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[Memos and Correspondence] 3/92 [4]

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3/23
Sam
Did you
see this?
Susan

"WHEN I THINK OF THE YEAR 2000. . ."

[NOTE: This is about how to follow up and actually to make happen what the President talked about in his excellent February 12 campaign kick-off statement.]

1. The central thrust of the 1992 electorate.
 - a. Partly because of American success in beating Communism abroad, and partly because of the speed of change at home too (Technology, medicine, job market, etc.) the 1992 election is likely to be about the future of America at home.
 - b. The recession accelerates the focus of our attention to matters at home and it should be taken seriously but it is only a traffic jam. It will end. The question is where the road leads then.
 - c. The public will want the candidates (the President included) to understand America and to point to where the road goes -- what kind of America we want, and how we should get there.
 - d. In that sense the election is less a referendum on the successful past than the first day of an uncertain future. That might be dangerous for leaders who have been around for a while -- and a chance for new faces who seem to be generational change (Probably an explanation for early Clinton success).
 - e. The people sense that our institutions need renewal:
 - Our cities aren't what they should be.
 - Something is wrong with our education system.
 - Something is wrong with our health system.
 - Big business seems to be indifferent to little workers.
 - Congress and Washington don't seem to work very well.
 - The people aren't sure about their jobs because they're not sure their employers will survive 5 years.
 - They're not sure their kids will get good jobs.
 - They have no sense what America 2000 will be like.
 - f. The people don't need a complete and detailed road map, but they want to know what their leadership has in mind.

2. Leadership for the future is best shown not talked about -- shown through involvement, commitment. Words, speeches, bills alone may not do it.

a. It may be very important for the President to seem as engaged in and by domestic issues as foreign. When the words seem words only while his heart/mind are overseas, it may hurt. The people want to know he cares.

. The key may be consecutive time -- few highly visible interruptions for foreign things -- and truly engaging the President's attention over a long enough period to get his mind fully into it. His schedule needs to assure him private quality time to talk with people about the future of the country,

-- The Cabinet can be asked to fill in the following: "When I think of America in the year 2000. . ."

-- A series of great American thinkers might spend individual quality time with the President -- asked to the White House to share with him their thoughts about "When I think of America in the year 2000 . . ."

-- He might ask himself and all around him, in every meeting, on every subject: "What does this mean for America in the year 2000?"

-- He might instruct every speechwriter to include the concept in every speech: "When I think of America in the year 2000 . . ." The process is to impose the discipline upon everyone to think in those terms.

d. Leadership about the future need not be comprehensive. The people don't expect an answer for everything. But they do want to see that their President understands the questions, has some answers, and is looking for more.

3. One vehicle, the America 2000 Communities, already exists around which to think of most of these subjects.

a. America in the year 2000 must have a new generation of break-the-mold schools. They will only come through community commitment at the local level. That is what AMERICA 2000 Communities are all about.

b. But most other subjects lead to similar conclusion:

- delivery of health care is a local problem.
- safe and drug-free streets is a local problem.
- our cities, big or small, will find renewal mostly through their own action.
- Tenants in public housing need to be empowered to buy their own homes, etc., etc.

c. The AMERICA 2000 Community is only one appropriate vehicle for action -- spurred, prodded and inspired by a President committed to change and intent on leading a new American revolution. There are others.

4. A relevant campaign year calendar might look like this:

a. From now until the late Spring/early Summer might be a good time to engage in the quiet consecutive time meetings with Cabinet and outsiders on what America in the year 2000 will be like.

- The Democrats will be pre-occupied with their own primary mess.
- The immediate public focus is appropriately on the short-term economic plan to end the recession (the "Traffic jam")

b. If some things leak out about great thinkers asked to the White House to talk about America in the year 2000, that's OK, probably good. After all, the most important thing the President should be doing is getting his thoughts together for exactly how to make the most of a second term. Although it really should not be done for PR but to help focus the President's mind.

c. Come early Summer he should start to use the line repeatedly on all domestic subjects -- in most speeches, regardless of the subject: "When I think of America in the year 2000. . ."

d. The Convention acceptance speech is the right moment to launch it in a campaign speech. It should be a knock-em-dead speech about the America we can be -- optimistic -- uplifting -- with confidence in the future and excitement in getting there: Here is the America I see in the year 2000 -- and here's how we can get there.

- e. This is less a definition of Democratic weakness than it is a reason to re-elect a Republican President. It leaves plenty of room to criticize the Democrats, but from a position of maximum strength.
- f. Everything in the campaign -- and in the President's schedule -- would re-emphasize his upbeat commitment to the future: All scheduling, all advertising, all campaign materials, all speeches, all releases (campaign or White House).
- g. It would be less a referendum on the past than seeking a mandate for the future. (The specifics of the mandate are less important than the public's awareness that the President not only thinks about the future but has an exciting concept of it and how to get there. As with President Reagan, he will get support from many who might disagree on the specifics but are thrilled by the leadership.)
- h. The beginning point might be a schedule like this:
 - Consult with Skinner and Teeter by 2/22
 - Small group (2-5) put draft plan together by 3/1
 - Plan ready for the President by 3/10 (meet that week)

THE WHITE HOUSE
WASHINGTON

DATE: Mar. 24, 1992

TO: Sam Skinner

FROM: CLAYTON YEUTTER
Counsellor to the President for
Domestic Policy

SHOW
POT US

See attached memo from Mike Deland, a copy of which should by now have gone to you.

I believe we ought to bring these folks in to the Roosevelt room for a session with the President sometime during the next 30 days.

This is a high powered group, so they'll have some worthwhile things to say to him. And it'll be a good primer on the Rio meeting. In addition, it demonstrates that he is governing, and governing on important issues.

It also fits nicely our theme of balance on environmental issues, a sensitive approach and a responsible one in this contentious subject matter area.

I see no downside because there are no environmental advocates in the group. These folks will leave the White House and say the right things.

Having such a meeting may, however, precipitate a request from the environmentalists for a similar meeting. *CY*

bc: H. Moore
K. Super
M. Deland
R. Porter
C. Kolb
T. Gorman

*Saw
May be a good idea,
but if he does it,
he cannot give an
impression of whether
he is going or not
unless he is ready to
tell the world as they
will tell the press and
we will have lost
control. *Tushnet**



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
WASHINGTON, D.C. 20500

Michael R. Deland
Chairman

March 23, 1992

(202) 395-5080

MEMORANDUM TO: CLAYTON YEUTTER
COUNSELOR TO THE PRESIDENT

FROM: MICHAEL DELAND
CHAIRMAN
COUNCIL ON ENVIRONMENTAL QUALITY

SUBJECT: Briefing for the President by North American
Members of the Business Council for Sustainable
Development

As we discussed, it would be advantageous for Stephan Schmidheiny, the Swiss industrialist who chairs the "Business Council for Sustainable Development", and the North American members of the Council (list attached) to brief the President on the Council's "declarations" prepared for the U.N. Conference on Environment and Development in Rio.

The findings of the Council (summarized in the attached remarks by Ed Woolard, Chairman of DuPont, and the Executive Summary to "Changing Course") are largely supportive of U.S. policies and will be published in book form in May ("Changing Course: A Global Business Perspective on Development and the Environment", by the M.I.T. Press). At their heart are commitments to:

- o economic growth
- o open competitive markets
- o free trade (required in particular for sustainable farming and forestry)

The Business Council members could be articulate and influential advocates of U.S. policies in the context of the UNCED Conference in Rio.

Stephan Schmidheiny is holding several days in early April when he could come to the U.S. to discuss the findings of the Business Council with the President, you, and other appropriate Administration officials. We need to nail down a date immediately if we are to get Stephan and a good cross section of the North American representatives to the Council.

Attachments: North American Members
The Business Council on Sustainable Development

Remarks by Ed Woolard, Chairman, DuPont
at UNCED Meeting, March 10, 1992

Executive Summary "Changing Course"
(M.I.T. Press, May 1992)

cc: Samuel Skinner
Richard Darman
Carla Hills
Michael Boskin
Boyden Gray
Henson Moore
Brent Scowcroft/Jonathan Howe
Kathy Super

(These issues were also discussed in my memo to Sam Skinner of
February 2, 1992 on which each of you were copied.)

NORTH AMERICAN MEMBERS
BUSINESS COUNCIL ON SUSTAINABLE DEVELOPMENT

Stephen Schmidheiny
Chairman of BCSD
Chairman, UNOTEC
Switzerland

Kenneth T. Derr
Chairman of the Board & CEO
Chevron Corporation
United States

Eugenio Clariond Reyes
Presidente Ejecutivo
Grupo IMSA, S.A.
Mexico

Maurice R. Greenberg
Chairman
American International Group, Inc.
United States

Charles "Mike" Harper
Chairman of the Board & CEO
ConAgra, Inc.
United States

Allen F. Jacobson
Retired Chairman and CEO
3M Company
United States

Samuel C. Johnson
Chairman
S.C. Johnson & Son, Inc.
United States

Ken F. McCready
President & CEO
TransAlta Utilities Corp.
Canada

Frank Popoff
President & CEO
The Dow Chemical Company
United States

William D. Ruckelshaus
Chairman of the Board & CEO
Browning-Ferris Industries
United States

Paul G. Stern
Chairman & CEO
Northern Telecom Ltd.
Canada

Paul H. O'Neill
Chairman & CEO
ALCOA
United States

Edgar W. Woolard
Chairman of the Board
E.I. du Pont de Nemours
and Company
United States



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

DCF HAS SEEN

OFFICE OF
THE ADMINISTRATOR

TO:

Chief of Staff Samuel Skinner

FROM:

William K. Reilly

COMMENTS:

Number of Pages to follow:

3

Date:

3/24

Time:

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Office of the Administrator
401 M Street, S.W.
Room 1200 West Tower
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EXPEDITED PERMIT MODIFICATION

(Replaces proposed "minor permit amendment" process)

1. 10 business day waiting period after application before source may implement change (States may specify longer).
2. Notice to governments and publication for public, including offering an opportunity for comment and an opportunity for a public hearing.
3. Group processing for changes below approved de minimis levels.
 - Notice of each change to permitting authority.
 - Source may implement change immediately after notice.
 - Public comment, opportunity for hearing, and governmental review occurs quarterly or when de minimis levels reached whichever is earlier.
4. Permitting authority may not approve change in less than 28 days, which must include a 21 day public comment period and opportunity for hearing.
5. Re-capture or offset excess emissions if the change is disapproved after source has implemented it.
6. State action becomes final and shield attaches only after expiration of EPA review period.

BRIEFING POINTS FOR ADMINISTRATOR REILLY
ON EXPEDITED PERMIT MODIFICATIONS

Overall compromise:

- o Sources are provided flexibility to make changes quickly, in exchange for an after-the-fact review process which includes public notice and an opportunity for public comment and a hearing.
 - o Under this approach, EPA would for the first time allow post-hoc review procedures in a permitting program. No analogous processes are allowed under the current water, waste, or air programs.
1. 10 business day waiting period after application before source may implement change (States may specify longer).

This represents an accommodation between the seven days provided by the proposal and the fifteen days offered by the Office of the Vice President, and is far less than the 25 days NRDC wants.

2. Notice to governments and publication for public, including offering an opportunity for comment and an opportunity for a public hearing.

The tradeoff for allowing sources to make changes quickly without prior approval is an accelerated, meaningful after-the-fact review with public participation. EPA's 45-day review period is expeditious, and the state may act after 28 days, including an accelerated (21-day) comment period. This process complies with the legal requirements of the Act, as interpreted by the Agency's former General Counsel and several significant state commenters.

3. Group processing for changes below approved de minimis levels.
 - Notice of each change to permitting authority.
 - Source may implement change immediately after notice.
 - Public comment, opportunity for hearing, and governmental review occurs quarterly or when de minimis levels reached, whichever is earlier.

This represents a major accommodation to industry concerns about their ability to make numerous very small changes without delay. This procedure allows sources to make such changes even

more quickly than did the proposal. It also allows processing of very small changes in the aggregate, as requested by IBM.

4. Permitting authority may not approve change in less than 28 days, which must include a 21-day public comment period and opportunity for hearing.

The 21-day period is the minimum reasonable period for public notice and comment. The state could not be expected to consider the comments and take action in less than seven additional days. This allows the state to take action at the end of 28 days, even though the modification cannot be finally approved and the shield cannot take effect until the expiration of EPA's review period.

5. Re-capture or offset excess emissions if the change is disapproved after source has implemented it.

This idea originated with the Office of the Vice President. It assures that any adverse environmental impacts of unreviewed changes are mitigated. It also allows us to argue that the post-hoc procedures will have only negligible environmental impacts.

6. State action becomes final and shield attaches only after expiration of EPA review period.

The statute requires state to assure that permit will not issue if EPA issues a "timely" veto, and provides EPA a review period of 45 days. As noted under paragraph 4, the state may take action after 28 days.

file

DCF HAS SEEN

The following are high risk areas that we believe could pose substantial financial risks to the government.

The Bank Insurance Fund

The continued deterioration of the commercial banking industry has heightened concern over the insolvency of the Bank Insurance Fund. Some of the patterns are ominously similar to the early stages of the catastrophe that struck the savings and loan industry. Although the recent banking legislation provides some temporary financial relief, the outlook is not good. In 1991, 127 banks failed or stayed open only with an infusion of government funds.

FDIC predicts another 200 failures in 1992. A money center bank failure could exhaust the fund and require immediate additional taxpayer assistance. Moreover, nothing has been done to build up the fund balance over the long term.

High-Risk Savings and Loan

To date, RTC has received \$105 billion to cover resolution losses for about 750 thrifts. RTC requested an additional \$55 billion last fall, which was not approved by the Congress. Those funds were requested to resolve an additional 150 thrifts—including several very large California thrift institutions—considered to be possible resolution candidates. RTC plans to use additional funds to also cover unexpected losses in already resolved institutions that occur because sales proceeds of assets owned by the government are lower than expected.

It is difficult right now to predict how much additional funding RTC will need and the timing of those needs because of significant uncertainties, including the future condition of the economy. If the interest rate spread continues to be favorable, many poorly capitalized thrifts may remain marginally viable long after their current expected failure dates, thus, reducing the need for additional loss funds. But given continuing weakness in the economy and the seriously overbuilt real estate market, RTC may be significantly overstating the expected sales proceeds from assets and receiverships. Thus, a major policy issue that must be faced this spring is how much more money RTC really needs to resolve failed institutions and cover losses on the sale of assets.

Resolution Trust Corporation

The management and disposal of approximately \$200 to \$300 billion of thrift assets poses unprecedented management problems. A sale of this magnitude is unparalleled in history. The desire and potential to acquire these assets at bargain basement prices will make this area highly susceptible to fraud, waste, and abuse, particularly in view of RTC's difficulties in establishing effective management procedures and systems.

The Insurance Industry

During the 1980s, the number, size and costs of insurance company failures grew by a sizable magnitude compared with previous decades. Recently, several very large insurance

companies have been taken over by state regulators with the costs expected to be in the billions. There have been highly publicized congressional hearings on this issue with more to follow this year.

This is an issue of great public concern because confidence on the part of policyholders in the financial integrity of their insurers has begun to wane, as evidenced by policyholder runs at several very large insurance companies that were experiencing financial difficulty.

Unlike insured depository institutions, there is no federal safety net to protect policyholders against losses on their policies even though many insurance products are equivalent to the savings accounts offered by federally insured banks. Guaranty funds do exist in various states to honor policyholder claims for losses, but they vary enormously in the coverage they provide to policyholders. Furthermore, the capacity of these funds to honor claims on a timely basis is limited. There is a risk that the federal government might be expected to cover policyholder losses that cannot be covered by the guaranty funds. Whether this will occur, and under what circumstances, is a key public policy issue. A recent development that has heightened public concern about the insurance industry is the lowering of their investment ratings by such agencies as Moody's. That sort of development sends a strong signal.

Medicare/Medicaid Budget Threat

Federal health spending in 1991 was about \$215 billion, of which Medicare and Medicaid accounted for about \$170 billion. If current cost trends persist, these sums will grow rapidly. And there are about 35 million Americans with no health insurance, a number that has probably grown in the recession. An effort to deal with the problem of the uninsured could add \$15-25 billion to federal costs. In addition to direct spending programs, the government provides a tax subsidy to employers providing health insurance benefits, reducing federal revenues by roughly \$40 billion per year.

The structure of the health care system and the mechanisms for financing that system, combined with rising incomes, an aging population, and continuing advances in medical technology, have propelled the growth in health care spending by state governments and the private sector, as well as by the federal government. The task of taming these costs is made more daunting by the strength of these factors driving health spending. Without substantial reform of the system, the outlook is bleak.

Many different proposals have been advanced for health care reform, and they will undoubtedly be the subject of extensive debate in the months to come. The General Accounting Office has produced several reports on this issue, including analyses of the health care systems in several other industrialized nations. The experience of others may offer lessons which would be applicable to the United States. GAO is prepared to work with the appropriate committees in the Congress, as well as the Administration, in fashioning reforms

that will meet the goals of cost containment while providing health services to those not now covered by private insurance or government plans.

Medicare Questionable Claims

The tens of billions of Medicare program dollars, coupled with considerable potential for fraud and abuse, indicate a high potential for financial savings. GAO has identified payments of hundreds of millions of dollars by Medicare that should have been paid by private insurance carriers, which illustrates the problem. The volume of mistakes and fraudulent Medicare expenditures continues to grow. Systemic changes are needed to deal with the problem.

Defense Weapons Systems

Decisions on procurement and the other investment accounts, while having a relatively small initial effect on outlays, produce the largest impact on the budget in the longer term.

The prospect of tightly constrained defense budgets in the future means that the decision to begin or continue production of expensive new weapons systems should include a realistic assessment of whether funds can be reasonably expected to be available in the future to make them an effective part of the nation's arsenal.

DOD cannot afford to build all the weapons currently under development. If DOD tries to buy too many different weapons, it will end up buying each of them in small quantities, with very high unit costs. Until DOD addresses the long-term implications of having so many

weapons under development, the requirement for further cuts in the budget will only exacerbate the affordability problem.

DOD Inventory Management

DOD inventories exceed \$100 billion of which unneeded or excess inventory exceeds \$30 billion. The excess inventory along with numerous other indicators (e.g., the failure to cancel orders where excess stock is already on hand) reflect financial management problems. Management incentives focus on filling orders and obligating funds. There is inadequate attention to reducing costs and to controlling or securing inventory stock. The current pressure to reduce the DOD budget in response to recent world events provides additional incentives to make major improvements in the supply system. With the planned drawdown of forces, the buildup of inventories for Operation Desert Storm (now back in the U.S.), and previously identified excessive inventories, it may be possible for DOD, for many items, to live off-the-shelf for some time to come, reducing inventory budget requirements.

Guaranteed Student Loans

During the 1980s, federal guaranteed student loans nearly doubled to about \$10 billion annually and annual defaults increased from \$300 million to over \$2 billion with total contingent liabilities for outstanding loans reaching about \$53 billion. The large number of banks, state agencies, and schools participating in GSL programs, coupled with poor systems to protect the federal government's financial interest, creates the potential for significant

abuse and loss. Publicized abuses by certain proprietary schools, where default rates are about 35 percent, suggest the need for improved program management and control systems.

FmHA Loan Programs

FmHA has made billions of dollars of credit available to the nation's farmers. It is responsible for helping farmers who cannot get help elsewhere, but it is also responsible for protecting the government's interest. Of the agency's \$23.5 billion in outstanding loans, \$15 billion, or 64 percent, is at substantial risk of default. In 1989-1990 alone FmHA lost about \$4.5 billion on its direct loan portfolio.

The Superconducting Super Collider (SSC)

The SSC, when completed in 1999, will be the most powerful subatomic particle accelerator in the world. About \$1.5 billion of the estimated cost of \$8.3 billion has been provided to date. About one-third of the funding is being sought from nonfederal sources. Texas has pledged \$875 million, leaving about \$1.8 billion to be obtained from foreign countries. The Department of Energy (DOE) has been seeking to obtain a substantial portion, if not all, of that amount from Japan, which recently stated that it would not support the project for at least another year. If Japan decides not to participate, U.S. costs would rise substantially, perhaps beyond DOE's ability to afford the project as planned.

IRS Tax System

IRS has embarked upon a massive but critical effort to modernize the antiquated, labor-intensive system it uses to process tax returns—an effort that, if successful, will take a decade and cost \$8 billion. A real challenge to successful implementation is for IRS to sustain the necessary high level of technical expertise and overcome procurement problems—areas in which IRS does not have a particularly good track record. Presently, the modernization process is progressing satisfactorily. But if it should falter, there is some risk that the tax collection process will suffer. IRS' current systems are old and subject to breakdown—as happened when the Philadelphia Service Center service systems became inoperable during the 1985 tax season. The modernization system is thus critical to the smooth functioning of the government's entire revenue collection effort.

Customs Service

The U.S. Customs Service, second to the IRS in the collection of revenue for the U.S. Government, collects about \$20 billion in revenue each year and has serious programmatic and financial management problems. Longstanding internal control weaknesses hamper its ability to effectively manage agency programs.

Although Customs officials are working to correct the agency's problems, Customs financial management systems do not provide accurate and reliable information to (1) control its financial resources and (2) report on its financial operations. There is inadequate accountability, undetected trade violations, cargo delays, and inefficient operations.

ERISA/PBGC

The Department of Labor's and IRS' enforcement of ERISA has a significant impact on ensuring that employee benefit plans are free of mismanagement, fraud, and abuse that place plan assets at risk and threaten the benefits of plan participants. The underfunding on insured defined benefit plans is currently estimated by PBGC to be \$30 to \$40 billion.

About \$13 billion of this PBGC exposure is attributable to businesses at risk of bankruptcy. The potential impact on the fund by one company's bankruptcy, LTV Corporation with its \$3.2 billion in underfunded plans, demonstrates the vulnerability of the guaranty program and the potential exposure to the taxpayer. The recent bankruptcy of PanAm left PBGC responsible for another set of pension plans, underfunded by an estimated \$900 million. The bankruptcy of another company could expose PBGC to billions more in underfunded plans.

THE WHITE HOUSE
WASHINGTON

March 24, 1992

MEMORANDUM FOR KATHY SUPER

FROM: SAMUEL K. SKINNER

SUBJECT: SCHEDULING ITEMS

Rich Bond talked to the President today about a series of Presidential Trust fundraisers between June and November. The Presidential Trust raises money for the 1992 campaign, and I understand Presidents have done this in the past. We will review details and see how it plays in the schedule.

It is probably time for another "credit crunch" meeting under Secretary Brady/John Robson's auspices. Please make arrangements to set it up.

copy

THE WHITE HOUSE
WASHINGTON

DCF HAS SEEN

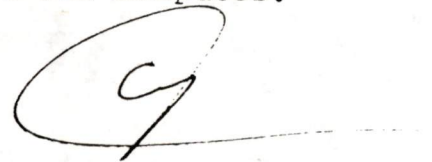
DATE: Mar. 25, 1991

TO: Sec. Skinner

FROM: CLAYTON YEUTTER
Counsellor to the President for
Domestic Policy

Show
POTUS

Sam, you might want to share this
with the President. It could be a good
judicial omen for the future on these
timber/spotted owl disputes.



4/1 To clayton
"stay on top of
this."
Sam

THE WHITE HOUSE
WASHINGTON

March 25, 1992

MEMORANDUM FOR CLAYTON YEUTTER,

FROM: JAMES A. FITZHENRY

SUBJECT: Supreme Court Decision in the Section 318 Case

The Supreme Court today unanimously overruled the Ninth Circuit in Robertson v. Seattle Audubon Society, the so-called Section 318 case. This is the first spotted owl decision to reach the Supreme Court.

You may recall that Section 318 to the FY 1990 Interior Appropriations bill mandated particular harvest levels on BLM and Forest Service land. In addition, Congress also determined in Section 318 that management of the forest according to section's terms satisfied the requirements of two statutes that were the basis of existing lawsuits challenging the BLM and Forest Service timber sale program.

The Ninth Circuit declared Section 318 unconstitutional on the grounds that it violated the Separation of Powers doctrine by improperly directing the court to reach a particular result rather than amending the law. The Supreme Court disagreed, finding that Section 318 did, in fact, compel changes in the law.

While the case will have no impact on timber harvesting in the Northwest, it provides an important symbolic victory for Congress and the land management agencies. Further, it places the Ninth Circuit's "Owl Panel" in disrepute. Score one for the good guys.

file

THE WHITE HOUSE
WASHINGTON

DATE: 3/25

NOTE FOR: EDE HOLIDAY
DAVID DEMAREST

**The President has reviewed the attached, and it is
forwarded to you for your:**

Information ☐
Action ☒

Thank you. PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
(x2702)

cc: The Chief of Staff
Gen. Scowcroft
Ron Kaufman

THE WHITE HOUSE
WASHINGTON

DATE: 3-25-92

FROM THE PRESIDENT

To: Phil Brady

Send the attached response on the end of
Desert Storm to:

Speech writers at EOB and
at Campaign.

Surrogates should be given this answer-advise
campaign of that.

gb

4



THE SECRETARY OF DEFENSE
WASHINGTON, THE DISTRICT OF COLUMBIA

March 25, 1992

MEMORANDUM FOR THE PRESIDENT

FROM THE SECRETARY OF DEFENSE

Re: Questions about the end of the war

At your request, I am attaching the answer I use when I am asked in public forums why we ended the war when we did, instead of going on to Baghdad.

It says we stopped the fighting when we met our objectives, and it argues that going on to Baghdad would have bogged us down in Iraq with no clear military objective.

Q&A on end of the Persian Gulf War

Q. Why did you end the war when you did, instead of going on to Baghdad to get Saddam Hussein?

A. It was never part of our mission to take Baghdad. We stopped the war when we achieved our objectives -- to liberate Kuwait and destroy Iraq's offensive military capability, its ability to threaten its neighbors. That was the mission agreed to by Congress, the United Nations, and our coalition partners, and supported overwhelmingly by the American people.

We ended the war when the enemy was defeated. It was a unanimous recommendation of Secretary Cheney, General Powell, and General Schwarzkopf.

To then ask American troops to continue their combat operations, to continue the killing and the destruction, was not something we were eager to do. There is a basic decency to our men and women in uniform. They quickly made the transition from being warriors to being angels of mercy, taking care of the thousands of surrendering Iraqi prisoners. The pictures of those young Americans caring for the Iraqi soldiers were some of the most poignant images of the war.

If we had kept going, we would have gone beyond what we said we intended to do, beyond what our coalition partners agreed to, beyond what the UN Security Council signed up to, and beyond what the Congress and the American people approved. We entered the war with clear-cut military objectives.

We certainly had the military capability to go on to Baghdad, but for what purpose? To get Saddam Hussein? I doubt that he would have waited at his palace for us to drive up and get him. So we would have needed to send a very large force and might well have faced intensive combat inside the city. The artillery, tanks, and air power that performed so well for us in the open desert would not have been very useful inside a major city. That would have cost us dearly in terms of additional casualties. And I'm not sure what we would have done with Baghdad, once we had it.

But once we had prevailed and had toppled Saddam Hussein's government, we presumably would have had to stay there and put another government in place. And what would that have been: a Suni government, a Shia government, a Kurdish government, or another Bathist regime? How long would US forces have been required to stay in to prop the government up? And how effective could it have been if the government we put in had been perceived as a puppet of the US military?

My guess is that if we had gone to Baghdad, we'd still have US forces there today. And to involve American forces in a civil war inside Iraq would have been a quagmire, because we would have gone in there with no clear-cut military objective. It's just as important to know when not to use force as it is to know when to use it. And we got it right both times.

THE WHITE HOUSE
WASHINGTON

March 25, 1992

Hand *May 26*
60
Days

MEMORANDUM TO THE CHIEF OF STAFF

FROM: SHAWN SMEALLIE *SS*
THROUGH: NICHOLAS E. CALIO *NEC*
SUBJECT: Phone call to Senator Helms (R-NC)

Senator Helms wants to speak with you regarding a meeting he had with Don Hughes of Burlington Industries and Roger Miliken. It is unclear, but I believe Senator Helms wants to discuss Presidential politics in the South and perhaps GATT treatment of the textile industry.

Sam,
Didn't you already talk to him?

Nick



Administrator
General Services Administration
Washington, DC 20405

Apprec.

File

March 25, 1992

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

Dear Mr. Skinner:

Thank you for stopping by the Illinois reception last evening. I appreciate not only your kind words on my behalf but your willingness to stay around for photos.

The reception went very well and I know that our fellow Illinoisans were more than happy.

Again, please accept my thanks for making time on your busy schedule and making the reception a truly special event.

Sincerely,

A handwritten signature in cursive script, appearing to read "R. G. Austin".

Richard G. Austin
Administrator



BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

383 HALL OF ADMINISTRATION / LOS ANGELES, CALIFORNIA 90012

MEMBERS OF THE BOARD

GLORIA MOLINA
KENNETH HAHN
EDMUND D. EDELMAN
DEANE DANA
MICHAEL D. ANTONOVICH

March 27, 1992

LARRY J. MONTEILH, EXECUTIVE OFFICER
(213) 974-1411

Mr. Samuel Skinner
Chief of Staff
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. ^{Sam}Skinner:

We very much appreciated the opportunity to meet with you and your staff on March 19, 1992, to discuss the County's key federal issues.

As we discussed, we are particularly concerned with the adverse economic effects the deep downturn in the aerospace and defense industries will have on Los Angeles County and full funding for the State Legalization Impact Assistance Grant (SLIAG). We look forward to working with the Administration to explore and develop solutions to these pressing problems and the other key federal issues affecting Los Angeles County.

If we can be of any assistance to you, please do not hesitate to call on any of us. Again, thank you very much for your time and efforts on our behalf.

Sincerely,

DEANE DANA
Chairman of the Board
Supervisor, Fourth District

KENNETH HAHN
Supervisor, Second District

EDMUND D. EDELMAN
Supervisor, Third District

MICHAEL D. ANTONOVICH
Supervisor, Fifth District

THE WHITE HOUSE
WASHINGTON

DCF HAS SEEN

DATE:

FROM THE PRESIDENT

To: Sam Skinner 3-25-92

The auto parts story (first item in
JAB memo attached) is very good news

We need to get that info out.
We need to have campaign people and others
aware of this and get the word around.

After getting pounded on that throw up trip
here's another favorable indication
on the trip's success.

gb

CH

SHOW
ROTUS

TO ~~Chapman~~
How do we get
credit
J



1. Japan: Auto Parts. U.S. manufacturers of auto parts report that opportunities to sell to Japanese companies have increased substantially since your visit. At the March 19 Auto Parts Advisory Committee (APAC) meeting, firms agreed that our pressure has led to a greater opening of Japan's market. GM spoke of a definite change in Japanese attitudes, and another major producer reported that, after years of courting the Japanese, it had started winning even large orders without long negotiations. APAC members urged the USG to continue to apply pressure on Japan in order to sustain business development, but, unlike last year, they did not press for trade action against the Japanese. (LOU)



*f
apprec.*

FRED MEYER

2121 SAN JACINTO ST.

SUITE #895, LB-5

DALLAS, TEXAS 75201

file

March 27, 1992

The Honorable Samuel K. Skinner
Chief of Staff, The White House
Executive Office of the President
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

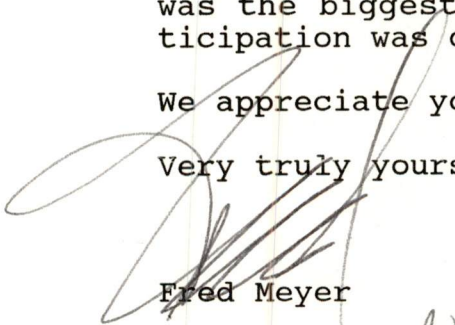
Dear Sam:

On behalf of our Texas Patriots and myself, I want to thank you for your assistance at our meeting on March 25th.

For each of these very important individuals, it was the biggest day of their lives and your participation was of critical importance.

We appreciate you very, very much.

Very truly yours,


Fred Meyer

*Your staff did
good work too!*



JS

THE ASSISTANT SECRETARY OF THE NAVY
(FINANCIAL MANAGEMENT)
WASHINGTON, D.C. 20350-1000

file

30 March 1992

The Honorable Samuel K. Skinner
Chief of Staff
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Sam:

Some of us have seen you on your hands and knees before,
we just never knew where you were going!

Best regards,

Mac

Robert C. McCormack

Enclosure

P.S. Please don't have your staff acknowledge this letter.

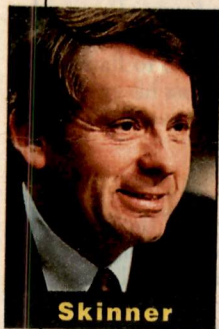
the contract, and I'll live up to it."

Puckett was one of nine children raised in a three-room apartment in the Chicago projects. "My parents taught us responsibility," he says of his mother and postal-worker father. "Since I was the youngest, my brothers and sisters saw to it that I stayed out of trouble. With all that, I always had my head screwed on right."

—Ira Berkow in *New York Times*

EMERGENCY RESPONSE

WHITE HOUSE Chief of Staff Sam Skinner earned President Bush's respect as a trouble-shooter during his



Skinner

three years as Secretary of Transportation. Skinner got a strong introduction to crisis control when he managed the Administration's response to the *Exxon Valdez* oil spill, the Eastern Air Lines strike and Hurricane Hugo.

Sam Skinner will go to any lengths to deal with a national emergency. He was at a 1989 GOP fund-raising dinner when a Secret Service agent, careful not to alarm the crowd, inched toward the head table on all fours. The agent tapped Skinner on the foot and said, "Follow me, sir." Without ado, the Secretary got down on his hands and knees and crawled between tables to the rear of the ballroom. Outside, a waiting limousine whisked him to the White House Situation Room, where he began immediately to plan the 1989 California earthquake cleanup.

—Michael Duffy in *Time*

CONSIDER THE SPARROWS

AS A YOUNGSTER, ornithologist Roger Tory Peterson felt frustrated by school regimentation. Captivated by the seeming freedom of birds, he wished he could "fly as they did and leave everything." As he learned more, he found that birds were "bound by all sorts of natural laws." He writes:

They go north and south almost by the calendar and seem to follow certain flyways. A robin that lives in Connecticut this year will not go to Wisconsin next year. Most birds are property owners, and are nearly as earthbound as we are. They have freedom only within prescribed limits.

Reluctant to accept the straitjacket of a world I didn't comprehend, I finally made peace with society. Birds, which started as an escape from the unreal, bridged the gap to reality and became a key whereby I might unlock eternal things.

—*Birds Over America* (Dodd, Mead)

"ORDINARY PEOPLE"

ROGER CARDINAL MAHONY of the Los Angeles archdiocese has been phenomenally successful in prying money from the wealthy to fund an educational project for minorities. But the cardinal is not to the manner born. Under his white Roman collar lies a blue one.

Mahony's father worked two jobs to feed his family during the Depression. "We were poultry farmers. Feeding chickens and scraping droppings is part of my background," Mahony says. "I'm still somewhat astounded at my elevation to cardinal, but I think it reflects how Jesus in the Gospel chose ordinary people to do his work."

—John Peer Nugent in *Los Angeles Magazine*



March 31, 1992

Honorable Samuel Skinner
Chief of Staff
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

File

Dear Mr. Skinner:

Please accept my personal thanks for
visiting with us last Tuesday in the Indian
Treaty Room.

Our guests were duly impressed with the
grandeur of the reception and were especially
grateful by your presence.

Kind personal regards,



Donald W. Lynn
Major General, IL ARNG
The Adjutant General of IL

The Adjutant General
1301 North MacArthur Blvd.
Springfield, Illinois 62702-2399



Honorable Samuel Skinner
Chief of Staff
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

~~1) Scott~~
2) Suse

1319

From the desk of

George Bush (Phil)

(Phil)
I have this
with SS
Darmar
no reply required

Shirley Green
12 30 24 904

THE PRESIDENT HAS BEEN 4/6
THE
WELK
GROUP

3/9295
Reading File

LARRY WELK
President

March 30, 1992

President George H. Bush
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

Thank you for your gracious letter of March 13, 1992. I was very touched that you would take time to consider my request and, even more, to write me a personal letter. Needless to say, it will be a cherished keepsake in our family archives for many generations.

My dad was extremely pleased to learn of your letter and of his vindication in your eyes. Neither he, nor our family, knew of the initial request to Congress by the town of Strasburg, ND, for funding of a museum. Once we did learn of it, we were the ones who insisted that it not be a Lawrence Welk Museum but, instead, a Germans from Russia Heritage Museum. We felt that it was inappropriate to have a museum honoring only one man but entirely laudable to honor the heritage of this large immigrant group, of which our family was only a small part. Given the many constraints and priorities of the federal government at the present time, we fully understand, and concur, with the decision to deny funds for the project.

As you correctly stated, public life, whether as a politician or a celebrity, exposes one's family to often unjust and unfair attack. It is especially painful to witness as that special person grows old and is less able to withstand what might have been borne with equanimity at a younger age. Thus, I particularly appreciate your sensitivity to the public nature of this controversy and your kind remarks about my father.

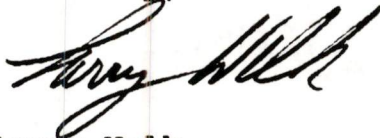
(Continued...)

President George H. Bush
Page 2
March 30, 1992

In addition to my gratitude for your letter, I was truly moved by your sincerity and by the warmth of your emotional response. I am sure that it is a part of your personality that is highly valued by your family and friends but is seldom seen by the ordinary citizen. I can assure you that, in sharing that rich part of yourself with us, you have added luster to your reputation.

Thank you, again, for your generous response to our family's concern - and for reaching out to us in friendship.

Sincerely,

A handwritten signature in black ink, appearing to read "Larry Welk", written in a cursive style.

Larry Welk

LW/ab

CC: Shirley M. Green

File

THE WHITE HOUSE
WASHINGTON

DCF HAS SEEN

DATE: Mar. 30, 1992

TO: Sec. Skinner

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

Show
ROTUS

Sam, for your info here is the next Canada flap. The Canadians have no defense on this one because they lost the GATT case that we started while I was at USTR. (It should have been filed years earlier, because they've been blatantly violating the GATT with their beer distribution system.) But they don't like it, and the provinces may resist making their system GATT legal. If so, this will be a political test for Mulroney if he has to order the provinces to get in line.

We'll keep you informed.

C

Canadian Beer

The next major issue on the contentious U.S.-Canada trade front is beer. Despite a 1987 GATT report, the Canadians have refused to open provincial liquor distribution systems to American beer, liquor, and wine. Last December, USTR set an April 10 deadline for deciding whether to retaliate. There has been general sentiment that, to avoid retaliation, we need to see (1) a promise from Canada that U.S. beer will get free and fair access within a reasonable period of time, and (2) a down payment of measures that would kick in immediately and reverse a pattern of increasing discrimination against U.S. beer.

The Canadian federal government and provincial authorities have been negotiating for over a year about a possible response. Despite agreement on that the day of reckoning is at hand and that something must be done, there is great reluctance by the provinces to open up and even greater reluctance to be the first to liberalize. We have heard from Canadian lobbyists that they may be able to come up with a package of measures that would phase in liberalization over 18 months, although they tend to be vague on what "liberalization" would entail. They are also cautious on the down payment, warning that the key provinces -- Ontario, Quebec, and B.C. -- are the most strongly opposed to liberalization.

Canada is scheduled to report to GATT on March 31 on progress toward implementing the GATT ruling.

THE WHITE HOUSE
WASHINGTON

file
DCF HAS SEEN

DATE: Mar. 30, 1992

TO: Sec. Skinner

FROM: CLAYTON YEUTTER
Counsellor to the President for
Domestic Policy

Show
ROTUS

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Canada is scheduled to report to GATT on March 31 on progress toward implementing the GATT ruling.

② file
① Henson
revised
3/31

THE WHITE HOUSE
WASHINGTON

DCF HAS SEEN

DATE: Mar. 30, 1992

TO: Sec. Skinner

SHOW
POTUS

FROM: CLAYTON YEUTTER
Counsellor to the President for
Domestic Policy

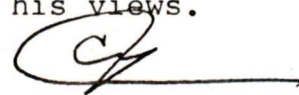
Sam, Boyden Gray has done a fine job of laying out the case for logging in phone calls, and I presume that memo will reach you today.

Roger Porter came in a few days ago with the attached memo to the President which enunciates at least some of the arguments on the other side. So feel free to use it if you want to provide the President with these counter arguments.

I don't have strong feelings about the issue, but the more I ponder it the less enthusiastic I get. If this turns into a spitting contest between the Congress and the Administration, it could lead to a "pox on both your houses" result.

The person with the greatest concern about doing this is the Vice President, so you may wish to make sure he has a chance to express his views.

cc Boyden Gray



THE WHITE HOUSE

WASHINGTON

March 30, 1992

MEMORANDUM FOR THE PRESIDENT

FROM: ROGER B. PORTER *RBP*

SUBJECT: Proposed Executive Order Entitled "Recording
Contacts with the Executive Branch"

The objective behind the proposed Executive Order on recording contacts with the Executive Branch is a commendable one. It is in the grand good government tradition of seeking to discourage inappropriate influence.

But, in weighing whether to go forward with it now, three considerations are worth keeping in mind:

1. The Executive Order will involve a good deal of additional paperwork requirements at a time when we are finally making solid progress in reducing regulation and paperwork.

2. The provisions for exceptions for limited categories of agency employees and public disclosure of recordable contacts are understandable and can be defended from a policy perspective, but these exceptions could open us to criticism that we will manipulate those exceptions when it is in our interest to do so.

3. Perhaps most importantly, issuing this Executive Order will almost certainly prompt some form of counter retaliation from the Congress which will resent this action deeply. Where this trade of salvos will end is difficult to predict, but if you choose to go ahead, it should be with our eyes open.

Congress is now considering the Regulatory Review Sunshine Act (S. 1942), introduced by Sen. Glenn, that would require disclosure of all written and most oral communications between the Executive Office of the President (or any other agency reviewing a regulation) and a regulating agency or the public concerning a rulemaking. Congress may well see a parallel between the Executive Order's requirement that executive agencies log and disclose Congressional contacts concerning grants, contracts, rulemakings and adjudications, and S. 1942's requirement that executive agencies log and disclose contacts with other executive branch personnel concerning rulemakings. Keeping the threat of this Executive Order in reserve may help us in deflecting this Congressional attempt to insert themselves more fully into executive branch deliberations.

On balance, I recommend holding this Executive Order rather than moving forward on it at this time.

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

INCOMING

DATE RECEIVED: MARCH 30, 1992

NAME OF CORRESPONDENT: MR. JAMES D. "MIKE" MCKEVITT

SUBJECT: APPRECIATION FOR ADDRESS THE COUNCIL OF 100
APPRECIATION FOR ASSISTANCE IN REGARD TO THE
KOREN WAR VETERANS MEMORIAL

		ACTION		DISPOSITION	
ROUTE TO: OFFICE/AGENCY	(STAFF NAME)	ACT CODE	DATE YY/MM/DD	TYPE RESP	C COMPLETED D YY/MM/DD
SAMUEL SKINNER		ORG	92/03/27		
REFERRAL NOTE:					
REFERRAL NOTE:					
REFERRAL NOTE:					
REFERRAL NOTE:					
REFERRAL NOTE:					

COMMENTS:

ADDITIONAL CORRESPONDENTS: MEDIA:L INDIVIDUAL CODES: _____

CS MAIL USER CODES: (A) _____ (B) _____ (C) _____

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*ACTION CODES:          *DISPOSITION          *OUTGOING          *
*                      *                      *CORRESPONDENCE:   *
*A-APPROPRIATE ACTION  *A-ANSWERED          *TYPE RESP=INITIALS *
*C-COMMENT/RECOM       *B-NON-SPEC-REFERRAL  *      OF SIGNER   *
*D-DRAFT RESPONSE     *C-COMPLETED          *      CODE = A     *
*F-FURNISH FACT SHEET *S-SUSPENDED          *COMPLETED = DATE OF *
*I-INFO COPY/NO ACT NEC*                      *      OUTGOING    *
*R-DIRECT REPLY W/COPY *                      *                      *
*S-FOR-SIGNATURE       *                      *                      *
*X-INTERIM REPLY       *                      *                      *
*****

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REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE
(ROOM 75,OEOb) EXT-2590
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING
LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS
MANAGEMENT.

318469

THE McKEVITT GROUP
1101 SIXTEENTH STREET, N. W.
SUITE 333
WASHINGTON, D.C. 20036
(202) 822-0604



JAMES D. "MIKE" McKEVITT
PRESIDENT

March 27, 1992

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

Dear Mr. Secretary:

Thank you for addressing the Council of 100 last Wednesday. As you said, NFIB is one of the President's biggest backers. We appreciate your time given.

On a separate note, as a Member of the Korean War Veterans Memorial Advisory Board, may I think you very much for helping us to expedite a long overdue memorial.

★ You were smart to pick Sherrie Rollins. She is putting the Office of Public Liaison back in shape where it should have been a long time ago. ★

It is critical that you re-establish those various constituencies, particularly the business community.

Sincerely,

James D. "Mike" McKevitt
Chairman, Council of 100
NFIB Foundation

THE WHITE HOUSE
WASHINGTON

Show
ROTUS

March 27, 1992

MEMORANDUM FOR THE CHIEF OF STAFF

THROUGH

HENSON MOORE
DEPUTY CHIEF OF STAFF



FROM

KATHY SUPER 
DEPUTY ASSISTANT TO THE PRESIDENT
FOR APPOINTMENTS AND SCHEDULING

SUBJECT

PROPOSED DATES FOR BUSH-QUAYLE FUNDRAISERS

Listed below are recommended dates for the upcoming Bush-Quayle Fundraisers. These dates would best accomodate events already scheduled for the President. The campaign would like to precede with these dates once approved.

APRIL 27

Charlotte, North Carolina - Fundraising Dinner
(on return from Miami commencement address)

APRIL 30

✓ Pittsburgh, Pennsylvania - Fundraising Lunch

✓ Columbus, Ohio - Address the Ohio Association of Broadcasters

✓ Columbus, Ohio - Fundraising Dinner

MAY 5

New Jersey - Fundraising Dinner

MAY 7

✓ Atlanta, Georgia - Fundraising Dinner

MAY 12

✓ Philadelphia, Pennsylvania - Fundraising Dinner

MAY 15

✓ Cincinnati, Ohio - Fundraising Lunch
(on the way to Houston, Texas)

MAY 21

✓ Greenwich, Connecticut - Fundraising Dinner