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Series: Skinner, Sam, Files
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OA/ID Number: 40921
Folder ID Number: 40921-010

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Memos and Correspondence [2]

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THE WHITE HOUSE
WASHINGTON

*Office of Cabinet Affairs
Fax Transmission Cover*

TO: Sandy Bushue

LOCATION: Chief of Staff

FAX NUMBER:

FROM: *Melissa Temeles*

Number of pages to follow: 1

Office of Cabinet Affairs

Telephone: (202) 456-2800

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Comments:

Attached is the list of attendees for the TPCC meeting tomorrow.
I will fax you an agenda as soon as it is available.

File

THE WHITE HOUSE

WASHINGTON

Trade Promotion Coordinating Committee Mtg.4-22-9210:00 a.m.; Roosevelt Room

Secretary Franklin
Secretary Martin
Secretary Card
Director Darman
Ambassador Hills
Secretary Yeutter
Under Secretary Robert Zoellick (representing Secretary Baker)
Deputy Secretary Frank Bracken (representing Secretary Lujan)
Deputy Secretary Ann Veneman (representing Secretary Madigan)

Administrator Patricia Saiki
Administrator Ronald Roskens
Dr. Paul Wonnacott
Director Jose Martinez
Chairman John Macomber
Deputy Director Eugene Kopp
Chief Executive Officer Mr. Fred Zeder

Mr. Roger Porter
Ms. Ede Holiday
Ms. Sherri Rollins
Mr. French Hill
Mr. Warren Maruyama

Under Secretary Michael Farren
Deputy Under Secretary Timothy Hauser
Mr. Thomas Collamore

*Attend?**Yes —**No X —*

*- MM told Ede
+ Melissa Tereles
that SKS would
not attend - 8:30 am
4/22 -*

THE WHITE HOUSE
WASHINGTON

OCF HAS SEEN

Mar. 26, 1992

DATE: _____

TO: Chief of Staff

FROM: CLAYTON YEUTTER
Counsellor to the President for
Domestic Policy

A handwritten signature in dark ink, appearing to read "Yeutter", is written below the typed name.

Modern Healthcare

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678-9595. Address all subscription correspondence to Circulation

Department, Modern Healthcare, 965 E. Jefferson, Detroit, Mich.

48207-2185, U.S.A. Allow 30 days preceding publication date for change

of address. Subscription price in the U.S., \$110 for one year, \$200 for two

years; foreign subscriptions, add \$48 per year. Air mail rates on request.

All subscriptions are payable in advance. Single copies, \$3.50. The

publisher reserves the right to accept or reject any subscription.

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60611-2590; 6500 Wilshire Blvd., Suite 2300, Los Angeles, Calif.

90048-4947; 220 E. 42nd St., New York, New York 10017-5806; 814

National Press Building, Washington D.C. 20045-1801; 1 NorthPark

East, 8950 N. Central Expressway, Suite 114, Dallas, Texas

75231-6415. Member of Business Publications Audit Cable Address:

CRAINCOM, Telex number 25-4248. Facsimile: 312-280-3189

PERSPECTIVE



Editorials

Be ready to stress the positive

With the 1992 political spotlight on healthcare, those who manage hospitals have an extraordinary opportunity to help the public understand and accept reform of the system.

But there's another side of the coin. For not only will the public be bombarded with information about skyrocketing medical costs and the plight of the uninsured, it also will hear strong voices addressing the fraud and waste that permeates healthcare.

As costs escalate and as reform efforts develop, more scathing exposes, such as Walt Bogdanich's *The Great White Lie: How America's Hospitals Betray Our Trust and Endanger Our Lives* and the Feb. 24 issue of *U.S. News and World Report* on healthcare fraud, are bound to surface.

Consider that *U.S. News* estimates healthcare fraud and abuse cost somewhere between \$50 billion and \$80 billion each year, "a figure that dwarfs the estimated \$5 billion lost through criminal fraud in the entire savings and loan debacle."

Hospital managers, even those who believe their institutions are not engaging in any shady, price-gouging activity, shouldn't ignore such attacks on the industry. Instead, administrators should use the lingering stain of bad publicity to explain how their hospitals control costs and police fraud. Hospitals that measure clinical quality should identify areas in which they excel. The information can then be shared with local news organizations and such constituent groups as employees, the medical staff and governing board.

Ignoring and avoiding bad news or unpleasant questions can produce more damage than taking an unpopular stand. However, that doesn't mean individual healthcare managers have the sole responsibility of defending the entire system.

To its credit, the American Hospital Assn. decided to issue a public relations advisory on Mr. Bogdanich's book and warned hospitals to take the charges seriously (See related story, p. 40). But it also suggests that administrators welcome scrutiny of hospital performance. Developing a communications and education strategy also will help the staff and the board understand the necessity of providing safe and effective care.

Clark W. Bell
Editor

file

THE WHITE HOUSE
WASHINGTON

5/20/92

Dear Mr. Skinner,

I wanted to thank you for your help in placing me in the Presidential Advance Office as an intern this summer. I arrived yesterday and am catching on quickly.

I think I will have a wonderful time here.

I hope you are doing well. Please give my best to Honey.

Yours Truly,
John Tee

ST. CHARLES SCHOOL
3299 NO. FAIRFAX DRIVE
ARLINGTON, VIRGINIA 22201

March 31, 1992

file

Mrs. Mary Jacobs Skinner
Sidley & Austin
1722 Eye Street, N.W.
Washington, D.C. 20006

*Sam - I've
told you
this!*

Dear Mrs. Skinner:

Thank you for becoming a very important part of our lives. We are truly grateful for the part you "played" in getting us to 1600 Pennsylvania Avenue and for the "Royal" treatment we received from Mr. Skinner on down. There was only one thing missing in his office which I would highly recommend. He needs a dog (a pal) to keep him company on those long working days.

*4,
it*

I'm disappointed that we didn't ask to have our picture taken with Mr. Skinner but excitement was high and we didn't remember until we left his office. So, maybe we can catch one or both of you when you come to visit the school or one of our social functions. We have an Auction/Dinner/Dance with live band on Sunday, May 17th at the Knights of Columbus Edward Douglas White Council, 5115 Little Falls Road, Arlington, Virginia.

Please make yourself known to me if you see me at mass. Because of people like you and Mr. Skinner we continue to CELEBRATE CATHOLIC EDUCATION.

Sincerely in Christ,

Sister Benedict, O.S.B.

Sister Benedict Kesock, O.S.B.
Principal
ST. CHARLES SCHOOL

THE WHITE HOUSE
WASHINGTON

SHOW
ROTUS
FILE

Date: Feb. 27

To: SKS

From

TO:

Cam

FROM: KATHY SUPER
Deputy Assistant to the President
for Appointments and Scheduling

I hate to bother the Chief of Staff on this, so I will pass this along to you.
(see the attached note and correspondence)

Albert Casey wrote only once asking to see the President or he also offered to put his thoughts in writing. We asked him to forward something in writing.

My office never spoke with him, and he never called me asking to see the President.

I think maybe the president was being polite in asking him some questions and maybe Mr. Casey expected something more.

2/21/92

SKS:

Albert Casey, CEO of the Resolution Trust Company, saw the President yesterday. He says the President suggested he call you to set up an appointment for the two of them.

According to Casey, he had seen the President at the Christmas party where they talked about the need for a meeting. The President told him to set it up. Casey says the President yesterday asked him why they haven't seen each other. Casey told him, "They won't let me in."

Casey says the President told him last night to call Sam Skinner, that Sam would make sure Casey got in.

Casey says he wants to tell the President what is going on, what he's doing.

SSS
416-4001

Kathy Super

Do you know
anything about
this. IS
there a
problem?

Wards
Don

RON PACKARD
43RD DISTRICT CALIFORNIA

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AND TRANSPORTATION
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Congress of the United States
House of Representatives

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4/2/92

To:

SANDY BUSHEE
White House

Fax
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456-1121

From:

DAVID COGGIN

Total

Pages:

9

Comments:

Thank you!

Genetic
Health
EPA/DOE

per Hansa M
Jeff (LM) on 4/3



OFFICE OF
U.S. CONGRESSMAN RON PACKARD

DAVID COGGIN
CHIEF OF STAFF

April 2, 1992

Sandy

Per our conversation, the following background information will explain the nature of the visit.

Mr. Clint and Dale Ensign, of Sinclair Oil, would like to meet with Mr. Skinner on Thur. or Fri. April 9-10. They will be available at any time.

You may contact Laurie McAllister or myself (225-3906). However, if you would like to contact Clint Ensign direct you may reach him at 801-524-2767.

Thank you for your help.

David

MEMORANDUM

TO: David Coggin
FROM: Clint Ensign
DATE: April 1, 1992
RE: Gasoline Volatility Petition By Governor Roy Romer (Colo.)

In recent years both EPA and the Congress have taken measures to reduce the summertime volatility of gasoline as an ozone control strategy. (Gasoline volatility is the tendency of fuel to evaporate in the atmosphere.) In their regulations, EPA has noted that a state may petition the Administrator for a different volatility standard based on various clean air and economic considerations. For areas in attainment with the ozone standard, Congress allows the sale of summertime gasoline at a 9.0 psi volatility level.

Colorado slightly violated the ozone standard in the early and mid 1980's but has come into compliance over the past 4 or 5 years. In their regulations, EPA established a 7.8 psi volatility standard for the state. Recent testimony in Colorado indicated this 7.8 psi standard is overly stringent and will cost consumers and industry an estimated \$20 million annually. After reviewing the issue in detail, the Colorado Department of Health recommended that EPA allow a 9.0 psi volatility standard for the summertime periods of 1992 and 1993. They strongly felt the state would remain in compliance with ozone standards during these years and that a more stringent standard could be applied later, if necessary. This position was endorsed by the Colorado Air Quality Control Commission, the Denver Regional Air Quality Council, and Governor Romer sent the petition to EPA last fall. Wyoming's Congressional delegation also sent a letter to EPA encouraging the Agency to approve Governor Romer's request.

EPA has been delayed in reviewing the petition due to the heavy press of issuing various clean air regulations. However, we understand within a day or so EPA will send to OMB their recommendation that the petition be approved. As you know, EPA decisions of this kind require OMB approval. We know of no opposition to the petition from EPA, environmental organizations or otherwise.

Timing is extremely critical since Sinclair and other regional refiners are already manufacturing and shipping summertime volatility gasoline to Colorado. Until the petition is approved, we must meet the more stringent and expensive 7.8 psi standard. An early and prompt review of this matter by OMB is most critical.

Enclosed is additional information on this issue.

Congress of the United States
House of Representatives
Washington, DC 20515

December 20, 1991

Mr. James J. Scherer
Region VIII Administrator
Environmental Protection Agency
Suite 500, 999 18th Street
Denver, Colorado 80202-2405

Dear Mr. Scherer:

We understand that Governor Roy Romer recently petitioned EPA to allow a 9.0 (psi) summertime gasoline volatility standard for the years 1992 and 1993 in Colorado. Governor Romer's request follows the review and recommendation of the Colorado Department of Health, the Colorado Air Quality Control Commission and the Denver Regional Air Quality Council. Since EPA's decision has a direct economic impact on petroleum refineries in Wyoming that supply Colorado, we are writing to strongly endorse Governor Romer's request.

As EPA is well aware, the passage of the Clean Air Act Amendments of 1990 (CAAA) has and will continue to have a profound economic impact on our nation's refineries. Wyoming's refineries will pay extraordinary costs to manufacture low-sulfur diesel fuel, to produce lower volatility gasolines throughout the region, to continue to provide high-cost oxygenated gasoline in Colorado, to remove lead from gasoline, to meet anti-dumping gasoline guidelines, and to comply with new air toxic controls and permitting requirements. Regrettably, citing overwhelming compliance costs associated with these factors, Amoco Oil Corporation permanently closed its refinery in Casper, Wyoming.

The closure of the Amoco refinery will eliminate 200 refining jobs in an already depressed and relatively rural economy. Moreover, since January, 1981, the Amoco facility marks the eighth refinery closure in the state. In total, during the past decade, the Wyoming Department of Employment reports 700 jobs lost in this employment sector. The Department also notes that refinery jobs are among the best paying manufacturing jobs in the state, with wages averaging nearly \$16 per hour. The cumulative loss of these jobs represents a reduction of over \$23 million annually in direct wages throughout Wyoming, a significant economic loss in a sparsely-populated state.

Mr. James J. Scherer
December 30, 1991
Page 2

Today, there are only four petroleum refining facilities remaining in operation in Wyoming. They are all independently owned and considered under Congressional definition as "small refineries." The continued operating presence of these remaining Wyoming refineries is essential in terms of fuel supply, jobs and commerce for the state. Clearly, petroleum refining is an industry in Wyoming that is under tremendous pressure.

Governor Romar's proposal represents a further decrease in gasoline volatility in Colorado from 9.5 to 9.0 psi for the 1992 and 1993 summertime seasons. However, the severity of the volatility decrease is not as large as originally set by the Agency. We understand that given the ozone compliance status in Colorado, coupled with a reworking of the State Implementation Plan, officials felt the 9.0 psi standard would save between \$10 and \$20 million each year and, therefore, was a cost-effective ozone-control strategy. EPA's final gasoline volatility rule indicated the Agency would be flexible in working with states in adjusting gasoline volatility levels where needed. In this instance, the Agency is receiving a very clear message from Governor Romar, numerous state government entities, and industry that a lower cost gasoline standard is environmentally and economically warranted.

In addition to the financial savings noted above, the 9.0 standard will undoubtedly provide meaningful regulatory relief for Wyoming's refineries. The change will provide additional process savings, will allow refineries to maximize gasoline yields at a time of high consumer demand, and will provide flexibility as they work to comply with other CAAA requirements. The 9.0 gasoline volatility standard is strongly supported by Wyoming's refineries and we understand Sinclair Oil Corporation and Frontier Refining Corporation, have already submitted detailed comments to the Agency in this regard.

In the Rockies, it is significant to highlight that gasoline demand is historically tight during the summer tourist months. Lowering gasoline volatility will reduce gasoline production from local refineries. Given this fact, and coupled with the loss of the Anasco refinery and the temporary fuel shortages which have surfaced in rural areas throughout the region in recent years, there is ongoing concern that the West has ample and affordable supplies of fuel for the tourist season. The 9.0 volatility standard will increase gasoline production during a time when fuel supplies are in greatest demand.

Mr. James J. Scherer
December 20, 1991
Page 3

In summary, we find Governor Romer's gasoline volatility petition reasonably balances a number of very important objectives and we strongly support the prompt endorsement of his request in the matter.

Sincerely,

Malcolm Wallop *Alan K. Simpson* *Craig Thomas*
Malcolm Wallop Alan K. Simpson Craig Thomas
United States Senate United States Senate Member of Congress

cc: Governor Roy Romer
State of Colorado
William G. Rosenberg
Assistant Administrator for
Air and Radiation
Environmental Protection Agency
Jeff Haulk
Region VIII
Environmental Protection Agency
Colorado Air Quality Control Commission
Colorado Department of Health
Denver Regional Air Quality Council
Gerald Fauldell
Frontier Refining Corporation
Clint W. Ensign
Sinclair Oil Corporation

II. Regulatory And Legislative Action On Fuel Volatility

As an ozone control strategy, the Environmental Protection Agency (EPA) has established fuel volatility standards which required refiners nationwide to reduce the Reid Vapor Pressure (RVP) of gasoline. Gasoline volatility is the tendency of fuel to evaporate into the atmosphere. Lowering fuel volatility during warmer months reduces evaporative emissions which can lead to ozone formation.

In 1989, EPA issued Phase I fuel volatility requirements. For Colorado, the Agency reduced gasoline volatility from 10.5 to 9.5 pounds per square inch (psi). A year later, EPA announced Phase II gasoline volatility standards which will begin the summer of 1992. Under this regulation, gasoline RVP for Colorado would be reduced nearly 2 psi, from 9.5 to 7.8 psi. The need for a Phase II volatility reduction of this magnitude and cost is highly questionable since EPA acknowledged in the rule that Colorado was already in attainment for ozone. However, EPA concluded that "some control" was appropriate "in order to improve the geographic simplicity of the program for enforcement and compliance. In addition there is likely to be a reduction in ozone formation ... which will help maintain attainment into the future as VOC growth occurs." (Volatility Regulations for Gasoline and Alcohol Blends Sold in Calendar Years 1992 and Beyond, Environmental Protection Agency, pg. 12.)

The issuance of EPA's Phase II gasoline volatility rule came as Congressional conferees were assembled to resolve differences between House and Senate passed versions of the Clean Air Act Amendments of 1990 (CAAA). For areas already in

compliance with federal ozone standards and which had received a 7.8 psi volatility standard, Congress became concerned that Phase II rules went too far in imposing stringent fuel requirements. Therefore, to avoid excessive and costly gasoline volatility controls, the CAAA specifically allows the summertime sale of 9.0 psi gasoline in all ozone attainment areas. For areas formerly non-attainment for ozone the Administrator has discretion in setting the standard. EPA has indicated they will look to the State for direction in setting the gasoline volatility requirement. Congressional action on fuel volatility requires EPA to revise the Agency's Phase II regulation and on May 29, 1991 the revised rule was proposed by EPA.

III. Ozone Compliance In Colorado

Public reports issued by the Colorado Department of Health have stated that Colorado is in attainment for ozone and that ozone trends are improving. The 1989 Colorado Air Quality Data Report states,

"1989 air quality data indicates that Colorado has attained the NAAQS for ozone."

"none of the 11 monitoring sites recorded a 2nd maximum concentration in excess of the 0.12 ppm concentration level" (the national standard).

"no monitoring station in Colorado has an expected exceedance days per year value greater than 1.0. Colorado is therefore currently in compliance with ozone standards."

"All stations generally show constant or declining numbers of of yearly exceedance days during the 1975-1989 period."

Source: Colorado Air Quality Data Report 1989, Colorado Department of Health, pages 28 and 29.

Since compliance with ozone standards is based on a three year average of air quality data, compliance in 1989 also means compliance in earlier years. Most importantly, compliance was achieved when the gasoline volatility standard was 10.5 psi during 1987 and 1988, and 9.5 psi for 1989. Furthermore, we understand ozone compliance and improvement continued in 1990 even though the State experienced a hot and dry summer which is conducive to ozone formation. Even when ozone violations occurred in the first half the 1980's, exceedances were mild in severity and few in number. While a concern, ozone has not been a primary air quality problem in Colorado.

Although Colorado is in compliance with federal ozone standards, the State has not yet petitioned EPA for attainment status. We understand the petition requires the State to demonstrate the ability to maintain ozone compliance for the next 10 years. This demonstration is linked to revising the State Implementation Plan (SIP) for ozone, a process which will take many months to complete. Until the redesignation petition is received and approved by EPA, Colorado technically remains "non-attainment" for ozone even though the State is in compliance with federal ozone standards. Since EPA will revise the RVP standards based on this official non-attainment classification, the stringent 7.8 psi gasoline volatility requirement will remain for Colorado unless the State requests otherwise. Moreover, even though air quality data show ozone attainment in Colorado, it is unlikely a detailed, long-term assessment of Colorado's ozone status can be done prior to the end of the comment period of EPA's revised Phase II volatility standard.

THE WHITE HOUSE
WASHINGTON

DCF HAS SEEN

DATE: Apr. 6, 1992

TO: Sec. Skinner

FROM: **CLAYTON YEUTTER**
Counsellor to the President for
Domestic Policy

FYI. Danforth really is dissatisfied with the Airbus agreement. There is no way, however, to reconsider the agreement as he suggests.

A large, stylized handwritten signature, likely of Clayton Yeutter, written in black ink. The signature is fluid and cursive, with a long horizontal stroke extending to the right.A smaller, handwritten signature or initials, possibly 'Jill', written in black ink. It is more compact and less stylized than the signature above it.

United States Senate

WASHINGTON, DC 20510-2502

April 1, 1992

The Honorable Clayton K. Yeutter
Counselor to the President for Domestic Policy
The White House
Washington, D.C. 20500

Dear Clayton:

I am writing to share with you my strong concerns over the agreement that has been reached between the United States and the European Community regarding subsidies to Airbus Industrie.

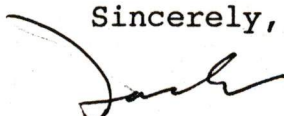
While I have not had the opportunity to review the details of the agreement, I am very troubled by what has been reported about it. As I understand it, the agreement would not place any new obligations on Airbus to repay previously paid or committed subsidies. Likewise, it would not place any new disciplines on subsidies for aircraft already under development. Finally, I understand that government development support for new aircraft would be explicitly permitted up to approximately one-third of development costs.

I am dismayed that after six years of negotiations on this issue, the U.S. would agree to such an arrangement. The nearly \$26 billion in government subsidies to Airbus over the last twenty years have allowed the consortium to develop and sell aircraft without regard to commercial considerations. Free of normal commercial constraints, Airbus has been able to underprice its products and deprive U.S. manufacturers of market share and the revenues needed to invest in new aircraft. The proposed agreement would only condone such trade-distorting and injurious subsidies.

I urge you to reconsider this agreement. To legitimize such trade-distorting subsidies would undermine both the international disciplines contained in the GATT Subsidies Code, as well as the provisions of U.S. countervailing duty law. The U.S. would be better served by pursuing our rights under the GATT and under our countervailing duty laws than by accepting an agreement that ratifies these subsidies.

Thank you for your consideration of my views.

Sincerely,



John C. Danforth

-file-

NATIONAL SECURITY COUNCIL

2/20/92

Note for Bill Sittmann

Bill, I do not believe there is any need for a Skinner response. I have asked State to have our Embassy in Bishkek let Mr. Karabayer know that Mr. Skinner appreciated his letter.

Nick B.

THE WHITE HOUSE
WASHINGTON

STAFF TOP SECRET
3000

Bill Litzmann

Ken Hill

How to handle?

Should Skinner
respond? If so
please provide

a draft -

if not, please

advise what
we should do,

thanking

UNCLASSIFIED
WHITE HOUSE SITUATION ROOM

PAGE 01 OF 02

PRT SKINNER
SIT. VAX

PREC ROUTINE CLAS UNCLASSIFIED <DTG> 101554Z JAN 92

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TAGS: PREL, OPDC, ZK, KG

SUBJECT: LETTER TO CHIEF OF STAFF SKINNER FROM CHIEF
OF STAFF OF KYRGYZSTAN

1. EMBASSY HAS BEEN PASSED A LETTER FOR WHITE HOUSE
CHIEF OF STAFF SKINNER FROM E. KARABAYEV, CHIEF OF
STAFF OF THE OFFICE OF THE PRESIDENT OF THE REPUBLIC
OF KYRGYZSTAN. CONGRATULATING HIM ON HIS
APPOINTMENT. TEXT OF THE LETTER FROM MR. KARABAYEV
FOLLOWS IN PARA 2. ORIGINAL LETTER HAS BEEN POUCHED
TO EUR/ISCA. REGISTRY NUMBER 1751534.

2. (BEGIN TEXT) NO. 9-1278, DECEMBER 23, 1991

MR. S. SKINNER

CHIEF OF STAFF OF THE WHITE HOUSE
WASHINGTON

DEAR MR. S. SKINNER:

I TAKE THIS OPPORTUNITY TO CONGRATULATE YOU ON THE
OCCASION OF YOUR APPOINTMENT, AS CHIEF OF STAFF OF
THE WHITE HOUSE. AND WISH YOU EVERY SUCCESS.
THE BRIEF ACQUAINTANCE WHICH WE HAD WITH THE WORK OF
THE WHITE HOUSE DURING THE VISIT OF THE GOVERNMENT
DELEGATION OF THE REPUBLIC OF KYRGYZSTAN, HEADED BY
ASKAR AKAYEV, THE PRESIDENT OF THE REPUBLIC, GAVE US
UTMOST PLEASURE. WE INTEND TO USE THE GAINED

UNCLASSIFIED

DCS
1/10
TO ERIC
ACK?
8

LINE

UNCLASSIFIED
WHITE HOUSE SITUATION ROOM

PAGE 02 OF 02

EXPERIENCE IN OUR WORK
ONCE AGAIN. LET ME WISH YOU EVERY SUCCESS ON THE HIGH
POST. AS CHIEF OF STAFF OF THE WHITE HOUSE. WISH YOU
HAPPINESS. BEST OF HEALTH AND PROSPERITY.
PLEASE ACCEPT MY BEST WISHES FOR THE NEW YEAR.

YOURS SINCERELY.

E. KARABAYEV

CHIEF OF STAFF OF THE OFFICE OF PRESIDENT
MINISTER OF THE REPUBLIC OF KYRGYZSTAN (END TEXT)
STRAUSS

BT

#0848

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CHARLS E. WALKER ASSOCIATES, INC.

1730 PENNSYLVANIA AVENUE, N.W.

WASHINGTON, D.C. 20006-4787

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PER E.O. 12958, SEC. 3.3 (C)**

✓
~~CONFIDENTIAL~~ --- BY HAND

April 14, 1992

The Honorable Samuel K. Skinner
Chief of Staff to the President
The White House
Washington, D.C. 20500

Reedy file

file

Dear Mr. Skinner:

For some time, Ken Lay and I have been bouncing around ideas as to how the President could assume stronger control of the domestic agenda in order to advance sound economic policies and also strengthen his chances of re-election. The enclosed "draft speech" is the result. Copies of this letter and the draft are being sent to Administration officials listed below as well as top campaign officials.

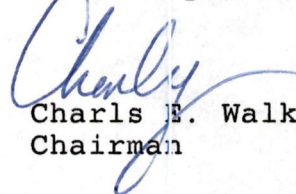
The draft speech is not to be taken literally as suitable for Presidential delivery; neither Ken nor I are professional speech writers. It is instead a "rough cut" of how the President might establish himself with the electorate as a credible agent of positive change, while at the same time seizing at least partial control of the Congressional agenda. Congress would be invited to be a full partner in the "Battle of the Budget" -- an offer that the leadership could refuse only at considerable political peril to incumbents seeking re-election in an already difficult year. Tight but reasonable time limits are set for the requested Congressional actions. The approach is based on good economics -- establishing the base for long-needed, pro-growth deficit reduction and tax changes.

The draft is really two speeches -- the Battle of the Budget and tax changes for fairness and growth. Good tactics might call for delivery of the Battle of the Budget speech before a joint session of Congress shortly after the Easter recess. That would attract strong public attention and force Congressional Democrats to fish or cut bait. The clock would start running on the various deadlines. Bill Clinton would have to react -- but how?

Ken and I think what we have proposed has considerable merit and commend it to you and your associates in the Administration, and to campaign officials.

We are both very interested in receiving your reaction.

Sincerely,


Charles E. Walker
Chairman

cc: The Honorable Nicholas F. Brady
The Honorable Richard G. Darman
The Honorable Michael J. Boskin
The Honorable Clayton Yeutter
The Honorable Henson Moore

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4/9/92

My Fellow Americans:

My message to you today will be as frank as any you have ever heard from a politician -- especially one running for high office. But you deserve frankness. For too long politicians have insulted voters by assuming that they cannot stand the truth. The result has been a shameful record of vacillation and of different messages for different groups in different parts of the country. Rhetorical shell games have tended to dominate political debate.

Speaking as bluntly as I can, your Federal government has failed to meet a fundamental responsibility to the American people. We have failed to pursue the economic policies that will help create the jobs and growth that translate into steadily rising living standards -- not just for Americans today, but for generations yet to come.

My purpose today is not to parcel out blame for this failure. That would deal with the past rather than the future. Much more important is what I promise to do to make America economically strong again -- if you grant me the honor and privilege of serving as your President for four more years, and if you send a Congress to Washington that is dedicated to identical goals.

I have a plan and I want to share it with you today. Our problems can be solved. But we must first understand just what is wrong. We can learn from the recession from which the experts now say we are emerging. That recession was a wake-up call for your Federal government. I assure you that I got the message. If the new Congress receives it from you, during the campaign and, finally, at the polling place on November 3, then I am optimistic that my Administration and Congress can work together to fashion solutions and carry them out.

Although I want to talk to you mainly about the domestic economy today, I do want to emphasize that in a very important sense Americans are far better off than at any time over the past half-century. From the standpoint of that most precious of assets -- peace and security for ourselves and our children -- America's position in the modern world has seldom if ever been better. We joined with our allies to defeat Fascism in the Second World War. We then stayed the course over four decades to defeat Communism. Democratic capitalism and all that it means -- personal freedom, equality of opportunity, reliance on impersonal market decisions -- has triumphed over all other approaches to meeting man's needs.

The course that you, the American people, have stayed has been an expensive one. Trillions of dollars that could have gone to meet pressing domestic needs were instead devoted to assuring a peaceful world for ourselves and our children. The expense of that effort was especially large during the 1980s, a decade that many now find it fashionable to disparage. There were many things wrong with the 1980s; that's true of any decade in American history. But the one decision that will surely stand in history as the right thing at the right time was the devotion of resources to national and international security that were clearly sufficient to bring Communism to its knees. The Cold War ended with shocking abruptness. All of us can be extremely proud of this magnificent victory.

But that noble and successful effort left a dangerous legacy -- a mountainous Federal debt and a huge annual deficit. That deficit is Public Enemy #1 in our efforts to get U.S. economic growth back to a high and sustained level. Indeed, if the U.S. is to restore its full economic strength, then it is imperative that we convert a debilitating Federal deficit into an energizing Federal surplus.

I am not telling you anything you don't already know. Living beyond your own personal means is a recipe for personal financial disaster; living within your means and using the

surplus to retire personal debt and provide a nest-egg for the future builds your family's economic strength. It is no different with your government. We are still the strongest and most productive society in the history of mankind, but we are foolishly risking that peerless position with massive fiscal irresponsibility.

The truly bad part about this -- for which all of us older Americans should be deeply ashamed -- is that the major victims of our national profligacy will be our children, their children, and generations of Americans yet to be born. We are more than cheating them; we are robbing them. That must stop.

There is no mystery about the relationship between the deficit and your economic well-being. For living standards to rise -- not just for a privileged lucky few but for rich and poor alike -- our nation has to produce more of the goods and services people want and need -- per worker. That doesn't mean that we necessarily have to work harder -- most Americans already work very hard indeed. What it does mean is that we have to increase productivity.

There is nothing mysterious or complicated about how to increase productivity. We've known for over two centuries that the route to higher output per worker and thus higher living standards comes from several sources. First is wise and sustained investment in human capital -- better educations, training, and work habits. This must be accompanied by continued technological progress, and we are still the best in the world at this. We are not so good, however, in translating technological advances into the goods and services people here and abroad want and need. Too often American inventions are captured abroad by foreign producers who move faster than many of our own companies in getting new products on the market.

And then there is a fourth and particularly crucial factor in providing jobs and growth. Even the best human minds and the most skillful workers cannot succeed in this highly competitive world unless they are supplied with the most modern and efficient

tools -- the productive machinery and equipment that has been an indispensable factor in growth and development in rich and poor countries alike.

How does our huge Federal deficit obstruct this growth process? The answer is very simple. An individual entrepreneur or a mature corporation can afford to put money into productive investment only if savings are available for that purpose. And, since our Federal deficit must be financed out of the nation's overall pool of savings, a large deficit reduces the funds available for private productive investment. In the U.S., the Federal deficit absorbs the lion's share of all domestic savings.

We can cut the Federal deficit in only two ways: Higher taxes or restraint in spending. Taxes are high enough already. Tax rates should be increased only as a last resort. The deficit-reduction policy you want and I want is through cutting spending growth. It is the policy that I promise to give you, but I cannot do it alone. Congress must cooperate. It must be part of the solution rather than part of the problem. That's why your message to candidates during this campaign is so important. And that's why your votes on November 3 are crucial if we are to solve our economic problems.

What I am calling for is a Battle of the Budget, waged cooperatively by the Administration and Congress. And we need not await the arrival of the new Congress in January 1993 to get the Battle of the Budget under way. Congress can do four very constructive things before it adjourns.

First, Congress can move immediately to cut out the tons of "pork" already in the Federal budget. These are programs dear to the hearts of powerful Congressmen, but which do little to meet the real needs of the American people. I have identified more than a thousand such boondoggles. If Congress is serious about working with me in the Battle of the Budget, then it will move speedily to approve the so-called recisions which I have already requested.

I am calling for approval of these spending recisions by May 15. If Congress refuses to respond, I shall so report to you. You can then demand that your Representatives and Senators tell you why they have refused to cut the pork out of the budget.

Congressional approval of my requests for recisions is only the opening shot in the Battle of the Budget. Loading the budget with pork is long-practiced Congressional "business-as-usual" that can no longer be tolerated. Here again there is an easy solution: Simply grant to the President the same power that many State governors now use effectively, the "item veto." Then, instead of using a sledgehammer to stop excessive spending by vetoing a big appropriations bill, the President can use a scalpel to kill politically inspired spending boondoggles. If two-thirds of the Members of Congress disagree, they can override my veto.

Item veto legislation has been introduced, it is simple, and it should be passed this year as an important step in the Battle of the Budget. I therefore call on Congress to send this legislation to me by June 15. Again, if Congress refuses, I shall so report to you and you can in turn make your feelings known directly to your Representatives and Senators.

These two steps will go a long way toward eliminating political pork from the budget. Even more important is the need to establish some binding rules of the road for deficit reduction during the rest of this decade. This brings us to the so-called "peace dividend," the long-awaited reduction in defense spending made possible by the end of the Cold War.

We cannot as yet determine the precise size of that dividend; that must await some careful decisions on the necessary size of our defense establishment in the years ahead. Those decisions will be reached, and I assure you that we will not repeat the mistakes of earlier defense cutbacks -- they will not impair national security. But once the strategy is agreed to, a significant amount of money can and will be saved. What should be done with it?

There are three choices. The first is to spend the peace dividend on domestic projects. The second is to cut taxes. The third is to use the money to cut the Federal deficit. This last choice is the only responsible action if we are to stop cheating future generations of Americans.

The budget agreement of 1990 contains a provision which effectively fulfills this third approach, the so-called "firewalls." The firewalls restrict use of any cut in defense spending to deficit reduction. The good news is that, despite repeated attacks from Democratic spenders and tax-cutters to grab part of the peace dividend, the provision has remained in place. The bad news is that the firewalls will be automatically destroyed in October 1993, by terms of the law.

If we are serious about increasing national saving; if we are serious about raising productivity; if we are serious about restoring growth to living standards; if we are serious about doing the right thing for young Americans and Americans yet to be born, then we shall act to make those firewalls permanent for the rest of this decade.

That can be done by one simple act of Congress and it can be done, now, in 1992. I promise to sign and return any such bill to Congress in record time, just as I promise to immediately veto any bill that shortens the life of the firewalls in the existing statute.

This is no penny-ante political debate. The future of our nation is at stake. And the ball is squarely in Congress's court. I want that simple bill -- extension of the firewalls through 1999 -- on my desk by July 15. And if Congress refuses to take this vital step for you and your country, I assure you that its failure to enact this simple bill shall be in the forefront of the debate in the national campaign.

The fourth legislative action needed to win the Battle of the Budget in the long run enjoys the support of most Americans. It is an amendment to the Constitution of the United States which would require, except under emergency conditions, a balanced

Federal budget, year-in and year-out. An amendment to do just that passed the Senate by the necessary two-thirds majority in 198 , but the Democratic leadership killed it in the House of Representatives.

It is time to revive that proposal. I am calling on Congress to send it to me by August 15. I will then sign the proposed amendment and send it to the States for approval -- which I predict will occur rapidly and with great enthusiasm.

Approval of my more than one thousand requests for recisions; line item veto authority for the President; extension of the budget "firewalls" through the 1990's; a balanced-budget amendment. These four legislative actions will mount a Battle of the Budget truly worthy of the name. They will be hailed here and abroad.

To be sure, Congress will balk at sharing power with the President and in limiting its power under the Constitution. But if Congress refuses to approve any of my proposals, then the American people will speak in the traditional democratic fashion -- at the polls on November 3.

* * * * *

Restoring fiscal responsibility is a crucial first step in getting this country moving strongly again, but it alone is not enough. The existing U.S. tax system also stands firmly in the way of jobs and higher living standards. Moreover, most Americans view the tax system as fundamentally unfair. I therefore propose that we mount a major frontal attack on these two problems, and at the same time. Neither need await the other. But first we must clear up some confusion about the true shortcomings of the tax system.

The U.S. tax system is not unfair because it favors rich versus poor. This is a favorite theme of the Democrats, one that they have carried so far as to block effective tax changes for economic growth. If you listen to Democratic leaders in the

Congress you would conclude that in the 1980s the rich got away with income tax murder. The proportion of Federal taxes paid by the top five-percent of income-earners actually increased during the decade.

The U.S. tax system is unfair -- not because of its distributional impact -- but because it is anti-job, anti-growth, and anti-competitive. Consider the payroll tax, which now accounts for almost 40 percent of all Federal revenues. Economists frequently disagree, but they are almost unanimous in viewing the payroll tax as a tax on jobs. Cut the payroll tax and employers will find it easier to hire more workers and raise pay. Raise the payroll tax and jobs disappear and wages stagnate.

The payroll tax has more than doubled in the past 10 years. Cutting the payroll tax -- and it can be done without harming Social Security -- will be a prime goal of my next Administration.

The U.S. tax system hurts jobs, growth and competitiveness in another obvious and important way. If a businessman invests in the machinery that raises productivity and living standards, the tax his company will pay on the income from that investment is among the highest in the industrial world.

That makes no sense at all. Taxing productive investment at ultra-high rates is like shooting ourselves in the feet. Taxes on productive investment must be brought down, and I shall do just that in my second term.

The big problem in truly reforming the tax system for jobs, growth and competitiveness is not in deciding what should be done -- economists are more united on this issue than at any time in recent years. The real problem is in the "how" -- a Republican president has to convince a Congress long dominated by Democrats to set partisanship aside and act in the public interest.

Common sense tells us that a problem which requires a bipartisan solution requires a bipartisan approach. To this end, I have asked a distinguished Group of Six -- three Democrats and

three Republicans -- to privately study our tax system and bring back to me by next December workable proposals for improving that system. This is not a Presidential commission. The group has no charter beyond what I have just stated. I have instructed our key economic and tax officials to lend any requested support to this Group of Six.

Democrats who, I am pleased to report, have accepted this assignment for their country are Paul Volcker, former chairman of the Federal Reserve Board; Irving Shapiro, retired head of E. I. du Pont; and Lester Thurow, Dean of the School of Management at MIT. The Republicans are George P. Shultz, who has held several high Federal positions, including Secretary of the Treasury; Kenneth L. Lay,* chief executive officer of Enron Corp.; and Arnold Weber, president of Northwestern University.

Success in the Battle of the Budget, tax cuts on jobs and productive investment -- these actions alone will not assure an America that is economically strong and secure, but they will constitute a long step in that direction. Moreover, unless we take these necessary first steps, our chances of assuring the jobs and living standards that today's Americans and future generations want and deserve are not promising.

I pledge myself to their achievement. And I invite the American people and the Congress to join in that vital effort.

* * * * *

*Ken Lay objects to his name being included.

I over-ruled him!

CEW

THE WHITE HOUSE
WASHINGTON

DCF HAS SEEN

DATE: 5/15/92

TO:

Sam Skinner

FROM:

RONALD C. KAUFMAN *RC*
Deputy Assistant to the President
for Political Affairs
Room 130, OEOb, x2135

FYI.

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Trudy Kitchen
Atlanta
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May 13, 1992

MEMO

FROM: Trudy Kitchen
3475 Nancy Creek Road, N.W.
Atlanta, Georgia 30327
404 / 237 0560

TO: President Bush

Barbara Bush

Senator Phil Gramm, Chairman National Republican Senatorial Committee

Rich Bond, Chairman Republican National Committee

Ron Kaufman, Deputy Assistant Political Affairs

Please read the attached invitation which was given to me today by a friend whose name I blocked out when I copied it.

I have been a worker for Republican candidates in Georgia since 1966 - first as a professional when I served on Fletcher Thompson's Congressional and Campaign staffs and Rodney Cook's Mayoral Campaign staff under Paul Coverdell's management, and as a volunteer since 1970.

We have five Republican candidates in Georgia who qualified for the U.S. Senate race in 1992, and I am appalled that the White House Chief of Staff, Sam Skinner, is participating in a fund raising reception for one of our five Republican candidates.

We Republicans in Georgia are perfectly capable of selecting our own U.S. Senate nominee to represent the Republican Party in November, and I deeply resent the President and/or his Chief of Staff attempting to influence our GOP Primary.

I believe this invitation has already done considerable political damage to President Bush in Georgia, and I urge you to cancel Sam Skinner's visit to Paul Coverdell's fund raising reception May 14 at Guy Milner's.

I really believe President Bush has enough problems to deal with already, and does not need to create additional problems for his re-election campaign by meddling in our U.S. Senate Republican Primary.

Trudy Kitchen

Guy Millner

**Jack Barnette
John Donnell
Bob Harlin**

**Julian LeCraw, Sr.
Ed Noble
Paul Rogers
Duke Steinemann**

May 1, 1992

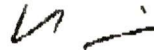
Dear

Our state is currently under the leadership of one of the nation's most liberal United States Senators. Thankfully, this year gives us the opportunity to make a change in our representation and to elect a Senator that shares the same values and beliefs as you and me. We need a conservative Senator one that will not vote for tax increases; one that believes in the line item veto; one that opposes taxpayer financing of Congressional Campaigns; one that will fight for Congressional reform; and certainly one that does not vote with Ted Kennedy 80% of the time.

Paul Coverdell is clearly the right man for the United States Senate, and the man who will represent the needs of Georgians in the best possible way. Please join the Host Committee and me for a private reception for Paul with special guest Sam Skinner, White House Chief of Staff and former Secretary of Transportation on Thursday, May 14 in my home at 3640 Tuxedo Road in Atlanta. The reception is from 6:30 - 8:00 p.m., and we ask that you make a contribution of \$1,000 per couple.

Paul needs our support to win the Republican nomination in July and then to beat Wyche Fowler in November. Please complete the enclosed information sheet and return today for your reservations. We hope you will join us for this occasion and in supporting Paul for the United States Senate.

Sincerely,



Guy W. Millner

THE WHITE HOUSE
WASHINGTON

DATE: May 15, 1992

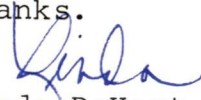
Sandy Bushue

TO: _____

Counsel's office ordinarily recommends that requests for Presidential messages in connection with fundraising events be declined, except where the President is personally or historically involved with the sponsoring organization. This policy applies with added force to charitable golf tournaments, since so many are held annually and the President cannot appropriately commend them all.

If Mr. Skinner still wants us to do a message, of course we'd be glad to provide one for the event. I just wanted to let you know about our general guidelines for events such as this.

Thanks.


Linda DeHart

Presidential Messages
Room 18, x2941

NYI

NO *letter*
JWS

~~Book~~

THE WHITE HOUSE
WASHINGTON

DATE: 5-13-92

TO: *Linda Aetart*

FROM: **SANDY BUSHUE**
Chief of Staff's Office
1st Floor, West Wing, x6797

- ☐ Your Comment
- ☐ Per Our Conversation
- ☐ Per Your Request
- ☐ Please Return

✓ your action

Many Thanks!

Howard Storck
2131 North Lakewood
Chicago, IL 60614

DCF HAS SEEN

May 4, 1992

Mr. Sam Skinner
Chief of Staff
The White House
Washington, DC

Dear Sam;

Sorry to hear you're not able to attend the 11th Annual Easter Seal Golf Classic on June 26. It promises to be our best ever, especially at Geneva National Golf Club.

If I may, I'd like to ask a favor...since we are starting our second decade of the Golf Classic. Would it be possible to have a letter from the President, that could be read at the dinner? Our committee has worked very hard for 11 years to make this a major fundraiser, and including this year's Classic we will have raised over \$400,000 for Easter Seals of Metropolitan Chicago.

I know it would mean a great deal to the Committee to have this recognition.

The invitation to play Geneva National is open-ended. Just let me know.

Thanks Sam.

Sincerely,

Howard
Howard

*Do you want a Pres. letter
sent? yes ~~B~~
no X*



U.S. Department of
Transportation

Office of the Secretary
of Transportation

Bill
Assistant Secretary

400 Seventh St., S.W.
Washington, D.C. 20590

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INTELLIGENCE

Continental Bankruptcy Court Judge Helen Balick has hired an auditor to keep an eye on professional fees in the case, which have reached \$25 million since the 1990 bankruptcy filing, but she also wants to keep the findings under seal. Justice Department is fighting that order, taking the position that the audits should be made public.

Virgin Atlantic Chairman Richard Branson is looking to sell a 20% share of the U.K. carrier for \$80 million to fund expansion plans. Branson believes that the \$80 million, plus the carrier's internally generated funds, should cover the cost of expanding the airline to its optimum size.

French Give U.S. Carriers Until Today To File New Schedules

U.S. airlines worked late into the night trying to decide whether to refile their summer schedules, and, if so, at what levels, with the French government. Yesterday, the French notified U.S. airlines that they had until early this morning New York time to refile their summer schedules to conform to capacity limits imposed on each carrier. France has determined that previously filed schedules are good only through today and that the new schedules will go into effect Saturday. The three largest carriers serving the market, American, Delta and United, have refused to give up any seats. A United official last night said it finds its proposed schedule to be "legitimate and justified," and the U.S. government agrees. The carrier, therefore, refiled its original proposal today to increase capacity. France will allow only a 15% increase over last summer's schedules, well below the rise expected by U.S. carriers. U.S. government and airlines maintain that the U.S. schedules are consistent with the bilateral and with market needs.

U.S. government yesterday appeared to be as uncertain as the carriers over what may happen in the next 24 hours. The situation was said to be under discussion "at the highest levels." A State Department official said that when the French left Wednesday after holding two days of unsuccessful talks, there was "an awful lot of ground to cover." The French left without plans of meeting again. Some in the industry said they were on their own to decide what to do last night, while another said DOT gave sound guidelines on what carriers' options are. DOT has deliberately not told airlines what actions the government will take to preserve their negotiating position before it is revealed. DOT and carriers are expected to have formal announcements today on the situation.

Military Officers Favored By Bush Administration For Civil Aviation Posts

The Bush administration since its onset in 1989 has filled or attempted to fill five major civil aviation positions with high-ranking retired or active duty military personnel who retired to take their appointment. The latest of these is retired Air Force Gen. Thomas Richards, who, by all accounts circulating throughout Washington this week, is an outstanding individual with the credentials to run the country's civil aviation regulatory agency. Nevertheless, Richards' nomination by Bush to be administrator of FAA has prompted expressions of incredulity and anger among congressional and industry circles, only because of his military background. Counting Thomas, Vice Admiral (Ret.) Clyde Robbins, director of the Office of (Continued)

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April 3, 1992

Military Officers (Cont.)

Intelligence and Security at DOT, which has a great deal to do with civil aviation security, and Army Gen. (Ret.) Jerry Curry, who failed to win Senate confirmation as FAA administrator, the Bush administration has favored military experience six times over civilian for important civil aviation work. The others are now deputy DOT Secretary Admiral James Busey, who retired from the Navy to accept his previous position as FAA administrator; former Navy Capt. John Burt, whom Busey brought into the agency and who now is its executive director for acquisition, and retired Marine Corps Maj. Gen. Orio K. Steele, also hired while Busey was administrator to head civil aviation security.

For the moment, negative reaction on Capitol Hill to Richards' nomination is focusing on the appointments to the Office of the Administrator, and not the tendency to recruit men with military backgrounds to fill other top posts at the agency. Ironically, long before this spate of appointments, FAA was described during in the early 1980s, especially during the 1981 strike of air traffic controllers, as being too militaristic for a civilian agency. Reaction has ranged from a declaration from a key Hill staffer that the White House was stupid in nominating another military person, to an industry lobbyist saying the White House was making Congress look ridiculous by setting up a situation that will require Congress to approve yet another waiver to existing law to protect an FAA administrator's previously earned military pension.

News Analysis

Legislation granting such waivers have had to be approved for three of the last four administrators — Donald Engen, a retired Navy vice admiral, Busey and Curry, who withdrew his nomination after it was apparent a confirmation vote would not be scheduled any time soon in the Senate. Richards would make it four out of five, prompting one Senate staffer to say "this time Richards may be asked, does he want to be FAA administrator enough to give up his pension?" Senate aviation subcommittee Chairman Wendell Ford (D-Ky.), who cooperated with then-DOT Secretary Samuel Skinner, and did not object to rushing Curry's nomination hearing through the committee process, has concerns about yet another pension waiver bill. He fears it could become a magnet for "every piece of junk legislation by minority Republicans," in the words of one Hill staff professional.

Sharp Person

Not only is Richards, by one account, "a pretty sharp person" facing antagonism because of his military background, he has to overcome considerable industry and Hill affection for current acting FAA Administrator Barry Harris. Richards has been successful in one respect. Busey has a great deal of regard for Harris, who worked for him. But despite that former closeness, the FAA nominee is not Harris, but Richards, who has a military connection with Busey going back to their days when they worked together as top military commanders in Europe. Both have had similar careers, having started out as enlisted men before earning commissions and rising to flag rank. Both have a high regard for one another and are described as having similar personalities — personable but strong.

Likely as not, his relationship with Busey led to Richards being proposed to DOT Secretary Andrew Card as a candidate for FAA administrator. Busey, also close to Skinner, knew Harris could never be seriously considered, despite warm words about him by Card, because of a long-standing rift between Harris and Skinner. Skinner ignored Harris as Busey's replacement when he was DOT secretary, and Skinner, as White House Chief of Staff, was never going to permit Harris's nomination. Skinner and Harris have never really gotten along. Harris is a Kennebunkport neighbor and friend of President Bush and in Washington, where officials jockey for power constantly, that relationship may have rankled Skinner early.

The split between the two men was forever forged when, after a White House event, Bush, Skinner and Harris were talking and Bush asked Harris if he had ever seen the Oval Office. Harris had not and Bush took him by the arm and led him into the office. If ever there had been any warmth and trust between Harris and Skinner before that time, it was gone forever after the tour. As a result, the Senate is being asked once again to confirm a former military flag officer as FAA administrator, Congress is again being asked to approve a waiver to a law established to keep the civilian agency in civilian hands and on the Hill they are saying, "They just don't get it, do they? It makes Congress look weak giving in to the

TRANSPORTATION NEWS DIGEST

AVIATION DAILY

April 3, 1992

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Support For Departure-End Deicers Swells On Capitol Hill

National Transportation Safety Board yesterday gave an indirect boost to legislation pending in the House calling for placement of deicing equipment at the departure ends of runways. The safety board testified at a Senate Appropriations transportation subcommittee meeting on NTSB's fiscal 1993 appropriations, whose focus was shifted to the recent USAir crash at New York LaGuardia Airport. Sen. Frank Lautenberg (D-N.J.) questioned FAA's efforts to provide effective deicing procedures and considered the possibility of deicing aircraft at the end of the runway. Sen. Alfonse D'Amato (R-N.Y.), the only other Senator to attend the hearing, said FAA "should be ashamed of themselves" for taking so long to act.

NTSB Acting Chairman Susan Coughlin explained the difference between the commonly used Type I deicer and Type II anti-icer gel. Some members of Congress are pushing for a federal mandate for the use of Type II (DAILY, April 2). Type I remains only five minutes on wing surfaces and is used to remove existing ice. Type II, used in many European nations, lasts up to 45 minutes and is used to prevent ice from forming. Controversy over using either type of chemical could be foregone if aircraft are deiced at the departure point, Coughlin said. She added that she found it odd FAA called Type II deicers more dangerous because they can make runways slippery in light of the fact that the agency plans to release a study soon saying effects on runway friction are "negligible." She also said USAir in a letter Wednesday asked the Air Transport Association to become involved in developing proximity deicing systems.

AVIATION DAILY

April 3, 1992

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Federal Express Gets Certificate For 727 Heavyweight Hush Kit

Federal Express has received FAA Part 36 noise certification for a new noise reduction kit for 727-200 aircraft powered by JT8D-15 engines. Company said the new kit will provide full Stage 3 compliance for aircraft with maximum takeoff weights up to 199,500 pounds. Carrier said it is on schedule to receive a supplemental type certificate this summer, with customer deliveries of the new "Heavyweight" Stage 3 kits to begin during the first half of 1993. Page Avjet and Quiet Nacelle Corp. recently said they have successfully completed ground testing of their own Stage 3 kit for 727-200 heavy-weight aircraft and that the program schedule has FAA-certified kits available during the third quarter 1993 (DAILY, March 25).

Tom Morgan, director of aviation products for Federal Express Aviation Services, said the list price of the new company's new Heavyweight Stage 3 kit will be \$2.45 million, which he said compares favorably with the \$30 million-\$50 million cost of a new aircraft or \$9 million-\$12 million for re-engining. Federal Express said the new kit is designed to minimize operating cost penalties and to maintain operating performance. "The new kit will allow full operation with 30 degree landing flaps, no degradation of -15 thrust performance and expected net change in fuel burn of only about 1%," said Park Burrets of Federal Express's Aircraft Project Engineering Group. He said the new kit also will work on JT8D-17-powered 727-200s with a de-rate to -13 thrust. Certification of a Stage 3 kit for heavier takeoff-weight aircraft powered by JT8D-9 engines also is under way and should be completed this summer.

TRANSPORTATION NEWS DIGEST

Northwest To Say Delta, Pan Am Have No Contract For London Route Transfer

Northwest has asked DOT for more time to respond to its tentative order approving the transfer of Pan Am's Detroit-London route to Delta to prove that no contract exists between the two. Northwest has asked that it have until April 14 instead of April 6 to allow it, and other interested parties, to participate in a meaningful way. Northwest said DOT ignored the information submitted by Delta and Pan Am on the economic viability of Delta's service. DOT, in its show cause order, allowed only six days for the response because it predicts relatively little new argument to be presented.

Northwest said the statement reflects prejudgment, and that presumption is "flatly wrong." There is a strong legal basis for assuming that Pan Am and Delta no longer have a contract, and no valid contract means there can be no route transfer, Northwest said. "Northwest needs adequate time to develop fully this legal argument and incorporate it in its response to the show cause order." (Docket 47675)

Charter Carrier PJE Seeking Scheduled Service From Atlanta

Private Jet Expeditions has applied for various forms of authority at DOT, initially planning to provide service between Atlanta and St. Louis on a scheduled basis. Building on this limited entry into the scheduled market from its charter operations, PJE plans to establish itself in the South and Midwest, which will "allow it to take advantage of opportunities to expand its scheduled service into markets that have undergone, or may soon experience, a decline in scheduled service."

PJE applied for a certificate to engage in scheduled interstate and overseas transportation. It also requested an exemption to begin limited scheduled service from Atlanta to Aruba. PJE currently operates a fleet of four MD-83s and one 727-100. It also separately filed for an exemption to provide the Atlanta-St. Louis service. The carrier is 100% owned by National Aviation Holdings, Wilmington, Del. (Dockets 48084, 48085, 48086 & 48087)

NATCA Says FAA Leaving Controllers Out Of Technology Loop

FAA may be purposely excluding air traffic controllers from technology work groups so as not to slow down the introduction of new, sometimes "less than perfect" equipment into the system, according to the National Air Traffic Controllers Association (NATCA). In testimony recently before the House subcommittee on government activities and transportation, Joseph Bellino, NATCA executive VP, said not ensuring that NATCA participates on all technology work groups and subgroups may be just an oversight in some instances. "In other situations, however, we feel that the omission may be strategic."

Bellino said that FAA understands NATCA will not sign off on a piece of equipment or new system unless it meets requirements. "Unfortunately, this delay can and does cost the FAA money," he said. "They would rather accept a less than perfect system and work the flaws out during the operational phase (live traffic) as we have witnessed in the ASDE-3 situation." An FAA spokesman disputed Bellino's suggestion. "We go to great lengths to make sure there are air traffic controller working teams on all major projects," he said.

■ Arizona Airways To Start Flying In July

Tucson-based Arizona Airways expects to start flying July 1, with three daily roundtrips between Tucson and San Diego. The new carrier, which DOT last month awarded an operating certificate, then would begin service from Tucson to Albuquerque, N.M., and Orange County, Calif., in August and September, respectively. That schedule is predicated on the \$4 million in financing that President Jim Swartz hopes to secure by the end of the month. The carrier then would apply for FAA certification. The carrier has received a \$2.4 million private offering and is seeking state and local economic development loans, Swartz said. "This would be a nice little niche operation," said Hap Pareti, aviation advisor for Arizona Airways and president of Hap Pareti Associates, Washington, D.C. "Tucson is not on the hub operation of anyone," Pareti said, adding that the airline's four markets have 30,000-60,000 passengers a year. The carrier next year would expand into northern Mexico.

'A nice little niche operation'

GP Express this week won rights from DOT to provide essential air service between Atlanta and five communities in the Southeast — Muscle Shoals, Tuscaloosa, Anniston and Gadsden, Ala., and Laurel/Hattiesburg, Miss. Annual subsidy rate is \$1,664,918. The carrier is committing four 14-passenger Beech C99 aircraft to the routes, which it will begin serving Saturday, June 6 (DAILY, Jan. 10).

TRANSPORTATION NEWS DIGEST

RA4

AIRLINE AVIATION

April 3, 1992

■ Congress Continues to Explore Flight And Duty Time

*Current rules
have been "very
successful"
RAA said*

The Air Line Pilots Association this week continued to press for new flight and duty time regulations, this time before the House government activities and transportation subcommittee, whose chairman, Rep. Barbara Boxer (D-Calif.) called pilot fatigue "another area where the FAA won't budge." FAA's 1985 regulations have provided some flexibility for airlines in scheduling their flight crews, Boxer said, adding, however, "this flexibility has been used to wring more flying time out of our pilots day in and day out at the expense of safety."

John O'Brien, director of engineering and air safety for the Air Line Pilots Association, said in testimony that crew fatigue is the "single most critical safety issue in today's commuter and regional airline environment." He noted, "In most instances, Part 121 pilots have labor contracts that provide necessary protections, but such protections are often not available for pilots operating under Part 135.... With the fatiguing and stressful flight operations required of Part 135 pilots, it is essential to provide them the same safety checks and balances as in Part 121. Although contracts provide an additional margin of safety, he said "FAA regulations must provide adequate protection for all pilots. Air safety should not be dependent on negotiated labor contract. This is why we want a regulatory contract."

Regional Airline Association President John Fredericksen submitted testimony for the hearing stating that the current rules governing flight and duty time have been "very successful. Since those new rules were adopted in 1985, there have been no accidents investigated by the NTSB in which pilot fatigue was listed as a probable cause of an accident. This is not a matter of luck, or an inability of the NTSB to uncover fatigue, it is a result of a set of rules that requires a minimum amount of rest every day."

However, O'Brien countered that "while not cited as a causal factor in any commuter air carrier accidents, [pilot fatigue] has been implicated in several, and we feel that fatigue issues have not been adequately addressed in accident investigations."

ALPA maintains its position that crews should be limited to 14-hour duty days, he said. RAA calls duty time a "scheduling goal," O'Brien said, but in certain circumstances — such as weather or maintenance problems — "duty times may be extended beyond even 16 hours." He also said an airline may schedule a pilot within reasonable hours but "scheduled times are frequently exceeded, which causes even more fatigue and stress for pilots."

The 14-hour maximum proposal concerns RAA, Fredericksen said. "Under this scenario, flight crews would be required to refuse to finish their daily schedule, or to land at the nearest available airport, in the event that unforeseen delays required that their time on duty exceeded a certain time." He said during the negotiations of the current rule "pilots' unions rejected such an idea because they realized the havoc such a rule could create.... Imagine the consternation of the passengers when, because of an air traffic or weather delay, the pilots announced they were forced to get off the airplane at a remote airport and there was no crew to replace them."

Fredericksen said current rules, while flexible, have cumulative limits. "No one can afford an inflexible rule requiring a maximum duty day."

■ Northeast Express To Start Service in Atlantic Canada

Fleet upgrades

Northeast Express Regional Airlines, Manchester, N.H., will become the first U.S. carrier to serve Atlantic Canada when it begins three daily roundtrip flights between St. John and Fredericton, New Brunswick, April 16, said John Gallichon, the carrier's executive VP. In mid-May Northeast will begin two daily flights between Charlottetown, Prince Edward Island, and Moncton, New Brunswick. The carrier also plans to expand service soon to three or four points in the U.S., Gallichon said.

The carrier has applied for DOT certification under Section 401 of the Federal Aviation Act. Although the certification is required only to operate aircraft with 60 seats or more, it would help the carrier obtain financing for more aircraft, Gallichon said. Northeast is shopping for two to six 30-seat aircraft and three Fairchild Metro IIIs. The new 19-seaters would replace three Beech 99s that will be retired and will bring the carrier's fleet to 16 Metro IIIs.

British Aerospace has delivered two used BAe 146-200 airliners to Portuguese commuter LAR-Transregional (Linha Aerea Regional SA). The Lisbon-based airline will operate the aircraft to expand services. LAR-Transregional also flies three BAe ATP aircraft to destinations including Bordeaux, France and Seville. *Rifts and delays in...*

su 5/27

Congress of the United States
House of Representatives
Washington, DC 20515

May 21, 1992

(File)

The Honorable Samuel B. Skinner
Chief of Staff
Office of the Chief of Staff
The White House
Washington D.C. 20500

Dear Mr. Skinner:

We really appreciated your participation in our 1992 Washington Leadership Conference. We had a number of people remark that your discussion gave them great reinforcement as to the strong leadership of this country and the quality of the people making decisions in the White House.

Our constituents made many positive comments about your articulate presentation on the issues. We wanted to thank you again for making the extra effort to join us. We look forward to working with you in the future.

Sincerely,



PAUL E. GILLMOR
Member of Congress



DAVID L. HOBSON
Member of Congress

CONFIRMATION

Fax Transmission To:
The Honorable U.S. President
Mr. George Bush

Fax Number

202-456-6218

Attention:

Mr. George BushTotal
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c/o:

William S. Farish

From:

K. Davis, Per Mr. Ashkenazic

Our Telephone:

415-764-2995

Our Facsimile:

800-772-3220



GEORGE V. VOINOVICH
GOVERNOR

file

STATE OF OHIO
OFFICE OF THE GOVERNOR
COLUMBUS 43266-0601

April 21, 1992

DCF HAS SEEN

The Honorable Samuel K. Skinner
Chief of Staff
The White House
Washington, D.C. 20500

Dear Sam:

Enclosed find another letter I recently received from John E. Fisher, General Chairman and Chief Executive Officer of Nationwide Insurance.

Again, I don't know all the details, but John has a great deal of influence in his industry. It might be a good idea for somebody to do a little base touching.

Sincerely,

George

George V. Voinovich
Governor

GVV/jec

Enclosure

*I'm not sharing this
letter with John!*

*Saw the President yesterday
told him I really
appreciate your help!*



NATIONWIDE APR 15 1992

JOHN E. FISHER
CPCU-CLU
GENERAL CHAIRMAN
CHIEF EXECUTIVE OFFICER

April 9, 1992

The Honorable George V. Voinovich
Governor of Ohio
State Capitol Building
Columbus, OH 43266-0601

Dear George:

Thank you for your letter of April 1. I very much appreciate your continuing interest.

The brief answer to your specific question is that changing the effective date of the proposed tax does not answer my concerns. The enactment of such a tax would effectively destroy a legitimate retirement and savings product, while raising very little in revenues.

As I'm sure you gathered from the tone of my March 17 letter to Samuel Skinner, I am quite disturbed with the treatment of the insurance industry by the Bush Administration. The insurance industry, including employees and agents, has historically been supportive of the Republican Party. I have a great concern that the behavior of the Federal Government toward the industry will destroy that natural base of support.

Once again, thank you for your interest, and I will appreciate anything you can do to get this message through to the Administration in Washington.

Sincerely yours,

John
John E. Fisher

received
SKS-9 in
reply

received
Annuitants
ltr 3/4/92

For
SKS
9:30, 5/18

May 18
9:30

Congress of the United States
House of Representatives
Washington, DC 20515
January 30, 1992

The Honorable Samuel B. Skinner
Chief of Staff
Office of the Chief of Staff
The White House
Washington D.C. 20500

Dear Mr. Skinner:

During this time when many constituents are voicing their strong concerns to Congress and the Administration, we would like to promote a better understanding between the private sector and the government by hosting our Second Annual "Washington Leadership Conference."

Our conference will consist of more than 150 business leaders and local officials from the State of Ohio. They are looking forward to having the opportunity to discuss the many issues facing our nation with key policy makers and legislators in Washington. Last year you were kind enough to join us along with other speakers including Vice President Dan Quayle and Secretary of Agriculture Ed Madigan.

It would be an honor if you would be our speaker on Monday, May 18, and join us for our morning session to be held from 9:30 a.m. to 11:30 a.m. at the Old Executive Office Building. Your participation would make this a very memorable day for all our constituents, and we know how much they will appreciate having your insight into today's major issues.

We sincerely hope that you will be able to participate in this meeting with many leaders from Ohio's Fifth and Seventh Congressional Districts, and we would be happy to accommodate your schedule if you will join us on May 18. If you have any questions or would like further information, please contact either one of us or Mary Beth Carozza (202-225-4324) or Mark Wellman (202-225-6405).

We look forward to hearing from you.

Sincerely,



PAUL E. GILLMOR
Member of Congress



DAVID L. HOBSON
Member of Congress

5/18
9:30 Wash
Leadership
Conf (Gillmor
Hobson)
2/14

Yes, if my schedule
permits, I will meet w/
group
No decline

2+B

1# in
to new
15min

hnt 450

Accepted 2/14/92