the New Balance asks that we do more: that we tip things back toward the future. As we move step by step, the New Balance asks: that our moonwalks -- large or small -- be steps that move us forward, and not a Now-now glide.

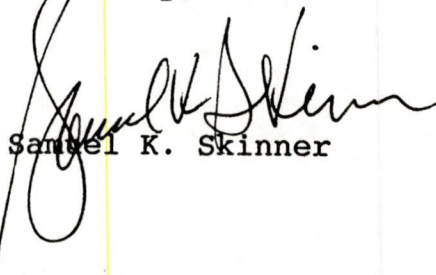
THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

June 23, 1989

Dear General Dawson:

Thank you for your very generous invitation to join the Army and Navy Club as an honorary member during my tenure at the Transportation Department. I am delighted to accept and look forward to seeing you there and to using the Club's very attractive facilities.

Sincerely,



Samuel K. Skinner

Major General Donald S. Dawson
President
The Army and Navy Club
901 Seventeenth Street, N.W.
Washington, D.C. 20006-8400

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

The Honorable Mimi Weyforth Dawson
Wiley, Rein & Fielding
1776 K Street, N. W.
Washington, D. C. 20006

Dear Mimi:

I see it's official. Congratulations on your
new career move to Wiley, Rein & Fielding.
It's an excellent merger.

I am delighted for you and know you will do an
outstanding job. Thank you for letting me
know.

Best wishes,

Sincerely,

Samuel K. Skinner

Miss you Mimi

WILEY, REIN & FIELDING

IS PLEASED TO ANNOUNCE THAT

MIMI WEYFORTH DAWSON

FORMERLY DEPUTY SECRETARY OF TRANSPORTATION
AND A MEMBER OF THE FEDERAL COMMUNICATIONS COMMISSION

HAS BECOME AFFILIATED WITH THE FIRM
SPECIALIZING IN GOVERNMENT AFFAIRS

ROBERT L. PETTIT

FORMERLY ASSOCIATE DEPUTY SECRETARY OF TRANSPORTATION
AND A MEMBER OF THE FIRM

HAS REJOINED THE FIRM

AND

PAUL C. SMITH

FORMERLY MINORITY CHIEF COUNSEL
AND STAFF DIRECTOR OF THE HOUSE COMMITTEE

ON ENERGY AND COMMERCE

HAS BECOME A MEMBER OF THE FIRM

MARCH 20, 1989

1776 K STREET, N. W.
WASHINGTON, D. C. 20006
(202) 429-7000