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FOIA MARKER

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Collection/Office of Origin: Office of the President
Series: Daily Files
Subseries:

OA/ID Number: 90661
Folder ID Number: 90661-004

Folder Title:
Saturday, March 14, 1992

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Withdrawal/Redaction Sheet (George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Log	White House Telephone Log [redaction] (2 pp.)	3/14/92	(b)(6)	
02. Handwritten Note	Re: Presidential Telephone Calls Camp David [Israel] [originally closed as 01] (4 pp.)	3/14	(b)(1)	

Page 1 of 1

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Saturday, March 14, 1992

Pinksheet Number: cap6019

OA/ID Number: 90661-004

Date Closed: 8/23/2019

FOIA/Sys Case #: 2009-0166-S[4]

Re-review Case #:

P-2/P-5 Review Case #:

WASHINGTON

PRESIDENT BUSH

MARCH 14

1992

[illegible]

Withdrawal/Redaction Sheet

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FOIA/SYS Case #: 2009-0166-S[4]

Appeal Case #:

Re-review Case #:

Appeal Disposition:

P-2/P-5 Review Case #:

Disposition Date:

AR Case #:

MR Case #:

AR Disposition:

MR Disposition:

AR Disposition Date:

MR Disposition Date:

RESTRICTION CODES

Freedom of Information Act (FOIA) - [5 U.S.C. 552(b)]

- (b)(1) National security classified information
- (b)(2) Release would disclose internal personnel rules and practices of an agency
- (b)(3) Release would violate a Federal statute
- (b)(4) Release would disclose trade secrets or confidential or financial information
- (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy
- (b)(7) Release would disclose information compiled for law enforcement purposes
- (b)(8) Release would disclose information concerning the regulation of financial institutions
- (b)(9) Release would disclose geological or geophysical information concerning wells

Deed of Gift Restrictions

- C(1) Closed by Executive Order 13526, governing access to national security information
- C(2) Closed by statute or by the agency which originated the information
- C(3) Closed in accordance with restrictions contained in donor's deed of gift [formerly listed as only C]
- PRM. Removed as a personal record misfile

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]

THE WHITE HOUSE
WASHINGTON

TELEPHONE MEMORANDUM
SIGNAL SWITCHBOARD

March 14, 1992

	TIME		NAME	ACTION
	PLACED	DISC		
OUT	7:52 AM	8:35	Secretary James A. Baker III Residence, Washington, D.C. White House Signal 7-3103	Tlkd-ok 7:52 AM
INC	PM			
OUT	8:50 AM	8:57	Mr. Robert M. Teeter (b)(6)	Tlkd-ok 8:50 AM
INC	PM			
OUT	8:57 AM	9:04	Mr. William S. Farish, Jr. (b)(6)	Tlkd-ok 8:58 AM
INC	PM			
OUT	9:08 AM	9:10	Mr. Donald Rhodes Rosebud Cabin, Camp David, Maryland Camp David Signal 4-1750	Tlkd-ok 9:09 AM
INC	PM			
OUT	9:28 AM	9:34	Mr. Ronald C. Kaufman Office, Washington, D.C. 456-2135	Tlkd-ok 9:30 AM
INC	PM			
OUT	9:38 AM	9:42	Mr. David F. Demarest, Jr. (b)(6)	Tlkd-ok 9:40 AM
INC	PM			
OUT	9:47 AM	9:56	Mr. Samuel K. Skinner Residence, Arlington, Virginia White House Signal 7-3865	Tlkd-ok 9:47 AM
INC	PM			
OUT	AM		LTCOL Michael C. Gould Holly Lodge, Camp David, Maryland Camp David Signal 4-1693	Tlkd-ok 1:42 PM
INC	1:41 PM	1:43		
OUT	AM		Mr. Ronald C. Kaufman Residence, Springfield, Virginia 703-569-1042	Tlkd-ok 5:30 PM
INC	5:29 PM	5:33		
OUT	AM		Major Arthur P. Wallace Sycamore Cabin, Camp David, Maryland Camp David Signal 4-1736	Tlkd-ok 5:33 PM
INC	5:33 PM	5:34		
OUT	AM		Mr. Marvin P. Bush (b)(6)	Tlkd-ok 7:22 PM
INC	7:21 PM	7:25		

TELEPHONE MEMORANDUM
SIGNAL SWITCHBOARD

[illegible]

PRESIDENTIAL MOVEMENTS

LOCATION Camp David, Maryland

DATE 14 March 1992

TIME

MOVEMENTS

[illegible]



File
ws

To Situation Room: Please have this delivered immediately to Sec Baker at his Residence and to Admiral Howe

March 14, 1992 8.30 AM

To Jim Baker and Admiral Howe

Language to be considered for top of page 3 in my remarks to Polish National Alliance on March 16th in Chicago.

After these sentences already in the speech "The world is safer and freer now, but we must not forget those who still have not won full freedom . I think especially of the brave people of Croatia, Slovenia, Bosnia and Macedonia."--- now add new language as follows:

"As we told our

European allies last week we are giving positive consideration to the recognition of Slovenia and Croatia. Also in cooperation with our allies we are considering the most appropriate ways to meet the desire for peaceful transition to independence on the part of the other Republics".

George Bush

FROM THE PRESIDENT

D L. A 'm Ho 5 7



✓
delivered
to adm Howe
over weekend

March 14, 1992

To: Admiral Howe

From: The President

Subject: Russian Econ Program

File
we will meet
on this subject
this week.

I just want to be sure that you have seen the attached letter from Brady. It looks like decision time lies just as short way down the road.

Brent should see this and also JAB III.

We can talk about this Monday.

GB

GB

FROM THE PRESIDENT

~~CONFIDENTIAL~~



THE SECRETARY OF THE TREASURY
WASHINGTON

March 13, 1992

R2
[71] need
this week
S

MEMORANDUM FOR THE PRESIDENT

FROM: NICHOLAS F. BRADY *ZFN*

SUBJECT: Support for Russian Economic Reform Program

The question of western financial support for Russia's economic reform program has moved to the point where it will require some major decisions prior to your meeting with Chancellor Kohl.

On March 10, Russia reached agreement with the IMF on an economic reform program, including a preliminary agreement on the magnitude of Russia's balance of payments financing requirements for 1992. The reform program agreed by Russia is in the form of a so-called "shadow" program, which means it is not a full standby program with the IMF involving access to IMF resources. The next step is that Russia will begin negotiations to convert the "shadow" program into a full IMF standby program to be put in place when Russia formally joins the Fund in early May. At that point, Russia will be able to draw significant resources from the IMF and the World Bank. Simultaneously, Russia will look to western governments to finalize formal commitments of financial support, including possibly a Currency Stabilization Fund for the ruble.

I have set out below the timetable of events from now through the Economic Summit in early July, by which time western financial support for Russia will have to be fully in place.

1. March 10 -- Russia and IMF agreed "Shadow" program, including agreed balance of payments financing projections for 1992.
2. March 17-18 -- David Mulford talks/meets with Horst Koehler, Chancellor Kohl's Sherpa and German Financial Deputy, to discuss Russian financial requirements and Currency Stabilization Fund.
3. March 21 -- Chancellor Kohl visits Camp David where he will raise Russian finance issues, including CSF and the G-7's answer to Yeltsin's December 6th letter, formally requesting financial support.

~~CONFIDENTIAL~~: DECL/OADR
Classified by David C. Mulford

DECLASSIFIED
PER DOS WAIVER, November 6, 2015
By MC NARA, Date 6/1/24

4. April 6-8 -- Yeltsin faces session of Russian Supreme Soviet which is expected to be stormy. His reform efforts will be under attack. Yeltsin has urged us to send signal of support prior to this meeting, including support for Russian balance of payments and CSF.
5. April 27-28 -- Spring meetings of the Interim and Development Committees where G-7 Finance Ministers will meet to discuss details of Russian financial support and Russia will be approved for IMF membership.
6. Mid-May -- Russian IMF membership formalized with Russian standby program forwarded to IMF Board. This will be followed by full membership in the World Bank.
7. Early June -- First disbursement of IMF money to support Russian reform program and probable implementation of Currency Stabilization Fund.
8. July 6 -- Munich Economic Summit.

Next week we need to reach conclusions on financial support for Russia, including our position on a Currency Stabilization Fund. Public statements may be required on these matters at the time of Chancellor Kohl's visit next Saturday. Kohl will probably push hard to respond on the behalf of the G-7 to Yeltsin's request for support so that Yeltsin can strengthen his position for the early April session of the Russian Supreme Soviet.

The provision of financial resources by the western countries will also require consideration of related issues, such as the IMF quota increase legislation and the Currency Stabilization Fund concept for the Russians. These matters will require important consultations with the Congressional leadership not only on Russian financial assistance, but also on the related issues.

I understand Brent will be on vacation next week but perhaps we could get him on a conference call before David Mulford has his German discussions on March 17 or 18.

cc: Brent Scowcroft

MATERIALS FORWARDED TO THE PRESIDENT
March 14, 1992
(to Camp David)

ACTION

CLASSIFIED

1. Cabinet Report for the week of 03/15-03/21/92

INFORMATION

1. Weekly Legislative Report for the week of 03/09-03/13/92
2. Block schedule
3. Background info pulled from Lexis for telephone call to Gov. Engler (from R. Kaufman)

REMARKS

March 15, 1992
(to the Residence)

SCHEDULE

1. Goldline and briefing papers for morning events at the White House
2. Trip Notebook for Monday, 03/16

REMARKS

1. Steeltech, Milwaukee -- cards
2. Milwaukee B/Q Fundraising Lunch -- xerox of reading copy
3. Polish Americans, Chicago -- cards
4. Chicago B/Q Fundraising Dinner -- xerox of reading copy



March 14, 1992

-- The Vision Thing

Roger: Add line about helping the poor, homeless caring about people.

2) "Fairness" on our side

World Leadership to guarantee that our children live in peace, free from the fear of nuclear war in a world where all people know the blessings of democracy and freedom.

Leadership at Home to guarantee a better America. That means strengthening the American Family (family values). It means being the best in Education. It means winning the war on drugs and crime.

It means striving for a society free of bigotry and hate.

To achieve this 'vision' we must remain as the active leader of the entire world. We must be sure our word is credible- that means we must not only have the convictions about democracy and freedom, but we must have a strong National Defense posture. Our security comes first but the security of other friends around the world is vital too.

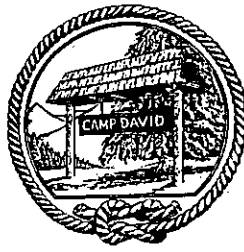
To achieve the domestic 'vision' we must fully implement America 2000 in education. That program, with its emphasis on Math and Science etc, will guarantee our leadership in the highly competitive evolving world.

To reassure Americans about their standard of living and their own prosperity we must expand, not shrink, our involvement and leadership in international trade.

We must find every way possible to strengthen the American family. Parental involvement in schools; community action programs that build on our "Points of Light" Concept.

To address family concerns on health care we must press for prompt enactment of a new health care plan.

FROM THE PRESIDENT



And to guarantee our prosperity we must make a major effort to control the ever spiralling debt of this country.

The two charts attached (prepared, I believe by Gregg Petersmeyer) summarizes much of the above very well.

"Family, Jobs, Peace" can be expanded to :

World Peace and Freedom Abroad led and guaranteed by a strong America. At home, domestic tranquility where family is strengthened, educational excellence achieved, the threat of drugs and crime eliminated, and the spirit of America is renewed by government being close to the people and by a 'points of light' concept enhanced, a concept which appeals to the better nature of man, a concept of neighbor helping neighbor.

FROM THE PRESIDENT

THE BUSH FRAMEWORK

(How We Will Reach the Promised America)

THE ENGINES OF HOPE

Economic Growth
Community Action
Government Action



THE PROMISED AMERICA

(What We Seek)

- **Commitment to Children, Youth Developing Good Character and Values, and Strong Families**
- **Excellent Schools and a Culture that Fosters Lifelong Learning**
- **Meaningful Employment Opportunities and the Hope of Economic Advancement**
- **A Decent, Drug Free and Safe Place to Live in a Clean Environment**
- **Quality Health Care and a Sense of Well Being**

AMERICA'S FOUNDATION

(Our Fundamental Beliefs)

Core Values

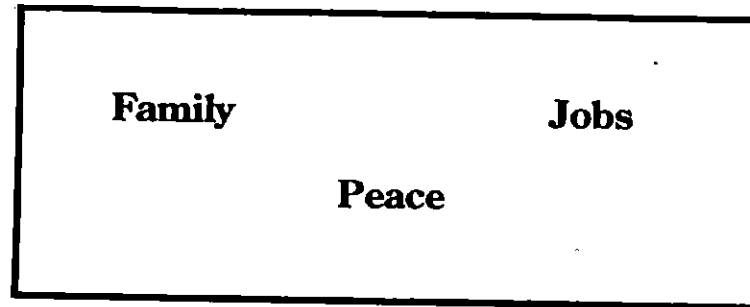
- **Freedom**
- **Strong Families**
- **Individual Responsibility**
- **Hard Work**
- **Opportunity for All**

New World Order

- **Peace and Security**
- **Spread of Democracy**
- **Stable and Dynamic World Economy**
- **Free and Fair Trade**

THE FORCE FOR CHANGE: THE BUSH PLAN FOR THE PROMISED AMERICA

**The
Fundamental
Message of
George Bush**



Requires . . .

**Five Missions
for America
to Give the
Message
Meaning**

**Commitment
to children
and youth
developing
good
character
and values**

**Excellent
schools and
a culture
that
fosters
lifelong
learning**

**Meaningful
employment
opportunities
and the hope
of economic
advancement**

**A decent,
drug-free
and safe
place to
live in
a clean
environment**

**Quality
health care
and a sense
of well being**

And . . .

**Three Engines
of Hope to
Accomplish
These Missions
for America**

**Economic
Growth**

**Community
Action**

**Government
Action**



The Secretary of Energy
Washington, DC 20585

March 3, 1992

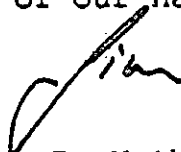
MEMORANDUM FOR THE PRESIDENT

Subject: Conditions In The Natural Gas Industry

Thank you for your note on Alternative Minimum Tax (AMT) relief. Secretary Brady's followup to Senator Nickles is already receiving praise from the independents.

You may have noticed the excellent New York Times article of March 2, 1992 on the desperate situation facing domestic natural gas producers which I have enclosed as Attachment 1. These conditions have been of concern to me since we began developing the National Energy Strategy (NES). We are concentrating our efforts on three key aspects of increasing demand for natural gas which are described in Attachment 2.

We are confident that over the long term, the NES proposals will substantially increase natural gas demand. In the meantime, we believe that alternative minimum tax relief and Federal royalty reductions will be highly beneficial, especially if royalty reductions were to be extended to off-shore production -- an option we have been discussing with Interior and OMB. I would be happy to provide you any further details on any aspect of our natural gas program.


James D. Watkins
Admiral, U.S. Navy (Retired)

Attachments

ATTACHMENT 1

MAR 2 1992

The New York Times

Circulation 1,068,217

COLLAPSE IN PRICES
FOR NATURAL GAS
SHAKES PRODUCERS

LITTLE CONSUMER BENEFIT

Big Companies Shift Overseas
and Small Drillers Quit —
Energy Security at IssueBy THOMAS C. HAYES A1
Special to The New York Times

DALLAS, March 1 — The collapse of natural gas prices in the last three months, to the lowest winter level in more than a decade, is delivering the worst jolt to the nation's weakened oil and gas industry since oil prices fell by more than half in early 1986.

Many giant companies have announced layoffs or reduced spending for new wells, and hundreds of smaller companies, many of them family run, are going out of business. Oil companies are raising their investments overseas, where costs are lower and potential discoveries more promising, increasing the nation's reliance on imported energy.

But the lower prices have scarcely benefited residential customers. Retail prices have not fallen, and only large manufacturers and electric utilities that burn gas have reaped any windfall, consumer groups say.

A Postwar Ebb

By some measures, activity in the domestic oil and gas industry is at its lowest ebb since the Administration of Franklin D. Roosevelt. Warm weather and other factors have caused a supply glut that has depressed prices and made costly new drilling unprofitable.

Many industry executives and financial analysts said that the tally of jobs pared from oil and gas production in the United States since the peak month of the last drilling boom, January 1982, could exceed 400,000 by the end of this year, far more than the number lost in the same period in the American auto industry.

Contracts to supply natural gas for March delivery are at \$1.25 per 1,000 cubic feet, up about 20 cents from the February contract but down from \$2.30 for the October contract and from \$1.65 in March 1991. Compared with the highest recorded monthly price, \$3.50 in February 1982, natural gas prices have fallen by a yearly average of more than 7 percent in the last 10 years.

Disappointing Winter

Gas producers who count on the winter months to generate their biggest sales have watched as prices dropped even below the low point of last summer, an extraordinarily rare development in the winter, when demand for natural gas peaks.

Demand for natural gas has increased in the last few years — to about 25 percent of the nation's total energy supply — as gas became cheaper to burn than fuel oil for thousands of industrial users. But consumers, who use gas mainly for heating and cooking, have not reaped much savings.

Edwin S. Rothschild, energy policy director at Consumer Action, a consumer research organization in Washington, said that large manufacturers and electric utilities that burn gas can bargain directly with producers for large-volume purchases and can choose between gas or oil fuel supplies, whichever is less costly.

But residential customers and owners of small businesses, with no comparable bargaining leverage, continue to pay high prices of \$6 or more for 1,000 cubic feet of gas, he said.

Carol Freedenthal, president of the Jofree Corporation, a consulting firm in Houston whose clients are mainly natural-gas producers, said, "The homeowner and residential customers, the largest users of natural gas, are not getting the benefit" of lower gas prices.

The worsening struggle for survival faced by legions of independent producers may prove crucial for the nation's future output of oil and natural gas. Most operate in Louisiana, New Mexico, Oklahoma and Texas, the states that produce 80 percent of the domestic natural gas.

According to the Independent Petroleum Association of America, a trade group in Washington, independent producers produce about 60 percent of the natural gas and 40 percent of the oil in the continental United States even though most have 20 or fewer employees.

"It would be a disaster for the country for this small producing segment of the industry to be driven out of business by lower prices," said Mr. Rothschild. "Natural gas is too important a fuel. It helps reduce our dependence on foreign oil."

And dependence on oil imports is a big burden for the economy. Payments for imported oil amounted to \$37.2 billion last year, or more than half of the nation's \$66.2 billion trade deficit.

Cutbacks by the Majors

The retreat from domestic oil and gas fields comes after big companies bet heavily on natural gas to support their domestic operations after the oil-price debacle six years ago. Cutbacks have been announced by companies including Mobil, Chevron, ARCO and Phillips Petroleum, and by large independents like Oryx Energy, Maxus Energy and Anadarko Petroleum.

ARCO, the nation's eighth-largest oil company, pared its work force by 2,100 jobs in August, including 900 from its operations in the continental United States, leaving a total work force of 22,000. More recently, ARCO said that for the first time, it would spend more to explore and develop reserves in foreign countries than in the continental states.

"Lower gas prices are one reason, but the other is that there just aren't the opportunities for exploration that there once were" in the United States, said Robert E. Wycoff, president and chief operating officer of ARCO. At the same time, he added, the demise of Soviet-led Communism has opened up several areas, including Syria, Yemen and Eastern Europe, as well as Russia, to exploration by Western companies.

When Maxus Energy said last month that it would cut its 1992 spending on domestic drilling by half, to \$45 million, the company added that it was continuing to expand overseas drilling investments in 14 countries, up from 6 countries four years ago. Its spending on international projects will rise at least 20 percent this year, to \$150 million.

"While jobs are being eliminated in North America, we will be adding new positions in international" operations, Charles L. Blackburn, chairman and chief executive of Maxus, said at the time.

The natural-gas supply glut was caused by many factors. Many big oil companies have kept gas flowing at high rates in the last two years to generate cash from domestic gas fields to invest into more promising fields abroad.

CONTINUED

MAR 2 1992

The New York Times

CONTINUED

Circulation 1,068,217

Tax incentives approved by Congress in recent years have also raised output. Companies producing gas from underground coal layers, mainly in northwestern New Mexico and northern Alabama, and from dense rock formations called tight sands in West Texas and other sites, are eligible for big tax credits that make gas sales profitable even if prices fall below \$1. The credits amount to as much as 90 cents per 1,000 cubic feet of gas produced through the year 2002 from wells drilled before the end of 1992.

New Drilling Opportunities

In addition, a Reagan Administration policy that opened hundreds of Government-owned blocks in the Gulf of Mexico to drillers in 1984 and 1985 has led to rising sales of offshore gas in the last few years. Hundreds of wells developed after those lease sales in the mid-1980's are now in full production.

Leaps in drilling technology have lowered exploration costs and sharpened the eye of oil and gas explorers. High-speed computers are charting three-dimensional maps of drilling prospects by tracking sound waves reflected from rock layers thousands of feet below ground.

While the diversified oil giants and most major independent producers have adjusted to the drop in natural-gas revenues, smaller independents are struggling. Mr. Freedenthal said that small producers were ripe for a shakeout in an industry that he said had become bloated during its last boom, and has since been gradually deregulated.

The Independent Petroleum Association now has about 8,000 members, down from 20,000 in the early 1980's. As natural gas operators are shunned by Wall Street, banks and other sources of financing, the independents must pay for drilling programs mainly from their shrinking revenues. The price collapse has caused many to sharply curtail or halt their drilling efforts.

Restricting Some Sales

A few big independents that have low debt and adequate cash reserves have restricted a portion of their gas sales. Robert J. Allison, chief executive of Anadarko Petroleum, said the Houston-based independent company had reduced its planned sales of 600,000 cubic feet per day in February by 25 percent because of low gas prices. Last week, the company went even further, reducing its planned sales for March by nearly half.

"I'm shocked and amazed at people who will sell all of their gas re-

gardless of price," Mr. Allison said. "A lot of people are losing money on every thousand cubic feet of gas they sell," he added, referring mainly to the big energy companies.

The purging of small independents has partly come from growing competition that followed the gradual deregulation in natural gas markets during the 1980's.

Bigger companies, with superior exploration technology and lower operating costs, have advantages of larger scale that enables them to operate profitably at lower prices for natural gas and oil prices than the small independents.

The number of rigs exploring for oil and gas in the United States fell to 653 in the last week of January, the lowest postwar level recorded by Baker Hughes Inc., the Houston-based oil-field service company. The total was little changed last week, at 673, up 5 from the week before. Analysts say the average weekly rig count for 1992 could drop below 735, or well below the postwar low average of 861 rigs set in 1991.

The seismic crew count, a barometer of future drilling activity that measures the number of teams searching for reserves in the United States, has fallen to new monthly lows in each of the last five months. The total was 79 in January, compared with a peak of 744 crews in September 1981, according to the Society of Exploration Geophysicists in Tulsa.

Growing Vulnerability

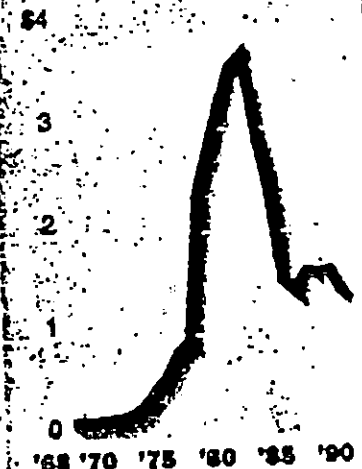
Many oil executives continue to warn that the nation is becoming more vulnerable to future oil or gas shortages. The total number of wells drilled in 1991 dropped to 27,000, less than a third of the 70,000 drilled as recently as 1985. Imported oil amounted to 40 percent of total United States supplies last year. The figure was 42 percent in January, and most energy analysts expect it to rise when the economy picks up.

For now, worries in Washington about United States energy security have waned after the military defeat of Iraq last year. To some analysts, the Persian Gulf war summed up the Government's unstated energy policy, which they see as defending shipments of imported oil — by force, if necessary.

"That was our energy policy — Desert Storm," said Kevin Simpson, an analyst with Wertheim Schroeder & Company.

On the Decline

Price for new gas contracts in dollars for each million British thermal unit (B.T.U.).



Source: Jofree Corporation

The New York Times

Cutting Back

Yearly employment in oil and gas exploration and production in the United States. 1992 figure is for January.



Source: Bureau of Labor Statistics

The New York Times

ATTACHMENT 2

Bush Administration Natural Gas Initiatives

• Statutory and Administrative Reform of natural gas pipeline regulation, including making it easier to construct new pipelines. These reforms should reduce one of the central bottlenecks in getting natural gas from producers who want to sell it to consumers who want to buy it. The National Energy Security Act of 1992, overwhelmingly passed by the Senate on February 19, contains a number of NES initiatives that will promote greater use of natural gas by expediting licensing procedures for construction of interstate gas pipelines, facilitating gas producers' market access, eliminating regulatory barriers to greater use of natural gas in motor vehicles, and requiring government and large private fleets to purchase alternative fuel vehicles. In addition, Martin Allday has been making significant progress in implementing regulatory reforms at FERC that will increase the use of natural gas.

• Federal R&D Investments. We completely restructured and expanded the natural gas R&D budget for Fiscal Year 1993, after extensive consultations with the industry. We have focused our research on end-use technology both for the near term (turbine engines with lower NOx emissions), and for the longer term (fuel cells). Our total natural gas R&D budget for FY '93 was increased 15% to \$108 million. The near-term R&D budget was increased from \$9 million in FY '92 to \$40 million in FY '93.

• Near-term Initiatives. We have launched a number of initiatives to address immediate problems, such as continued misperception by utilities about the availability of natural gas supplies for electricity generation, and possible new State interventions in the market as Federal regulation becomes less intrusive. We held a conference of key market players (producers, consumers and regulators) in Phoenix the first week of February, which was well received. We also have underway comprehensive studies to update our resource base estimates and to identify barriers to increased natural gas demand, such as fuel switching options among utilities and industrials. We expect these studies to be completed by September and believe that they will be valuable in increasing confidence in the availability of natural gas supplies and in identifying new initiatives to remove barriers to increased natural gas use.

We also are actively supporting Federal, State and private programs to increase natural gas use in transportation. You may be interested to know that the Federal Government

already has purchased 675 compressed natural gas (CNG) vehicles for its fleet. In addition, the Federal Government has supported the purchase of over 800 natural gas cars, trucks and buses for others. As a result of a new \$15 million initiative contained in your FY '93 budget request, we will be able to accelerate the acquisition of alternative fuel vehicles for the Federal fleet. This initiative will allow us to purchase or convert an additional 5,000 alternative fuel vehicles in FY '93, a significant portion of which will be CNG vehicles.



UNITED STATES DEPARTMENT OF EDUCATION
THE SECRETARY

March 5, 1992

MEMORANDUM FOR THE PRESIDENT

FROM: Lamar Alexander *Lamar*
SUBJECT: Good News about Your New American Schools

At 10:00 A.M. today, Tom Kean, Chairman of the New American Schools Development Corporation (NASDC), held a press conference to announce an important milestone. In response to a Request for Proposals issued 5 months ago, design teams from across the nation have submitted their proposals on how to reinvent America's schools. The response has been tremendous:

- Proposals have been submitted by 686 design teams with team members from 49 states.
- The teams represent 240 school systems and/or school boards in dozens of states. There are 226 business partners -- representing both major corporations and regional and smaller businesses.
- Team members also include 140 colleges and universities and 136 think tanks, associations or foundations.

From these 686 proposals, NASDC will award one year design contracts -- up to \$3 million each -- to as many as thirty of the competing teams. These awards should be made by late June. The thirty designs will be further developed and, in the Spring of 1993, the most promising will be given two year contracts to test and implement their designs in school settings.

The New American Schools are one of the four transforming ideas in your education strategy (the others being standards and testing, communities and more choices for middle and low income families). Despite Congressional propensities to do "business as usual," the country is moving ahead on these ideas.

This response to NASDC's challenge for "break the mold" designs is yet another sign that the country is responding to your leadership.



THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

MAR 1 1992

TO: The Honorable George Bush

FROM: Edward J. Derwinski

SUBJ: VA/HHS Rural Health Care Proposal and Veterans Service Organizations Relationships

I wanted to give you an update following the decision to halt the VA/HHS rural health care initiative and our current relations with the Veterans Service Organizations.

The three major Veterans Service Organizations have recently been in town and we have met with the leadership of each. In addition, we held a special meeting with the National Commander and the Executive Director of the Veterans of Foreign Wars last week. To the degree possible, the fence mending has been completed. The American Legion and the Disabled American Veterans both went out of their way to give me a very cordial reception, and I would say our relationships are back on track.

With the Veterans of Foreign Wars we agreed jointly that we couldn't resolve all our old issues, but would work together on all future ones.

We believe that the concerns about the rural health care proposal are behind us, and we can move forward with the Veterans Service Organizations on issues of mutual interest within the constraints of our budget.



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

March 6, 1992

MEMORANDUM FOR THE PRESIDENT

FROM: ANDREW H. CARD, JR. *A. Card*
SUBJECT: Rail Labor-Management Negotiations

You will remember that on April 17 of last year there was a one-day rail strike following protracted rail labor-management negotiations. The majority of the nation's 200,000 rail union employees either reached a negotiated settlement in April 1991 or were covered by emergency legislation that imposed the findings of your Presidential Emergency Board.

The National Mediation Board (NMB) has been working with the parties in three labor negotiations not covered by last year's agreements, but the parties appear to have reached an impasse. The negotiations involve several unions, Amtrak, Conrail and most of the major freight carriers.

We are working closely with the NMB to do all that we can to avoid a rail strike. Ultimately, however, it may not be possible to avoid a work stoppage.

The sequence of events might look like this:

- March 4. The NMB's proffer of binding arbitration was rejected. For the next 30 days, both sides must maintain the status quo.
- April 4. Earliest possible date that a strike could begin (12:01 a.m.). Appointment of a Presidential Emergency Board (PEB) would foreclose an immediate strike. If appointed, the PEB would have 30 days to make its recommendations.
- May 4. PEB submits its report (if not extended).
- June 4 (or 30 days after PEB report). Final status quo period ends. Parties may strike unless prohibited by new legislation.

This is the end of my second week on the job as Secretary of Transportation. Today I will be in Boston and Springfield on behalf of Bush-Quayle '92. I am eternally grateful for the opportunity you have given me. I hope I can make a difference for you.

fda
cus

Summary of March 6 Energy Announcements

- o The Administration took two actions to reduce regulatory barriers that impede the use of natural gas by electric utilities:
 - EPA announced that it will issue a final rule (the so-called "WEPCo" rule) allowing electric utilities to make certain physical and operational modifications at existing power plants without having to undergo expensive and time-consuming "new source" review. Because some of the modifications discouraged by the current regime are conversions to natural gas or gas co-firing generators, the final rule should lead to increased natural gas usage as well as lower electricity rates.
 - FERC announced a proposal to permit electric utilities and natural gas pipelines to choose "incentive regulation" -- i.e., regulation designed to give companies an incentive to reduce their costs -- as an alternative to traditional "cost-of-service" regulation. When fully implemented, a shift to incentive regulation will not only reduce natural gas transportation costs (thereby leading to increased demand for gas), but will also encourage construction of gas-fired electric generation plants when they are more cost-effective than coal or nuclear plants.
- o The Administration also took two steps that will lead to greater usage of natural gas vehicles:
 - FERC announced a proposed rule that will remove perceived regulatory barriers to the sale of compressed natural gas (CNG) for use in motor vehicles. The rule will exempt from FERC jurisdiction most local sales of CNG. For distribution companies or others that cannot be exempted from FERC jurisdiction, the rule will allow FERC to grant a "blanket" certificate authorizing the sale of CNG for use in motor vehicles.
 - EPA will issue proposed emission standards for natural gas vehicles that will allow them to compete on an equal basis with other vehicles. Specifically, the new standards will eliminate the separate "total hydrocarbon" standard for natural gas vehicles -- an onerous requirement that places natural gas vehicles at a disadvantage.

THE PRESIDENT HAS SEEN

3/12/92

THE WHITE HOUSE
WASHINGTON

March 10, 1992

02 MAR 11 P7:00

MEMORANDUM FOR THE PRESIDENT

FROM: C. BOYDEN GRAY *emh*
SUBJECT: Friday's Natural Gas Announcement

4

R II As you can see from the attached news clips, the regulatory reforms you announced on Friday to help the natural gas industry received a lot of media attention over the weekend, and appear to have been well received in the South. Gas industry officials were also pleased; Mike Baly of the American Gas Association, for example, was quoted in the New York Times as saying the industry was "deeply grateful."

You should know that Admiral Watkins, Martin Allday, and Hank Habicht (the Deputy Administrator of EPA) were very helpful in our efforts to ensure that your announcement was well publicized. At my request, they held a press conference Friday afternoon to explain your proposals and to answer questions from reporters and industry officials.

I have attached some additional recent articles on other aspects of your regulatory reform initiative.

From the desk of

George Bush

RZ (Phil)

*get me a very
short summary of
the reforms*

LA

Bush Seeks Rules to Lift Sales of Gas

By MATTHEW L. WALD

President Bush announced his support yesterday for four regulatory changes that he said would raise demand for natural gas and help an industry that has been badly hurt by low prices.

The gas industry applauded the announcement, which came shortly before the primary election in Texas, a leading gas-producing state. But environmentalists and consumer advocates said it was not clear whether the changes, all of them under discussion in Washington for months or years, would mean that more gas would be sold, at least in the near future. They also said that one proposed change could cut gas sales and increase pollution.

The changes are intended to lower costs or remove regulatory barriers. They could result in greater use of natural gas in cars and power plants.

2 Problems Not Addressed

Edwin Rothschild, an energy expert at Citizen Action, a consumer organization, said some of the proposed changes were desirable because they would promote use of natural-gas vehicles, lowering pollution and reliance on imported oil. But the natural-gas industry's real problems, he said, are two phenomena beyond White House control: warm weather and recession.

"I don't see this as stimulating a lot of demand quickly," he said.

But the president of the American Gas Association, Michael Baly 3d, said his industry was "deeply grateful."

Possibly the least controversial proposal was the President's announcement that the Environmental Protection Agency would soon issue an emissions standard for natural-

gas vehicles that would help them compete. Federal standards for gasoline vehicles set a limit on hydrocarbon emissions as a way to control smog, but proponents of natural-gas vehicles complain that natural gas itself, while a hydrocarbon, is not an ingredient of smog. So the E.P.A. will issue a standard for emissions of hydrocarbons other than natural gas.

There are now no standards for the vehicles. Mr. Baly of the gas association said yesterday, "If you want to start mass-producing these, major equipment manufacturers want a standard."

A Greenhouse Gas

But even if emissions of unburned natural gas do not contribute to smog, they are still a pollutant, environmentalists say, because natural gas is a greenhouse gas, contributing to global warming.

David G. Hawkins, an air-pollution expert at the Natural Resources Defense Council, said that allowing natural-gas emissions because they did not cause smog was "an example of tunnel vision," adding, "You could say the same thing about CFC's," which destroy the earth's protective layer of ozone.

The White House also said that the environmental agency would change the rules on when changes to a power plant become so extensive that the plant is considered new, and therefore subject to stricter pollution standards. Named after a case involving the Wisconsin Electric Power Company, the "Wepco fix" — as it is known on Capitol Hill — would allow utilities to make major changes to dirty old plants without becoming subject to the strict regulations governing new ones. But the fix was rejected by Congress in the debate over the Clean Air Act.

If utilities were not subject to rules on new sources of pollution, according to the gas industry, they might

take inexpensive steps that would significantly reduce pollution, like "co-firing" coal with natural gas. In co-firing — when the two fuels are burned together in the boiler — chemical reactions reduce the total pollution, although the plant is still dirtier than a new one.

The Opposite Case

But environmentalists say the Wepco fix might not help gas sales at all. Without it, they say, many utilities would be forced to scrap dirty coal-fired plants and build new ones that run entirely on gas; with the fix, they can continue to rely heavily on coal.

A third change would give gas-pipeline companies the option to be regulated under an incentive system, rather than the cost-based system that now prevails, but the details have not been established.

A fourth would remove a regulatory wrinkle that some people have said could hurt natural-gas vehicles: the issue of interstate regulation. In theory, according to some natural-gas executives, if a car were fueled with natural gas in one state and driven to another, the sale would be interstate and thus subject to Federal regulation, although in practice the issue has not arisen, experts said.

The proposed change would make it clear that sales of natural gas for vehicles were not subject to Federal regulation.

Bush aides are preparing a plan to encourage companies to buy old cars and junk them, in a bid to boost new-car sales and get the worst-polluting autos off the road. But the companies would get marketable permits to increase other types of pollution.

(Story on Page A3)

Bush Plans to Offer Pollution Credits To Firms That Buy, Then Junk Old Cars

By BOB DAVIS
And JOHN HARWOOD

Staff Reporters of THE WALL STREET JOURNAL
WASHINGTON—Looking to dump your old clunker of a car? President Bush has a deal for you.

White House officials said they are assembling a plan that would provide marketable pollution credits for companies that buy old cars and junk them. Under the plan, consumers could expect offers of \$700 to \$1,000 for their old cars. Getting clunkers off the road, officials said, would reduce pollution and give a boost to new car sales.

The plan is part of a regulatory relief package for the auto industry that the White House plans to unveil late this week, a few days before the Michigan primary on March 17. Details of the plan, such as which cars would qualify and exactly how much would be paid for them, are still being discussed.

Timed to Affect Primaries

The Bush administration has regularly been timing the announcement of regulatory changes that benefit industry to coincide with important primaries. On Friday, for instance, while the president was campaigning in Oklahoma, he announced measures designed to prop up the ailing natural gas industry in Oklahoma and Texas, which are to vote tomorrow.

The auto plan is the administration's most far-reaching proposal under its regulatory moratorium, and the first to touch consumers directly. Along with cash for clunkers, the White House is considering reducing the requirement for car-fleet fuel economy to 26.5 miles per gallon from the current 27.5 mpg. And it may give auto makers a further break on fuel economy standards if they research and develop cars that use methanol and other alternative fuels.

But the fuel-economy proposals, which are expected to be attacked by lawmakers and environmentalists, may be withdrawn or modified. Some administration officials said car makers are wary that these proposals could result in an environmentalist backlash and a renewed drive for a far tougher economy standard than the current one.

As part of the auto package, the Energy Department is expected to announce the formation of a research consortium, called "Auto Leap," to map a transition from in-

ternal-combustion-powered cars to battery-powered ones. The department recently began a consortium to research the batteries that would run cars.

In addition, the Environmental Protection Agency plans to kill a proposal that would have forced auto makers to install special canisters in new cars to recapture gasoline vapors that seep out during refueling. Vice President Dan Quayle, White House economist Michael Boskin, and White House Counsel Boyden Gray are scheduled to discuss the plan this week and decide its final form.

The heart of the program is the cash-for-clunker deal, which is being prepared by the EPA. The plan is designed to cost the federal government little, as companies looking to reduce pollution-rules burdens and car makers trying to boost sales would be expected to put up the money to buy the cars.

The plan has its origins in the Clean Air Act of 1990, which envisions reducing smog levels in polluted cities by requiring factories and businesses there to cut emissions. Companies that do better than the pollution standards can earn credits, which they can then sell to companies that can't.

The White House now plans to broaden that plan to include cars. Under federal supervision, states would offer pollution credits, whose value hasn't yet been precisely determined, to car makers or other companies, such as utilities, that buy old cars. For example, the electric utility in Denver could buy old cars and use the pollution credits to reduce their own cleanups in the Denver area or sell the credits to other businesses there. Consumers would get cash, which they could use to buy newer cars. The trading is expected to begin in 1994.

"You could shop your clunker around and get the best price," says an administration official working on the plan. This plan is designed for polluted cities and isn't expected to apply to rural areas.

Previous Program

In 1990, Unocal Corp., a Los Angeles oil company, bought and scrapped 8,376 cars built before 1971 for \$700 apiece as part of a corporate program to reduce pollution in the Los Angeles area—and to show that oil companies shouldn't bear the brunt of pollution-reduction demands. Marika Tatsutani, a researcher at the Natural Re-

Please Turn to Page A7, Column 3

Bush Plans Incentives For Companies to Buy And Junk Old Cars

Continued From Page A3

sources Defense Council who studied the Unocal program while she was a graduate student, calls the program "a cost-effective way to reduce pollution." She estimates that cars made between 1971 and 1975 emitted 20 times the amount of pollutants as cars made in 1990.

But she and other environmentalists warned that car-buying programs can backfire unless the government carefully weighs the value of the pollution credit it doles out to encourage car purchases. (Unocal didn't get any pollution credits for its experiment.)

She said about 10% of the cars bought by Unocal were so old they were rarely driven. On average, the company calculated the cars would have been driven another 16,000 miles before the owners would have junked them anyway. "If it's done honestly as pollution control, it's a good program," she said, "but not if it's done as a sneaky way to get more pollution credits to industry."

Ford Motor Co. participated in the Unocal program, buying and junking 1,000 old cars. Al Chambers, a Ford spokesman, said the company offered all those who sold cars in the Unocal program a \$700 coupon, in addition to the \$700 they were paid for their cars, to buy a new Ford. But only a few hundred took the Ford offer. To enhance the Bush program, he said, it should apply to cars built before 1983, when cars were generally equipped with advanced catalytic converters. "In retrospect, people who owned pre-1970 cars weren't the group to buy new cars," he said.

Michael Stanton, director of federal relations at the Motor Vehicle Manufacturers Association, said the clunker-for-cash program would benefit car makers even if those who sold their cars then purchased newer-model used cars. That starts a chain reaction of buying, he maintained. "To the degree you increase demand for used cars," he said, "people are willing to part with their used cars and buy new ones."

Separately, the Bush administration announced regulatory moves on Friday that

it said would help the natural gas business. Branko Terzic, commissioner at the Federal Energy Regulatory Commission, said the agency would give natural gas pipeline companies the choice of replacing FERC's conventional regulation with what he called "incentive regulation." Currently, pipeline companies are allowed to recover their costs plus a percentage of their investment as profit.

But under the new rule, pipeline companies would be able to ask the FERC to approve other forms of regulation that don't look primarily at profit. For instance, pipelines could choose regulation that limits overall charges to customers, but lets pipelines increase profits by cutting costs. The Federal Communications Commission has chosen that method to regulate much of telecommunications.

For its part, the EPA also said it would issue within two weeks a final rule allowing electric utilities to upgrade their power plants without having to undergo time-consuming reviews mandated under the Clean Air Act. The EPA had once proposed tougher requirements under the so-called Wepco rule, which is named for a case involving Wisconsin Electric Power Co., a unit of Wisconsin Energy Corp. But the

agency relented under pressure from the White House and the Energy Department.

David Hawkins, a senior attorney with the Natural Resources Defense Council and former EPA regulator, charged that the EPA rule is a sellout to polluters. "The real effect is to let coal-fired plants patch up boilers and continue to burn coal without worrying about [tougher] pollution standards," he said. But Hank Habicht, the EPA's deputy administrator, said that easing the reviews would encourage utilities to convert power plants so they could use cleaner-burning natural gas.

Bush eyes plan to sell new cars

By Susan Cornwell
REUTERS NEWS AGENCY

President Bush is considering a plan to help the struggling U.S. automobile industry by encouraging consumers to sell their old cars and buy new ones, White House officials said yesterday.

If approved in the next few days, the plan would be Mr. Bush's latest bid to boost the economy in states with important primary elections.

In this case, the most directly affected state would be Michigan, home of the Big Three automakers and the highest unemployment in the nation, and host to a primary next Tuesday.

Under the plan, companies such as power plants trying to meet government air pollution standards could do so by offering to buy old cars and scrap them. They would pay consumers between \$700 and \$1,000 each for cars at least 11 years old.

The government would then give the companies a pollution-reduction credit of so many pounds of pollutant per scrapped car. White House officials said an old car may emit as much as 1,500 pounds of pollutants a year.

They said the U.S. auto fleet is older than it has ever been, with the average car 7.8 years old.

"This plan would help pollution, make the nation more energy-efficient, help the automobile industry and the people who want to buy a new car," said one White House official, who asked not to be named.

Officials said the cash-for-clunkers idea still had to be reviewed by the Council on Competitiveness and White House domestic policy chief Clayton Yeutter. But they said the president could make the announcement Friday, when he flies to Detroit on a campaign trip.

It would be the latest in a string of sweeteners the president has offered vot-

CARS

From page C1

ers as he travels around the country campaigning for re-election.

In Oklahoma Friday, he announced regulatory reforms to encourage electric utilities to switch to natural gas. This would help the depressed natural gas industry in Super Tuesday states like Oklahoma, Texas and Louisiana — all of which have primaries today.

And in Florida Wednesday, Mr. Bush announced the federal government would help restore a major portion of the lower Kissimmee River basin, a \$514 million project. Florida also holds a primary today.

The president has reason to worry about his support in Michigan, where the unemployment rate hit 9 percent in February, compared with the national rate of 7.3 percent. Republican challenger Pat Buchanan plans to spend three or four days campaigning there later this week.

"It probably won't be our favorite state," Bush campaign spokeswoman Torie Clarke said of Michigan. "But it probably won't be our worst either."

In another gesture to automakers, officials said the Environmental

Protection Agency intends to kill a plan that would have made car companies build special canisters in new cars to catch gasoline vapors that seep out during refueling.

Instead, filling stations will be required to build the equipment into gas pumps.

"On that one, it was the auto industry vs. the oil companies, and the auto industry won," one official said.

The White House has been looking for a long time for a way to help the auto industry. Last year, officials considered but rejected a proposal to offer tax credits to people who buy American cars.

When Mr. Bush visited Japan in January, he took with him representatives of the Big Three to try to talk the Japanese into buying more U.S. cars.

In Detroit, Chrysler Corp. spokesman Tom Houston said the company supports the idea of programs designed to encourage scrapping of older vehicles.

"We've said for a long time that one of the best ways to clean up the environment is to get cars that do not meet current emission standards off the road," Mr. Houston said.

However, he declined to comment on whether Chrysler favored Mr. Bush's newest plan.

see CARS, page C2

Plan: Plunk down cash to junk clunkers

By Rae Tyson
and Micheline Maynard
USA TODAY

The Environmental Protection Agency is hoping to get lots of bang for the buck with a proposal to offer cash for air-polluting clunker cars.

The plan would benefit:

► Consumers, who would sell their aging cars, which emit more noxious exhaust, to

companies for \$700 to \$1,000.

► Corporations, which would junk the clunkers and receive credits for meeting pollution-cutting standards.

Those credits are a hot commodity. Firms that meet standards sell theirs to companies that don't, which use them to offset excess emissions.

► The auto industry, because consumers would need to replace the cars they sell.

The plan is expected to be unveiled before Michigan's March 17 primary.

"It's an excellent idea to get ... the old gas-guzzlers off the road," says Rick Heede of the Rocky Mountain Institute.

But some environmentalists are suspicious.

"Just because a car is old doesn't mean it's dirty and inefficient," says Deborah Gordon, a Union of Concerned Scien-

tists transportation analyst.

The plan also would:

► Reduce the auto industry's required 27.5 mpg fleet fuel economy average to 26.5 mpg.

► Develop a program called "Auto Leap" to hasten development of battery-powered cars.

► Kill a plan to require technology in cars to trap gas tank fumes during refueling. Gas stations will have to install vapor-trapping devices on pumps.

Dirty cars

New catalytic converters required since 1981 models have cleaned up exhaust. Number of cars on the road as of 1989:

'81-89: 

Pre-'81: 

Source: Department of Energy

By Marty Baumann, USA TODAY

Bush backs tax changes to aid independent energy producers

By Maria Halkias

Staff Writer of The Dallas Morning News

U.S. independent oil and gas producers finally got some attention from President Bush Friday.

For the first time, the president publicly supported changes in the alternative minimum tax that would allow more deductions for drilling costs.

"We're very pleased. It's been a long road," said Denise Bode, president of the Independent Petroleum Association of America. Changes in the alternative minimum tax for independents has been the trade group's chief

lobbying goal.

While addressing a rally in Oklahoma, Mr. Bush also announced that he is ordering the lifting of regulatory barriers affecting use of natural gas by electric utilities and as an alternative fuel for vehicles.

Dallas-based Central and South West Corp. spokesman Jerry Hunter said electric utilities had sought greater latitude for modifying electric generating units to natural gas.

President Bush's changes, designed to boost compressed natural gas use as a vehicle fuel, were especially welcomed by the depressed

Please see BUSH on Page 5F.

Bush backs tax cuts to aid energy producers

Continued from Page 1F.

natural gas industry. Mesa Inc. chairman Boone Pickens said the initiatives "are a much-needed shot in the arm for America's natural gas producers."

Mr. Pickens has repeatedly traveled to the White House in recent months to lobby for compressed natural gas, meeting with Mr. Bush, Secretary of Transportation Sam Skinner and C. Boyden Gray, White House counsel.

Oil and gas producers have long argued that the alternative minimum tax deters them from drilling because it prohibits deducting certain expenses — regarded as necessary costs of doing business — from taxable income.

Under the 1986 Tax Reform Act, passed the same year that oil prices collapsed to \$10 a barrel, independent producers lost valuable deductions for drilling costs that they have since been trying to regain.

Changes in the alternative minimum tax would make more projects economically viable and help put more drilling rigs back to work, proponents say. Domestic drilling for oil and gas is at an all-time low

and investors have shied away from the industry.

"We've been redlined by everyone. Our investment capital has been generated from within the industry for sometime," Ms. Bode said. "If barriers are lifted, independents can go after billions of dollars of properties that are being sold by major producers and bring this industry back."

President Bush's endorsement of changes in the alternative minimum tax was considered a significant step by the industry, but actual changes in the law may not occur until next year.

Earlier this week, the Senate Finance Committee approved a bill that would provide some tax relief for oil and gas producers by changing the alternative minimum tax. But those alterations are in a broad tax bill that includes tax relief for middle-income families.

Ms. Bode agreed that it could be some time before tax code changes are approved, but "at least we're on the national agenda now."

But President Bush's offerings to the Oil Patch on the campaign trail Friday were viewed as too little, too late by some.

The decision to offer support for energy issues came very recently, according to industry sources. And Mr. Bush's decision to address independent producers' problems came just in the last few days, according to an industry lobbyist.

"It's just patchwork stuff," said Lee J. Molesworth, president of the Fort Worth-based American Association of Petroleum Landmen.

"I'm so disappointed. We have a person in the Office of the President who grew up in the oil business and has effectively divorced himself or ignored a major portion of the population of the United States," he said. Mr. Molesworth, an independent producer based in Ventura, Calif., cited the industry's loss of more than 350,000 jobs in the past decade.

President Bush is eager to cater to domestic independents just prior to the Super Tuesday primary, said Ed Rothschild, energy policy director for Citizen Action.

FDA to Add 50 Jobs to Speed Reviews

Agency Also Names Biotechnology Chief

By Sandra Sugawara
Washington Post Staff Writer

The Food and Drug Administration has taken steps to speed up the time it takes to review biotechnology drugs by adding 50 reviewers and appointing a new director to run the center that handles most such products, FDA Commissioner David A. Kessler announced yesterday.

Kessler also said the agency intends to take a "long, hard look" at the way its biotechnology review operation is organized and whether the process can be streamlined.

Kessler, who announced the changes at a Boston meeting of biotechnology companies, said the agency is aware that "the time taken up by the FDA review process can mean the difference between success and failure."

Kessler's announcement came less than two weeks after the Bush administration said it was taking steps to design a regulatory framework that would assist the biotechnology industry. Six weeks ago, the FDA broke ground for its first building specifically dedicated to biotechnology review.

"This is a strong signal of the commitment of the Bush administration to the biotechnology industry," said Bruce F. Mackler, general counsel to the Association of Biotechnology Companies.

The appointment of Kathryn C. Zoon as director of the FDA's Center for Biologics Evaluation and Research was praised by industry and FDA sources, who said decision-making at the center had been

stalled because of the lack of a permanent director since 1989.

Industry officials also said the additional 50 positions, which will increase the number of reviewers by 20 percent, will give Zoon the resources to handle the 300 biotechnology drugs that now are being tested and that the FDA will have to decide whether to approve.

To date, the FDA has approved 15 biotechnology drugs. The review process has taken an average of 21.4 months each, an FDA spokesman said.

"They have quite a backlog. They were not equipped to handle this deluge of new products," before the decision to hire more reviewers, said William Small, executive director of the Association of Biotechnology Companies.

Richard Godown, president of the Industrial Biotechnology Association, said he does not expect the 50 new reviewers to cut the amount of time it takes to get FDA approval for biotechnology drugs, but instead will prevent the review time from increasing.

The FDA has not received any additional funds for the 50 reviewers. A spokesman said the new jobs will be funded out of the existing budget. The spokesman said no other positions were being eliminated and was unaware of cuts in other programs to provide the money. The spokesman said the agency did not know the total cost of the additional jobs.

Zoon has been with the Center for Biologics Evaluation and Research, which is responsible for reviewing vaccines, therapeutics and blood products, since 1980. In 1988, she was named director of the division of cytokine biology, which conducts research on cell biology and cellular and molecular immunology.

Gerald V. Quinnan had served as acting center director since 1989, and Quinnan had competed for the permanent position. But according to sources, Quinnan had been under attack from critics in industry and the FDA who claimed that he did not delegate enough, which caused delays in decision making. Sources also said that Quinnan's task was made more difficult because his appointment was temporary.

U.S. Shifts, Agrees to Ease Fiber-Optics Export Curb

Washington Post: 03-06-92
Page: D10

Sales to Former Soviet Union Now Possible

By Stuart Auerbach
Washington Post Staff Writer

In a reversal of policy, the United States yesterday agreed with its major allies to allow the former Soviet republics to buy state-of-the-art telecommunications equipment that had been long denied to the communist state, administration officials said.

Included in the new list of equipment approved for sale are fiber-optic transmission lines that U.S. spy agencies did not want exported because they impede eavesdropping.

Administration officials who six months ago cited security considerations for denying advanced communications equipment to the former Soviet states yesterday said they now favor relaxing the restrictions to support economic reforms.

The administration signed on to the new rules under pressure from both European allies and U.S. telecommunications firms, sources said.

The broad understandings, reached at a day-long meeting in Paris, came after a German firm last year sold fiber-optic transmission lines to Russia, using a loophole that allows companies in what was East Germany to maintain established commercial ties.

Administration officials said the fiber optics that will be available un-

der the new agreement are "substantially better" than anything the German factory could produce.

Nonetheless, the sale by the German company, Carl Zeiss Jena, sparked an intense lobbying campaign by AT&T that reached high into the State Department and the National Security Council, according to informed sources.

AT&T, for example, made its case within the past month, directly to Deputy Secretary of State Lawrence Eagleburger, administration and industry sources said. They added that White House National Security Adviser Brent Scowcroft played a major role in shifting the administration position.

In the end, the super-secret National Security Agency, which led the opposition, dropped its objections, administration officials said.

Under the new rules, the former Soviet republics can buy medium-speed, state-of-the-art telecommunication systems that would allow them to transmit voices, data and perhaps advanced video pictures from city to city. For their links with other nations, the former Soviet republics could buy the fastest transmission systems.

In the past, administration officials said, the newly independent nations

See EXPORTS, D12, Col. 3

U.S. to Soften Export Curbs

EXPORTS, From D10

were restricted to low-speed transmission systems that experts said were not sophisticated enough to handle the data transmission required by modern communications and an up-to-date banking system that would be part of the shift away from communism.

Administration officials said there still are technical details to be worked out in the new rules, which are expected to be ratified at a meeting of all 17 members of Cocom, the Coordinating Committee for Multilateral Export Controls. During the Cold War, Cocom policed the sale of potentially dangerous technology to the Soviet Union and its eastern European satellites.

Yesterday's agreement was reached by the eight nations most concerned with telecommunications exports—the United States, France, Germany, Italy, the Netherlands, Canada, Japan and Great Britain.

Cocom would maintain some controls over what could be sold, the officials said, to ensure that the advanced technology is not being used near major military bases, nuclear facilities or intercontinental ballistic missile (ICBM) launching sites.

Under those restrictions, the trans-Siberian fiber optics transmission system proposed by US West Inc., a regional phone company based in Englewood, Colo., would not win approval because it would pass near major ICBM facilities, officials said.

U.S. to Speed Gene-Product Approvals

By PHILIP J. HILTS
Special to The New York Times

WASHINGTON, March 5 — After months of demonstrating that the Food and Drug Administration can be tougher in regulating drugs and medical devices, Commissioner David A. Kessler today announced his second major thrust since taking office: a new program of rapid approval for biotechnology products.

The products, mainly produced through genetic engineering, are considered the next big breakthrough area for the pharmaceutical industry, whose leaders hailed Dr. Kessler's announcement.

Dr. Kessler said he would hire 50 new experts solely to review and approve biotechnology products. He said the drug agency's center that reviews biotechnology products would be reorganized under a new chief, Dr. Kathryn C. Zoon.

A top official of the agency said the announcement was intended to signal industry "that the agency will not be obstructionist."

Assurances for Investors

"When investors think of putting money into biotechnology, they will take a walk if they think the agency is going to be obstructionist," the official said. "We are signaling to the industry that we will keep our standards but we will make things move. After all, this nation is betting a lot on its biotechnology industry."

The official called the step one of the most important since Dr. Kessler took office 16 months ago.

According to a survey by the Pharmaceutical Manufacturers Association, only two biotechnology products were approved last year at the agency and one the year before. But there are now 21 awaiting approval, 131 being reviewed and several hundred more soon to be reviewed. Most new products are in biotechnology, company officials said.

They include a wide range of products, from human growth hormone to vaccines, quick pregnancy tests to a life-saving treatment for hairy-cell leukemia. President Bush noted in a speech on new biotechnology rules last

week that biotechnology was now an industry with \$4 billion a year in sales, a figure expected to grow to \$50 billion by the end of the decade, assuming the Government does not become an obstacle, he said.

In his announcement today at a meeting of the Massachusetts Biotechnology Council, an industry group, Dr. Kessler spoke of the promise of products created by genetic manipulation. "Not since the discovery of penicillin has there existed the potential for a science to have such a profound impact on the human condition," he said. "We must make full use of it."

Solutions, Not Obstacles

"F.D.A. will not be the bottleneck or the stumbling block when it comes to

**'F.D.A. will not
be the bottleneck'
for new products,
its chief says.**

the development of these new products. We will not be a part of the problem; we will be at the front line probing for and providing solutions."

Richard Godown, head of the Industrial Biotechnology Association, said today's action was especially important because Dr. Kessler had asked for money from Congress to do this but did not get it, "so he had to squeeze it out of an already underfunded agency."

"As far as the industry is concerned he is doing an excellent job," he said.

The Pharmaceutical Manufacturer's Association warned in a recent newsletter that just the 21 products now coming through the agency's approval process could take 13 years to get to market if the agency did not do something to speed review.

G. Kirk Raab, chief operating officer for Genentech, one of the larger independent biotechnology companies, said today: "This is one of the most impor-

tant things he has done in this job, both the appointment of Dr. Zoon who is an outstanding choice, and the addition of 50 new positions. Not long ago they had few biotech products to review. Now they are inundated, and there will be even more in the future."

Dr. Thomas Copmann, an assistant vice president at the pharmaceutical association, said the action was not only important for the Federal agency but was part of a larger effort by the White House's Council on Competitiveness to make major changes in drug approval processes, which have been notoriously slow at the small, heavily burdened agency.

The 50 new reviewers to be hired will be chiefly medical doctors and holders of Ph.D.'s, to add to the approximately 200 now working in the Center for Biologics Evaluation and Research on biotechnology products. About two-thirds of all the applications to test new drugs are for biotechnology products.

The announcement came a week after President Bush announced a new policy on the regulation of biotechnology, relaxing standards of review and taking the position that biotechnology products should be considered no different and get no more scrutiny than any other chemicals, pesticides or drugs to be reviewed.

Dr. Kessler also announced the appointment of a top science adviser to the commissioner, Dr. Elkan Blout.

Dr. Zoon graduated from Johns Hopkins University in 1975 with a Ph.D. in biochemistry, worked five years at the National Institutes of Health on the genetic engineering of interferon, one of the chemicals in the arsenal of the body's immune system. She joined the F.D.A. in 1980, where she is now director of the division of cytokine biology, studying substances that affect cell division. Dr. Blout has spent 30 years working on public health issues at the Harvard School of Public Health and the Harvard Medical School.

**Traveling?
Check the weather . . .
from Albany to Acapulco.
The New York Times**

THE WHITE HOUSE
WASHINGTON

March 10, 1992

02 MAR 11 P 7:00

MEMORANDUM FOR THE PRESIDENT

FROM: C. BOYDEN GRAHAM *CGH*
SUBJECT: Friday's Natural Gas Announcement

As you can see from the attached news clips, the regulatory reforms you announced on Friday to help the natural gas industry received a lot of media attention over the weekend, and appear to have been well received in the South. Gas industry officials were also pleased; Mike Baly of the American Gas Association, for example, was quoted in the New York Times as saying the industry was "deeply grateful."

You should know that Admiral Watkins, Martin Allday, and Hank Habicht (the Deputy Administrator of EPA) were very helpful in our efforts to ensure that your announcement was well publicized. At my request, they held a press conference Friday afternoon to explain your proposals and to answer questions from reporters and industry officials.

I have attached some additional recent articles on other aspects of your regulatory reform initiative.

Mr. President

Henson has done a great job with the independents on these issues. They are much happier than before.

Sam

THE WHITE HOUSE
WASHINGTON

3/12

Mr. President:

In discussing the
attached with Counsel's
Office the bottom line of
the attached is that the
regulatory reforms are
designed to eliminate or
reduce disincentives to use of
natural gas and to create
incentives to use natural gas.
Thank you

THE WHITE HOUSE
WASHINGTON

DCF HAS SEEN

DATE: 03/12/92

CAI

Mr. President,

Sir, Jay Parmer thought
Melanie Griffith injured
last Tuesday. She was h
returned home yesterday.
on this year's spring ski
Jay is arranging for Mela
Pledge of Allegiance one

TO: SAMUEL K. SKINNER

FROM: PHILLIP D. BRADY
Assistant to the President and
Staff Secretary

The attached has been forwarded
to the President

SHOW
POTUS

Melanie Grif
c/o D.J. Ran
0610 Little
Woody Creek, CO 80500

(303)-923-6000 Home phone in Colo.

Very Respectfully,

Mike Gould

Bush Seeks Rules to Lift Sales of Gas

By MATTHEW L. WALD

President Bush announced his support yesterday for four regulatory changes that he said would raise demand for natural gas and help an industry that has been badly hurt by low prices.

The gas industry applauded the announcement, which came shortly before the primary election in Texas, a leading gas-producing state. But environmentalists and consumer advocates said it was not clear whether the changes, all of them under discussion in Washington for months or years, would mean that more gas would be sold, at least in the near future. They also said that one proposed change could cut gas sales and increase pollution.

The changes are intended to lower costs or remove regulatory barriers. They could result in greater use of natural gas in cars and power plants.

2 Problems Not Addressed

Edwin Rothschild, an energy expert at Citizen Action, a consumer organization, said some of the proposed changes were desirable because they would promote use of natural-gas vehicles, lowering pollution and reliance on imported oil. But the natural-gas industry's real problems, he said, are two phenomena beyond White House control: warm weather and recession.

"I don't see this as stimulating a lot of demand quickly," he said.

But the president of the American Gas Association, Michael Baly 3d, said his industry was "deeply grateful."

Possibly the least controversial proposal was the President's announcement that the Environmental Protection Agency would soon issue an emissions standard for natural-

gas vehicles that would help them compete. Federal standards for gasoline vehicles set a limit on hydrocarbon emissions as a way to control smog, but proponents of natural-gas vehicles complain that natural gas itself, while a hydrocarbon, is not an ingredient of smog. So the E.P.A. will issue a standard for emissions of hydrocarbons other than natural gas.

There are now no standards for the vehicles. Mr. Baly of the gas association said yesterday, "If you want to start mass-producing these, major equipment manufacturers want a standard."

A Greenhouse Gas

But even if emissions of unburned natural gas do not contribute to smog, they are still a pollutant, environmentalists say, because natural gas is a greenhouse gas, contributing to global warming.

David G. Hawkins, an air-pollution expert at the Natural Resources Defense Council, said that allowing natural-gas emissions because they did not cause smog was "an example of tunnel vision," adding, "You could say the same thing about CFC's," which destroy the earth's protective layer of ozone.

The White House also said that the environmental agency would change the rules on when changes to a power plant become so extensive that the plant is considered new, and therefore subject to stricter pollution standards. Named after a case involving the Wisconsin Electric Power Company, the "Wepco fix" — as it is known on Capitol Hill — would allow utilities to make major changes to dirty old plants without becoming subject to the strict regulations governing new ones. But the fix was rejected by Congress in the debate over the Clean Air Act.

If utilities were not subject to rules on new sources of pollution, according to the gas industry, they might

take inexpensive steps that would significantly reduce pollution, like "co-firing" coal with natural gas. In co-firing — when the two fuels are burned together in the boiler — chemical reactions reduce the total pollution, although the plant is still dirtier than a new one.

The Opposite Case

But environmentalists say the Wepco fix might not help gas sales at all. Without it, they say, many utilities would be forced to scrap dirty coal-fired plants and build new ones that run entirely on gas; with the fix, they can continue to rely heavily on coal.

A third change would give gas-pipeline companies the option to be regulated under an incentive system, rather than the cost-based system that now prevails, but the details have not been established.

A fourth would remove a regulatory wrinkle that some people have said could hurt natural-gas vehicles: the issue of interstate regulation. In theory, according to some natural-gas executives, if a car were fueled with natural gas in one state and driven to another, the sale would be interstate and thus subject to Federal regulation, although in practice the issue has not arisen, experts said.

The proposed change would make it clear that sales of natural gas for vehicles were not subject to Federal regulation.

Bush aides are preparing a plan to encourage companies to buy old cars and junk them, in a bid to boost new-car sales and get the worst-polluting autos off the road. But the companies would get marketable permits to increase other types of pollution.

(Story on Page A3)

Bush Plans to Offer Pollution Credits To Firms That Buy, Then Junk Old Cars

By BOB DAVIS
And JOHN HARWOOD

Staff Reporters of THE WALL STREET JOURNAL
WASHINGTON—Looking to dump your old clunker of a car? President Bush has a deal for you.

White House officials said they are assembling a plan that would provide marketable pollution credits for companies that buy old cars and junk them. Under the plan, consumers could expect offers of \$700 to \$1,000 for their old cars. Getting clunkers off the road, officials said, would reduce pollution and give a boost to new car sales.

The plan is part of a regulatory relief package for the auto industry that the White House plans to unveil late this week, a few days before the Michigan primary on March 17. Details of the plan, such as which cars would qualify and exactly how much would be paid for them, are still being discussed.

Timed to Affect Primaries

The Bush administration has regularly been timing the announcement of regulatory changes that benefit industry to coincide with important primaries. On Friday, for instance, while the president was campaigning in Oklahoma, he announced measures designed to prop up the ailing natural gas industry in Oklahoma and Texas, which are to vote tomorrow.

The auto plan is the administration's most far-reaching proposal under its regulatory moratorium, and the first to touch consumers directly. Along with cash for clunkers, the White House is considering reducing the requirement for car-fleet fuel economy to 26.5 miles per gallon from the current 27.5 mpg. And it may give auto makers a further break on fuel economy standards if they research and develop cars that use methanol and other alternative fuels.

But the fuel-economy proposals, which are expected to be attacked by lawmakers and environmentalists, may be withdrawn or modified. Some administration officials said car makers are wary that these proposals could result in an environmentalist backlash and a renewed drive for a far tougher economy standard than the current one.

As part of the auto package, the Energy Department is expected to announce the formation of a research consortium, called "Auto Leap," to map a transition from in-

ternal-combustion-powered cars to battery-powered ones. The department recently began a consortium to research the batteries that would run cars.

In addition, the Environmental Protection Agency plans to kill a proposal that would have forced auto makers to install special canisters in new cars to recapture gasoline vapors that seep out during refueling. Vice President Dan Quayle, White House economist Michael Boskin, and White House Counsel Boyden Gray are scheduled to discuss the plan this week and decide its final form.

The heart of the program is the cash-for-clunker deal, which is being prepared by the EPA. The plan is designed to cost the federal government little, as companies looking to reduce pollution-rules burdens and car makers trying to boost sales would be expected to put up the money to buy the cars.

The plan has its origins in the Clean Air Act of 1990, which envisions reducing smog levels in polluted cities by requiring factories and businesses there to cut emissions. Companies that do better than the pollution standards can earn credits, which they can then sell to companies that can't.

The White House now plans to broaden that plan to include cars. Under federal supervision, states would offer pollution credits, whose value hasn't yet been precisely determined, to car makers or other companies, such as utilities, that buy old cars. For example, the electric utility in Denver could buy old cars and use the pollution credits to reduce their own cleanups in the Denver area or sell the credits to other businesses there. Consumers would get cash, which they could use to buy newer cars. The trading is expected to begin in 1994.

"You could shop your clunker around and get the best price," says an administration official working on the plan. This plan is designed for polluted cities and isn't expected to apply to rural areas.

Previous Program

In 1990, Unocal Corp., a Los Angeles oil company, bought and scrapped 8,376 cars built before 1971 for \$700 apiece as part of a corporate program to reduce pollution in the Los Angeles area—and to show that oil companies shouldn't bear the brunt of pollution-reduction demands. Marika Tatsutani, a researcher at the Natural Re-

Please Turn to Page A7, Column 3

Bush Plans Incentives For Companies to Buy And Junk Old Cars

Continued From Page A3

sources Defense Council who studied the Unocal program while she was a graduate student, calls the program "a cost-effective way to reduce pollution." She estimates that cars made between 1971 and 1975 emitted 20 times the amount of pollutants as cars made in 1990.

But she and other environmentalists warned that car-buying programs can backfire unless the government carefully weighs the value of the pollution credit it doles out to encourage car purchases. (Unocal didn't get any pollution credits for its experiment.)

She said about 10% of the cars bought by Unocal were so old they were rarely driven. On average, the company calculated the cars would have been driven another 16,000 miles before the owners would have junked them anyway. "If it's done honestly as pollution control, it's a good program," she said, "but not if it's done as a sneaky way to get more pollution credits to industry."

Ford Motor Co. participated in the Unocal program, buying and junking 1,000 old cars. Al Chambers, a Ford spokesman, said the company offered all those who sold cars in the Unocal program a \$700 coupon, in addition to the \$700 they were paid for their cars, to buy a new Ford. But only a few hundred took the Ford offer. To enhance the Bush program, he said, it should apply to cars built before 1983, when cars were generally equipped with advanced catalytic converters. "In retrospect, people who owned pre-1970 cars weren't the group to buy new cars," he said.

Michael Stanton, director of federal relations at the Motor Vehicle Manufacturers Association, said the clunker-for-cash program would benefit car makers even if those who sold their cars then purchased newer-model used cars. That starts a chain reaction of buying, he maintained. "To the degree you increase demand for used cars," he said, "people are willing to part with their used cars and buy new ones."

Separately, the Bush administration announced regulatory moves on Friday that

it said would help the natural gas business. Branko Terzic, commissioner at the Federal Energy Regulatory Commission, said the agency would give natural gas pipeline companies the choice of replacing FERC's conventional regulation with what he called "incentive regulation." Currently, pipeline companies are allowed to recover their costs plus a percentage of their investment as profit.

But under the new rule, pipeline companies would be able to ask the FERC to approve other forms of regulation that don't look primarily at profit. For instance, pipelines could choose regulation that limits overall charges to customers, but lets pipelines increase profits by cutting costs. The Federal Communications Commission has chosen that method to regulate much of telecommunications.

For its part, the EPA also said it would issue within two weeks a final rule allowing electric utilities to upgrade their power plants without having to undergo time-consuming reviews mandated under the Clean Air Act. The EPA had once proposed tougher requirements under the so-called Wepco rule, which is named for a case involving Wisconsin Electric Power Co., a unit of Wisconsin Energy Corp. But the

agency relented under pressure from the White House and the Energy Department.

David Hawkins, a senior attorney with the Natural Resources Defense Council and former EPA regulator, charged that the EPA rule is a sellout to polluters. "The real effect is to let coal-fired plants patch up boilers and continue to burn coal without worrying about [tougher] pollution standards," he said. But Hank Habicht, the EPA's deputy administrator, said that easing the reviews would encourage utilities to convert power plants so they could use cleaner-burning natural gas.

Bush eyes plan to sell new cars

By Susan Cornwell
REUTERS NEWS AGENCY

President Bush is considering a plan to help the struggling U.S. automobile industry by encouraging consumers to sell their old cars and buy new ones, White House officials said yesterday.

If approved in the next few days, the plan would be Mr. Bush's latest bid to boost the economy in states with important primary elections.

In this case, the most directly affected state would be Michigan, home of the Big Three automakers and the highest unemployment in the nation, and host to a primary next Tuesday.

Under the plan, companies such as power plants trying to meet government air pollution standards could do so by offering to buy old cars and scrap them. They would pay consumers between \$700 and \$1,000 each for cars at least 11 years old.

The government would then give the companies a pollution-reduction credit of so many pounds of pollutant per scrapped car. White House officials said an old car may emit as much as 1,500 pounds of pollutants a year.

They said the U.S. auto fleet is older than it has ever been, with the average car 7.8 years old.

"This plan would help pollution, make the nation more energy-efficient, help the automobile industry and the people who want to buy a new car," said one White House official, who asked not to be named.

Officials said the cash-for-clunkers idea still had to be reviewed by the Council on Competitiveness and White House domestic policy chief Clayton Yeutter. But they said the president could make the announcement Friday, when he flies to Detroit on a campaign trip.

It would be the latest in a string of sweeteners the president has offered vot-

CARS

From page C1

ers as he travels around the country campaigning for re-election.

In Oklahoma Friday, he announced regulatory reforms to encourage electric utilities to switch to natural gas. This would help the depressed natural gas industry in Super Tuesday states like Oklahoma, Texas and Louisiana — all of which have primaries today.

And in Florida Wednesday, Mr. Bush announced the federal government would help restore a major portion of the lower Kissimmee River basin, a \$514 million project. Florida also holds a primary today.

The president has reason to worry about his support in Michigan, where the unemployment rate hit 9 percent in February, compared with the national rate of 7.3 percent. Republican challenger Pat Buchanan plans to spend three or four days campaigning there later this week.

"It probably won't be our favorite state," Bush campaign spokeswoman Torie Clarke said of Michigan. "But it probably won't be our worst either."

In another gesture to automakers, officials said the Environmental

Protection Agency intends to kill a plan that would have made car companies build special canisters in new cars to catch gasoline vapors that seep out during refueling.

Instead, filling stations will be required to build the equipment into gas pumps.

"On that one, it was the auto industry vs. the oil companies, and the auto industry won," one official said.

The White House has been looking for a long time for a way to help the auto industry. Last year, officials considered but rejected a proposal to offer tax credits to people who buy American cars.

When Mr. Bush visited Japan in January, he took with him representatives of the Big Three to try to talk the Japanese into buying more U.S. cars.

In Detroit, Chrysler Corp. spokesman Tom Houston said the company supports the idea of programs designed to encourage scrapping of older vehicles.

"We've said for a long time that one of the best ways to clean up the environment is to get cars that do not meet current emission standards off the road," Mr. Houston said.

However, he declined to comment on whether Chrysler favored Mr. Bush's newest plan.

Plan: Plunk down cash to junk clunkers

By Rae Tyson
and Micheline Maynard
USA TODAY

The Environmental Protection Agency is hoping to get lots of bang for the buck with a proposal to offer cash for air-polluting clunker cars.

The plan would benefit:

► Consumers, who would sell their aging cars, which emit more noxious exhaust, to

companies for \$700 to \$1,000.

► Corporations, which would junk the clunkers and receive credits for meeting pollution-cutting standards.

Those credits are a hot commodity. Firms that meet standards sell theirs to companies that don't, which use them to offset excess emissions.

► The auto industry, because consumers would need to replace the cars they sell.

The plan is expected to be unveiled before Michigan's March 17 primary.

"It's an excellent idea to get ... the old gas-guzzlers off the road," says Rick Heede of the Rocky Mountain Institute.

But some environmentalists are suspicious.

"Just because a car is old doesn't mean it's dirty and inefficient," says Deborah Gordon, a Union of Concerned Scien-

tists transportation analyst.

The plan also would:

► Reduce the auto industry's required 27.5 mpg fleet fuel economy average to 26.5 mpg.

► Develop a program called "Auto Leap" to hasten development of battery-powered cars.

► Kill a plan to require technology in cars to trap gas tank fumes during refueling. Gas stations will have to install vapor-trapping devices on pumps.

Dirty cars

New catalytic converters required since 1981 models have cleaned up exhaust. Number of cars on the road as of 1989:

'81-89: 

Pre-'81: 

Source: Department of Energy

By Marty Baumann, USA TODAY

Bush backs tax changes to aid independent energy producers

By Maria Halkias

Staff Writer of The Dallas Morning News

U.S. independent oil and gas producers finally got some attention from President Bush Friday.

For the first time, the president publicly supported changes in the alternative minimum tax that would allow more deductions for drilling costs.

"We're very pleased. It's been a long road," said Denise Bode, president of the Independent Petroleum Association of America. Changes in the alternative minimum tax for independents has been the trade group's chief

lobbying goal.

While addressing a rally in Oklahoma, Mr. Bush also announced that he is ordering the lifting of regulatory barriers affecting use of natural gas by electric utilities and as an alternative fuel for vehicles.

Dallas-based Central and South West Corp. spokesman Jerry Hunter said electric utilities had sought greater latitude for modifying electric generating units to natural gas.

President Bush's changes, designed to boost compressed natural gas use as a vehicle fuel, were especially welcomed by the depressed

Please see BUSH on Page 5F.

Bush backs tax cuts to aid energy producers

Continued from Page 1F.

natural gas industry. Mesa Inc. chairman Boone Pickens said the initiatives "are a much-needed shot in the arm for America's natural gas producers."

Mr. Pickens has repeatedly traveled to the White House in recent months to lobby for compressed natural gas, meeting with Mr. Bush, Secretary of Transportation Sam Skinner and C. Boyden Gray, White House counsel.

Oil and gas producers have long argued that the alternative minimum tax deters them from drilling because it prohibits deducting certain expenses — regarded as necessary costs of doing business — from taxable income.

Under the 1986 Tax Reform Act, passed the same year that oil prices collapsed to \$10 a barrel, independent producers lost valuable deductions for drilling costs that they have since been trying to regain.

Changes in the alternative minimum tax would make more projects economically viable and help put more drilling rigs back to work, proponents say. Domestic drilling for oil and gas is at an all-time low

and investors have shied away from the industry.

"We've been redlined by everyone. Our investment capital has been generated from within the industry for sometime," Ms. Bode said. "If barriers are lifted, independents can go after billions of dollars of properties that are being sold by major producers and bring this industry back."

President Bush's endorsement of changes in the alternative minimum tax was considered a significant step by the industry, but actual changes in the law may not occur until next year.

Earlier this week, the Senate Finance Committee approved a bill that would provide some tax relief for oil and gas producers by changing the alternative minimum tax. But those alterations are in a broad tax bill that includes tax relief for middle-income families.

Ms. Bode agreed that it could be some time before tax code changes are approved, but "at least we're on the national agenda now."

But President Bush's offerings to the Oil Patch on the campaign trail Friday were viewed as too little, too late by some.

The decision to offer support for energy issues came very recently, according to industry sources. And Mr. Bush's decision to address independent producers' problems came just in the last few days, according to an industry lobbyist.

"It's just patchwork stuff," said Lee J. Molesworth, president of the Fort Worth-based American Association of Petroleum Landmen.

"I'm so disappointed. We have a person in the Office of the President who grew up in the oil business and has effectively divorced himself or ignored a major portion of the population of the United States," he said. Mr. Molesworth, an independent producer based in Ventura, Calif., cited the industry's loss of more than 350,000 jobs in the past decade.

President Bush is eager to cater to domestic independents just prior to the Super Tuesday primary, said Ed Rothschild, energy policy director for Citizen Action.

FDA to Add 50 Jobs to Speed Reviews

Agency Also Names Biotechnology Chief

By Sandra Sugawara
Washington Post Staff Writer

The Food and Drug Administration has taken steps to speed up the time it takes to review biotechnology drugs by adding 50 reviewers and appointing a new director to run the center that handles most such products, FDA Commissioner David A. Kessler announced yesterday.

Kessler also said the agency intends to take a "long, hard look" at the way its biotechnology review operation is organized and whether the process can be streamlined.

Kessler, who announced the changes at a Boston meeting of biotechnology companies, said the agency is aware that "the time taken up by the FDA review process can mean the difference between success and failure."

Kessler's announcement came less than two weeks after the Bush administration said it was taking steps to design a regulatory framework that would assist the biotechnology industry. Six weeks ago, the FDA broke ground for its first building specifically dedicated to biotechnology review.

"This is a strong signal of the commitment of the Bush administration to the biotechnology industry," said Bruce F. Mackler, general counsel to the Association of Biotechnology Companies.

The appointment of Kathryn C. Zoon as director of the FDA's Center for Biologics Evaluation and Research was praised by industry and FDA sources, who said decision-making at the center had been

stalled because of the lack of a permanent director since 1989.

Industry officials also said the additional 50 positions, which will increase the number of reviewers by 20 percent, will give Zoon the resources to handle the 300 biotechnology drugs that now are being tested and that the FDA will have to decide whether to approve.

To date, the FDA has approved 15 biotechnology drugs. The review process has taken an average of 21.4 months each, an FDA spokesman said.

"They have quite a backlog. They were not equipped to handle this deluge of new products," before the decision to hire more reviewers, said William Small, executive director of the Association of Biotechnology Companies.

Richard Godown, president of the Industrial Biotechnology Association, said he does not expect the 50 new reviewers to cut the amount of time it takes to get FDA approval for biotechnology drugs, but instead will prevent the review time from increasing.

The FDA has not received any additional funds for the 50 reviewers. A spokesman said the new jobs will be funded out of the existing budget. The spokesman said no other positions were being eliminated and was unaware of cuts in other programs to provide the money. The spokesman said the agency did not know the total cost of the additional jobs.

Zoon has been with the Center for Biologics Evaluation and Research, which is responsible for reviewing vaccines, therapeutics and blood products, since 1980. In 1988, she was named director of the division of cytokine biology, which conducts research on cell biology and cellular and molecular immunology.

Gerald V. Quinnan had served as acting center director since 1989, and Quinnan had competed for the permanent position. But according to sources, Quinnan had been under attack from critics in industry and the FDA who claimed that he did not delegate enough, which caused delays in decision making. Sources also said that Quinnan's task was made more difficult because his appointment was temporary.

U.S. Shifts, Agrees to Ease Fiber-Optics Export Curb

Washington Post: 03-06-92
Page: D10

Sales to Former Soviet Union Now Possible

By Stuart Auerbach
Washington Post Staff Writer

In a reversal of policy, the United States yesterday agreed with its major allies to allow the former Soviet republics to buy state-of-the-art telecommunications equipment that had been long denied to the communist state, administration officials said.

Included in the new list of equipment approved for sale are fiber-optic transmission lines that U.S. spy agencies did not want exported because they impede eavesdropping.

Administration officials who six months ago cited security considerations for denying advanced communications equipment to the former Soviet states yesterday said they now favor relaxing the restrictions to support economic reforms.

The administration signed on to the new rules under pressure from both European allies and U.S. telecommunications firms, sources said.

The broad understandings, reached at a day-long meeting in Paris, came after a German firm last year sold fiber-optic transmission lines to Russia, using a loophole that allows companies in what was East Germany to maintain established commercial ties.

Administration officials said the fiber optics that will be available un-

der the new agreement are "substantially better" than anything the German factory could produce.

Nonetheless, the sale by the German company, Carl Zeiss Jena, sparked an intense lobbying campaign by AT&T that reached high into the State Department and the National Security Council, according to informed sources.

AT&T, for example, made its case within the past month, directly to Deputy Secretary of State Lawrence Eagleburger, administration and industry sources said. They added that White House National Security Adviser Brent Scowcroft played a major role in shifting the administration position.

In the end, the super-secret National Security Agency, which led the opposition, dropped its objections, administration officials said.

Under the new rules, the former Soviet republics can buy medium-speed, state-of-the-art telecommunication systems that would allow them to transmit voices, data and perhaps advanced video pictures from city to city. For their links with other nations, the former Soviet republics could buy the fastest transmission systems.

In the past, administration officials said, the newly independent nations

See EXPORTS, D12, Col. 3

U.S. to Soften Export Curbs

EXPORTS, From D10

were restricted to low-speed transmission systems that experts said were not sophisticated enough to handle the data transmission required by modern communications and an up-to-date banking system that would be part of the shift away from communism.

Administration officials said there still are technical details to be worked out in the new rules, which are expected to be ratified at a meeting of all 17 members of Cocom, the Coordinating Committee for Multilateral Export Controls. During the Cold War, Cocom policed the sale of potentially dangerous technology to the Soviet Union and its eastern European satellites.

Yesterday's agreement was reached by the eight nations most concerned with telecommunications exports—the United States, France, Germany, Italy, the Netherlands, Canada, Japan and Great Britain.

Cocom would maintain some controls over what could be sold, the officials said, to ensure that the advanced technology is not being used near major military bases, nuclear facilities or intercontinental ballistic missile (ICBM) launching sites.

Under those restrictions, the trans-Siberian fiber optics transmission system proposed by US West Inc., a regional phone company based in Englewood, Colo., would not win approval because it would pass near major ICBM facilities, officials said.

U.S. to Speed Gene-Product Approvals

By PHILIP J. HILTS
Special to The New York Times

WASHINGTON, March 5 — After months of demonstrating that the Food and Drug Administration can be tougher in regulating drugs and medical devices, Commissioner David A. Kessler today announced his second major thrust since taking office: a new program of rapid approval for biotechnology products.

The products, mainly produced through genetic engineering, are considered the next big breakthrough area for the pharmaceutical industry, whose leaders hailed Dr. Kessler's announcement.

Dr. Kessler said he would hire 50 new experts solely to review and approve biotechnology products. He said the drug agency's center that reviews biotechnology products would be reorganized under a new chief, Dr. Kathryn C. Zoon.

A top official of the agency said the announcement was intended to signal industry "that the agency will not be obstructionist."

Assurances for Investors

"When investors think of putting money into biotechnology, they will take a walk if they think the agency is going to be obstructionist," the official said. "We are signaling to the industry that we will keep our standards but we will make things move. After all, this nation is betting a lot on its biotechnology industry."

The official called the step one of the most important since Dr. Kessler took office 16 months ago.

According to a survey by the Pharmaceutical Manufacturers Association, only two biotechnology products were approved last year at the agency and one the year before. But there are now 21 awaiting approval, 131 being reviewed and several hundred more soon to be reviewed. Most new products are in biotechnology, company officials said.

They include a wide range of products, from human growth hormone to vaccines, quick pregnancy tests to a life-saving treatment for hairy-cell leukemia. President Bush noted in a speech on new biotechnology rules last

week that biotechnology was now an industry with \$4 billion a year in sales, a figure expected to grow to \$50 billion by the end of the decade, assuming the Government does not become an obstacle, he said.

In his announcement today at a meeting of the Massachusetts Biotechnology Council, an industry group, Dr. Kessler spoke of the promise of products created by genetic manipulation. "Not since the discovery of penicillin has there existed the potential for a science to have such a profound impact on the human condition," he said. "We must make full use of it."

Solutions, Not Obstacles

"F.D.A. will not be the bottleneck or the stumbling block when it comes to

**'F.D.A. will not
be the bottleneck'
for new products,
its chief says.**

the development of these new products. We will not be a part of the problem; we will be at the front line probing for and providing solutions."

Richard Godown, head of the Industrial Biotechnology Association, said today's action was especially important because Dr. Kessler had asked for money from Congress to do this but did not get it, "so he had to squeeze it out of an already underfunded agency."

"As far as the industry is concerned he is doing an excellent job," he said.

The Pharmaceutical Manufacturer's Association warned in a recent newsletter that just the 21 products now coming through the agency's approval process could take 13 years to get to market if the agency did not do something to speed review.

G. Kirk Raab, chief operating officer for Genentech, one of the larger independent biotechnology companies, said today: "This is one of the most impor-

tant things he has done in this job, both the appointment of Dr. Zoon who is an outstanding choice, and the addition of 50 new positions. Not long ago they had few biotech products to review. Now they are inundated, and there will be even more in the future."

Dr. Thomas Copmann, an assistant vice president at the pharmaceutical association, said the action was not only important for the Federal agency but was part of a larger effort by the White House's Council on Competitiveness to make major changes in drug approval processes, which have been notoriously slow at the small, heavily burdened agency.

The 50 new reviewers to be hired will be chiefly medical doctors and holders of Ph.D.'s, to add to the approximately 200 now working in the Center for Biologics Evaluation and Research on biotechnology products. About two-thirds of all the applications to test new drugs are for biotechnology products.

The announcement came a week after President Bush announced a new policy on the regulation of biotechnology, relaxing standards of review and taking the position that biotechnology products should be considered no different and get no more scrutiny than any other chemicals, pesticides or drugs to be reviewed.

Dr. Kessler also announced the appointment of a top science adviser to the commissioner, Dr. Elkan Blout.

Dr. Zoon graduated from Johns Hopkins University in 1975 with a Ph.D. in biochemistry, worked five years at the National Institutes of Health on the genetic engineering of interferon, one of the chemicals in the arsenal of the body's immune system. She joined the F.D.A. in 1980, where she is now director of the division of cytokine biology, studying substances that affect cell division. Dr. Blout has spent 30 years working on public health issues at the Harvard School of Public Health and the Harvard Medical School.

Traveling?
Check the weather . . .
from Albany to Acapulco.
The New York Times

he sure.
we give
this to Jan B

CC:
Jan Burmeister
(FYI)

Document Originally
Attached to
Following Page

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02. Handwritten Note	Re: Presidential Telephone Calls Camp David [Israel] [originally closed as 01] (4 pp.)	3/14	(b)(1)	

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Saturday, March 14, 1992

Date Closed: 8/23/2019	OA/ID Number: 90661-004
FOIA/SYS Case #: 2009-0166-S[4]	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

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P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]



THE DEPUTY SECRETARY OF THE TREASURY
WASHINGTON

March 9, 1992

MEMORANDUM FOR THE PRESIDENT

FROM: John E. Robson

SUBJECT: Honda Update

JER

*cancel
this*

*File
Problem with
B.9 p.m. called in on daily
CB
7-13*

My understanding is that you have been briefed by Sam Skinner and Clayton Yeutter on this subject, so I will just add some observations based on the first week since the Customs audit was presented to Honda.

As you know, the Customs audit concluded that cars exported from Canada to the U.S. during January 1, 1989 - March 31, 1990, did not meet the 50 percent North American content test so as to qualify for duty-free treatment. Instead, a 2.5 percent duty rate is applicable. The Customs audit was comprehensive (covering Honda manufacturing facilities in Ohio and Canada and about 20 Honda suppliers) and its conclusions rest, in part, on our interpretation of the text of the complex and not-so-clearly-drafted U.S.-Canadian Free Trade Agreement (CFTA), an interpretation with which Honda and the Canadians sharply disagree. The following information may be helpful to you.

1. Procedurally, the matter is running simultaneously on two tracks:
 - ☒ The Customs case calls for a series of notices and final duty assessments which Honda has the full opportunity to protest and appeal, a process which could extend for over two years. No additional duties are payable until Honda's protest is disposed of by Customs which might be two years away.
 - Alongside the Customs case is an effort to negotiate with Canada clarifications in the Free Trade Agreement to avoid these sorts of disagreements in the future. These discussions are going on in the setting of the NAFTA negotiations. If we can agree with Canada on mutually acceptable amendments to the CFTA, we would have to secure legislation to implement the changes. If we don't make satisfactory progress on the negotiations, Canada can file a dispute resolution proceeding under the Free Trade Agreement, a process that consumes about eight months.

2. The Canadian Government's reaction to the situation is understandably of great concern, and they have made some pretty shrill and critical statements. However, based on meetings with their Ambassador, I believe they fully understand that (a) this is an honest disagreement on a complex, highly technical trade matter and not some U.S. protectionist Jihad, and (b) we are in good faith trying to peacefully and expeditiously resolve this through the current negotiations.
3. To give you some notion of the kinds of issues in dispute:
 - The interpretation of the CFTA argued for by the Canadians and Honda could produce the bizarre result of a product that was as much as 86 percent foreign content being considered "North American" and thus eligible for duty-free treatment.
 - The CFTA defines as North American content the costs of "production" of parts manufactured or assembled in the U.S. or Canada. There is disagreement over whether this should include costs such as travel and entertainment expenses, an in-plant nurse, and the plant manager.
4. Honda continues to take a publicly strident stance and accuse the U.S. of foul play. The Japanese Government, which until this week had laid low, went public this week with some pretty tough statements about American bias against Japanese cars, etc.
5. The State of Ohio has raised concerns that the Customs ruling could drive away the Honda plant located there. We have talked with the Governor and briefed members of the Ohio Congressional delegation. They now seem to understand the reasons behind the ruling and, more importantly, that the easiest way for Honda to meet the 50 percent North American content test is to buy more parts and do more manufacturing in Ohio.
6. Customs has given several briefings at the request of Congressional members. The reaction has generally been "pro Customs" (i.e., get tough on Japanese imports). We have already had several requests to release the audit document which we intend to resolutely resist.
7. The resolution of the same issues involved in the Honda case is central to the success of the NAFTA negotiations and Congress' approval of NAFTA.

cc: Secretary Brady
Ambassador Hills
Samuel Skinner
Clayton Yeutter

The Honorable Donald W. Rieggle, Jr.
United States Senate
105 Dirksen Senate Office Building
Washington, D.C. 20510

(note more into
Mr. Rieggle's
13+L)

(Personal)

(Via Courier)

CC:
Rose Zamaria
(1 copy)



CAMP DAVID

March 14, 1992

Dear Don,

I was sorry to hear
about the loss of your Dad.
I remember the horrible feeling
of hurt when my Dad died,
and knowing of your

feeling for your Dad.
I just wanted to say
Barbara & I are thinking
of you and send your
family our most sincere
condolences — Time does
heal, remember that.

Sincerely,



Send to Will
Monday a sap

CAMP DAVID

Sen Ron Riegle

personal
eyes only

Daily

FROM

THE WHITE HOUSE

WASHINGTON, D.C.

Mr. William F. Buckley, Jr.
Editor-in-Chief
National Review
150 East 35th Street
New York, New York 10016

March 14, 1992

Dear Bill,

Thanks for the column.
Some whacky left group in
Maine is hectoring me on
this question of
"residency and domicile"
but the matter has been
so thoroughly looked into
by the tax people, and I
have been so thoroughly
done in by the IRS
(failing to get the 'roll
over" cost me 250K) that
I can't quite see why
this group is doing what
they are doing. Here is
more than you want to
know on the subject in
case your supportive
column draws some
Clamshell Alliance fire.

Things are looking up!



FROM THE PRESIDENT

31245504

ANDREWS & KURTH

L.L.P.

ATTORNEYS

TEXAS COMMERCE TOWER

HOUSTON, TEXAS 77002

OTHER OFFICES:
WASHINGTON, D.C.
DALLAS
LOS ANGELES
NEW YORK

TELEPHONE: (713) 220-4200
TELECOPIER: (713) 220-4285
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February 28, 1992

VIA CERTIFIED MAIL

RRR# P 362 501 841

~~CONFIDENTIAL~~

Determined NOT to be
National Security Classified Marking
By Mc (NLGB) on 6/1/24

Mr. Jerome D. Gerard
Director
Income and Estate Tax Division
Bureau of Taxation
State of Maine
State Office Building
Augusta, Maine 04333

Dear Mr. Gerard:

Enclosed is a copy of your letter to the President dated February 5, 1992, which was received by his office on February 14. In your letter you requested that the President provide you with information concerning the location of the President's domicile since the year 1980. The purpose of this letter is to provide you with such information.

The President and Mrs. Bush were domiciled in Houston, Texas, in 1980, having originally moved to the city in 1959, and to the State of Texas in 1948, when they settled in the Midland-Odessa area. Although government service required that the Bushes live elsewhere on occasion, the Bushes raised their family primarily in Houston, with the children attending local schools and the family being active members of the community.

In November, 1980, the President and Mrs. Bush entered into a contract to purchase a lot in Houston on which they intended to build a smaller home than the one they owned in Houston at the time. In early 1981, the Bushes sold their larger Houston home and finalized the purchase of the Houston lot. They also purchased the home of the President's aunt in Kennebunkport, Maine for use during their family trips to Maine, as it had been a longstanding tradition for the couple and their children to spend some vacation time each year in Kennebunkport, a vacation retreat for the extended Bush family for many years.

A domicile is that place where a person has his true, fixed, and permanent home, and to which whenever he is absent he has the intention of

ANDREWS & KURTH

L.L.P.

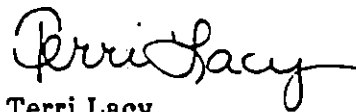
Mr. Jerome D. Gerard
February 28, 1992
Page 2

returning. In order to move one's domicile from one place to another, one must abandon his original domicile. In this situation, the President has always intended to return to Houston, Texas and thus it continues to be his domicile. As evidence of this intention, he continues to maintain the lot he purchased here for purposes of building a home. He votes in Houston and maintains a Texas driver's license. He also maintains his personal mailing address in Houston. All personal legal services for the President are performed by this Houston law firm. Furthermore, the President has chosen to locate his Presidential Library near Houston because he plans to spend a great deal of time at the Library and wants it to be convenient to his domicile.

On the other hand, the President's use of his Kennebunkport, Maine property clearly evidences its status as a vacation home. From 1981 through 1991, most of the time the President has spent in Kennebunkport has been in August, the month of the year during which the President and Mrs. Bush traditionally vacation with their family. Only a few rooms of the Kennebunkport residence can be used in the cooler months, and most of the home is sealed off during these months. Thus, clearly, the President and Mrs. Bush consider the Maine home to be a vacation residence, used only during warmer months when the President and Mrs. Bush, with their family, traditionally relax from their official White House duties.

We hope that this information concerning the President's status as a Texas domiciliary has been helpful to you. If we may provide you with any further information, please feel free to write me directly or call me at (713) 220-4482.

Very truly yours,



Terri Lacy

1175/cdc

cc: The President

ANDREWS & KURTH

LLP

Mr. Jerome D. Gerard
February 28, 1992
Page 3

bcc: Boyden Gray
Rob Swanson



**BUREAU OF
TAXATION**

92 FEB 14 PM 2:35

STATE OF MAINE

State Office Building, Augusta, Maine 04333

February 5, 1992

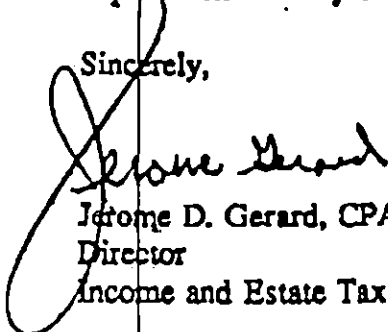
The President
The White House
1600 Pennsylvania Avenue, NW
Washington, D. C. 20500

Dear Mr. President:

It has come to the attention of this office that you may have established your domicile in the State of Maine in 1981, and that you may therefore be liable for Maine individual income taxes as a resident dating back to that time.

The purpose of this letter is to ask that you supply the Bureau of Taxation with a letter stating where it is that you contend you have been domiciled since the year 1980, along with an explanation and any supporting documentation you may have.

Sincerely,


Jerome D. Gerard, CPA
Director
Income and Estate Tax Division

JDG:emm

Certified Mail

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October 31, 1985, Thursday, Late City Final
Edition

SECTION: Section B; Page 12, Column 1; National Desk

LENGTH: 165 words

HEADLINE: BRIEFING; How Do You Say Home?

BYLINE: By James F. Clarity and Warren Weaver Jr.

BODY: Vice President Bush is leaving tomorrow for a four-day visit to Texas, which he counts as his home state, but where he has no home of his own. Mr. Bush was born in Massachusetts, grew up in Connecticut, then moved to Texas, where he owned an oil business and represented a Houston district in Congress before he became Vice President. He then sold his home, but bought a plot of land in the Tanglewood section of Houston. When his legal residency was challenged several months ago, Texas ruled that he qualified as a voter in the state because his absence was considered only temporary and he was a property owner. He will vote Tuesday in the Houston election for Mayor and City Council. Before that, he will help raise money for the Boys Club of America and an "End Hunger" event in Houston and for three Republican members of Congress in trips to Bay City, Wichita Falls and Fort Worth. Mr. Bush and his wife, who also have a house in Maine, will stay at a hotel, the Houstonian.

SUBJECT: ELECTIONS

NAME: BUSH, GEORGE (VICE PRES); CLARITY, JAMES F; WEAVER, WARREN JR

GEOGRAPHIC: TEXAS

TITLE: WASHINGTON TALK PAGE (NYT)

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June 4, 1985, Tuesday, Late City Final Edition

SECTION: Section A; Page 12, Column 6; National Desk

LENGTH: 98 words

HEADLINE: AROUND THE NATION; Bush Becomes a Texan As Residency
Is Affirmed

BYLINE: UPI

DATELINE: HOUSTON, June 3

BODY: Vice President Bush, who long has boasted of being a Texan but who has tried to save on taxes by asserting that his home is in Maine, had his right to vote in Texas affirmed today.

The County Tax Assessor-Collector, Carl Smith, who oversees voter registration in Harris County, ruled that Mr. Bush could now legally vote in Houston.

Mr. Smith decided the question of the Vice President's residency largely on an Internal Revenue Service ruling that Mr. Bush could not use the purchase of a home in Kennebunkport, Me., to avoid capital gains taxes on the sale of his house in Houston.

SUBJECT: TAXATION; RESIDENCE REQUIREMENTS; REGISTRATION OF
VOTERS; FEDERAL TAXES (US); INCOME TAX

NAME: BUSH, GEORGE (VICE PRES); SMITH, CARL

GEOGRAPHIC: MAINE; TEXAS; HARRIS COUNTY (TEX); HOUSTON (TEX)

Des. Service

You, Too, Can Rent George Bush's Home In Texas for a Night

Our Man Does So, and Pays
More Than Vice President;
Suite Fits a Hazy Identity

By DENNIS FARNEY

Staff Reporter of THE WALL STREET JOURNAL
HOUSTON—"To the George Bush residence, my good man!" I cry.

My cabdriver eyes me in his rear-view mirror. His reaction seems a little hostile, but I don't care: I am feeling positively vice presidential. I am about to become George Bush for a night. You can, too. Anybody can, for a price.

That is because Vice President Bush's private residence, for voter-registration purposes, is a hotel suite here. And when George and Barbara Bush aren't using it, the hotel rents it out to anybody who can foot the bill—which in my case totaled \$403 a night.

Residency in Suite 271 of the Houstonian Hotel makes Mr. Bush an officially certifiable Texan, buttressing his claim on a major electoral and fund-raising base. Yet the suite—blandly impersonal, with hotel furniture and 101 of the Reader's Digest's condensed books—is an apt symbol of a man with a hazy public identity.

Irresistible Target

Mr. Bush was born in Massachusetts and raised in Connecticut. He was educated at prep schools and Yale, then went into the Texas oil business. He was a Houston congressman from 1966 to 1970. His voting residence is here, yet his private home is in Maine. His campaign office says he and Mrs. Bush have lived in 28 residences in 17 cities. It adds up to an irresistible target.

"I'm glad to be here in Texas," fellow GOP presidential candidate Bob Dole said at a fund-raiser this fall. "I understand it's one of George Bush's home states."

Suite 271—with a big living room and a bar—strikes me as neither preppy nor Texan. It is nondescript in a high-toned sort of way.

I check into 271—only hours after the departure of Mrs. Bush, the Houstonian staff tells me—and take partial inventory. Two couches. Two easy chairs. Two bar stools. A dripping faucet. One television set, one stereo. All those Reader's Digest condensed books. It appears adequate: a quiet place, conducive to the thinking of vice presidential thoughts.

I think of dinner.

Liberals Invited

It seems appropriate, somehow, to invite two Texas liberal Democrats to dine "in the suite." (If I didn't invite them to the George Bush residence, who would?) One is Billie Carr, a veteran battler for women and minority groups who once showed up at a Texas state Democratic convention wearing shoes that, at the flip of a lever, converted into roller skates. The second is Rodney Ellis, a Houston councilman and former congressional aide.

They arrive, and jump to opposite conclusions.

"Old George is doing all right," says Mr. Ellis approvingly. He knocks on the wood paneling. "I could feel very comfortable here."

But Ms. Carr feels let down. "How can this be a 'residence' without a kitchen?" she demands. (We decide that Vice President and Mrs. Bush prefer room service to slaving over a hot stove.) "Why, this is just a hotel room. It's no different than any other hotel suite I've been in."

Over room-service veal piccata at the Bush table, Ms. Carr ponders what the suite says about George Bush as a person.

"This is so impersonal," she observes. "Not one personal item. . . . It's almost like he has to validate who he is by having an apartment here in Texas. It's kind of like he needs it to validate him, politically and personally. And maybe more personally than politically."

Jack Steel, an aide in the vice president's Houston office, politely declines to be drawn into such psychological interpretation.

Please Turn to Page 27, Column 1

Just Check In at Suite 271 and Be George Bush of Texas for a Night

Continued From First Page

tations when he joins me for breakfast at the hotel the next day. He says Mr. Bush simply stays here for the facilities—including indoor and outdoor jogging tracks, two swimming pools and a health spa—and the proximity to old friends. One is oil man C. Fred Chambers; C. Fred, a now-deceased Bush dog, was named after him.

The vice president, who has stayed here about 10 times in the past year, apparently hasn't used the suite to grapple with any grave crises of state. More typical, Mr. Steel indicates, was Mr. Bush's visit in March 1986. That was when he came to Houston to dedicate what may have been the largest banner ever made. It measured 150 by 100 feet and commemorated the Texas sesquicentennial.

IRS Wins Point

The Houston connection clearly has been a boon to the Bush presidential drive. "We raised \$750,000 for him in a single luncheon here," says Nancy Palm, an outspoken (her nickname is Napalm) Houston conservative who is part of the Bush Texas campaign. But keeping one foot in Houston—and the other foot in Maine—has also been a legal headache for the Bushes.

In early 1981, Mr. and Mrs. Bush sold their Houston house for some \$843,000, reaping a capital gain of about \$596,000. On their 1981 tax return, they asserted that they didn't owe any capital-gains tax on the Houston sale because they had rolled the gain into the purchase of their Kennebunkport, Maine, house, which they described as their principal residence for federal tax purposes.

The Internal Revenue Service disagreed. The Bushes' principal home, the IRS held, was the taxpayer-supplied vice presidential residence in Washington. Then the agency hit them for nearly \$200,000 in back taxes and interest. Mr. Bush paid up, protesting that the agency had "socked it to me." But his troubles weren't over.

—If Mr. Bush's principal private residence is in Maine, how can he vote in Texas? That is the legal question a Democratic state representative raised here in 1984. But the vice president, who has a personal car registered in Texas and still owns a vacant lot here, prevailed in a hearing. "To him, coming 'home' means coming back to Houston," says Harold DeMoss, a friend and his attorney on that occasion.

Barbara's Way

Coming home to the Houstonian costs the vice president \$264 a night for the suite and two adjoining bedrooms. I wondered about that, since the Houstonian charged me \$403 a night for the living room and one adjoining bedroom: "We have to get very creative with pricing in the hotel business," explains general manager Louis Lanzino. Because Mr. Bush brings staffers and Secret Service agents with him, he gets a discount.

Certainly my stay is worth every penny of my company's money. After breakfast, I head for the cushioned outdoor jogging

track—walking it (the way Barbara Bush does), not running (as George would do). Later, I work on my forehand and backhand on a balmy tennis court.

Pleasantly tired—one is tempted to say bushed—I repair to Suite 271 and my basket of complimentary fruit. The day before, while counting those Reader's Digest condensed books, I had come upon a title that, under the circumstances, seemed especially intriguing. It is called "Bush Baby." I open it now.

"Bush Baby," it turns out, isn't about George Bush or any member of his family. Bush Baby is a robot spy device that has parachuted into Yugoslavia. A British scientist is risking his life to get it out. I am hooked from the opening line:

"The last of the spring snow still lay in luminous patches. . . ." I reach for another grape and settle back in my vice presidential chair. This is going to be good.

Phil: This is the
one Rose talked
with you about.

Robin

Need to attach
Brown(?) and
Boyden data too.



6:20pm checked w/Robin. She said
She + Rose do not know what
"Brown/Braun data" is.

6:25pm Francis to check further
6:28pm Francis will go over thoroughly
w/Rob Swanson (he has been out :))
tomorrow to see what
"Brown/Braun" data.

3/17.5

3-18-92

per Counsel's office (Rob
Swanson): after extensive
research unable to determine
what "Brown data" is.
However, per Swanson
Buckley receiving more than
enough data to answer any
questions/concerns re
tax question.

F. Wessel
Staff Secy's Office

THE WHITE HOUSE
WASHINGTON

3/16

Boyd,

As you can
imagine this is
an ASH P
matter

Reub.

Plu.

5746



DATE:

FROM THE PRESIDENT

TO: RZ

1. Ask Boyden to dig out a summary on the tax question from 1980 on earlier. We put out full disclosure to press when I was first hit on the tax question (an accurate news story would suffice). Mail Brown + Boyden data to Buckley.
- 2.



9E J. Parkman

NATIONAL REVIEW, 150 EAST 35th ST., NEW YORK, N.Y. 10016
Wm. F. Buckley Jr., Editor-at-Large (212) 679-7330

March 11, 1992

RECEIVED 13 AM 9:48

Dear Mr. President:

Here is a column about your prosecutors
on the subject of Texas residence and taxes.
Don't bother to acknowledge, but be sure to
read.

Warm regards,

Free



On the Right -- Wm. F. Buckley Jr. (3/11/92)

BUSH: LIVE AND LET LIVE

It being the season to be merry at the expense of George Bush, he is now being attacked as an ersatz Texan. Texas columnist-comedienne Molly Ivins put it this way, "There are certain minimal standards for citizenship -- real Texans do not use the word ((ITAL)) summer ((ITAL)) as a verb. Real Texans do not wear blue slacks with little green whales all over them. And real Texans never refer to trouble as 'deep doo-doo.'" If Pat Buchanan, mutatis mutandis, had done the same kind of thing to, say, first-generation Americans ("Real Americans don't a-put a vowel inna-fronta every word) he'd have been in deep doo-doo with the Italian-American Anti-Defamation League and, I suspect, even with the Governor of Texas, who publicly charged at the Democratic Convention that George Bush was born with a silver foot in his mouth.

The cultural point is one thing. It is probably as true that someone raised in Connecticut who went to schools in Massachusetts and New Haven doesn't sound entirely natural when attending a barbecue in Texas as it is that a Texan born, bred, schooled in Texas doesn't melt in with the furniture at the Metropolitan Club quite as naturally as a New Englander. So? The answer to that question is quite simple: So what? It is the distinctive stamp of America that people from every corner of the country can and do move to opposite corners of the country, or perhaps stop and take roots halfway, and whatever the residual cultural or linguistic incongruities, they become as legitimately a resident of their new state as Michiganite Tom Dewey became a New Yorker, or midwesterner Ronald Reagan a Californian.

The critics go further to amuse themselves by citing Bush's homelessness in the state of Texas. The story is as follows:

Nobody denies that, in 1948, George and Barbara Bush left Connecticut and went to Odessa, Texas to begin a career in the oil business, and nobody doubts that he lived in Texas for 33 years.

In 1967, he was elected to Congress. After his defeat in a race for the Senate, he was successively our ambassador to the United Nations, head of the Republican Party, head of CIA, and ambassador to China. Throughout that period he maintained his 5-bedroom house in Houston.

In 1980 he was elected Vice President. This was the 15th year his professional duties kept him from prolonged residence in Texas, so he resolved to buy (from his aunt) a large summer house in Maine. Why Maine? Well, who in search of a summer place goes to Texas to find one? Summers, bear in mind, are when, in Washington, the politicians go home for vacations.

Now contrary to widespread misinformation, George Bush is not (certainly by Texan standards) a very wealthy man. So, in order to buy his house in Maine, he sold his house in Houston, so long untenanted in any serious way because of his prolonged absences.

At that point he put in to become a Maine resident, defined here as having his principal residence in Maine. This would have allowed him, under the Internal Revenue code, to apply the substantial capital gains on his Houston house to the Maine house. But oh no, ruled the IRS in 1984, Maine wasn't his principal residence, Washington was.

Okay, so if Washington was his principal residence, then Maine was not, and he need not pay Maine income taxes. So Mr. Bush decided he

would hang on to his 33-year-old Texan citizenship, but he didn't have to buy a house to do that, all he needed was an address in Texas (he chose a hotel in Houston) and a letter to the Texas State comptroller declaring his intention to make Texas his principal residence when he retired. Texas has no income taxes, and is entirely willing to declare you a citizen of Texas if you furnish such an affidavit of intention, which is certainly plausible when filed by a man who lived there most of his adult life and was elected to Congress by Texans who weren't at all put off by his accent or by his blue slacks with little green whales.

With the result that Mr. Bush paid no state income tax traceable to his house in Maine. No less august a body than IRS had declared that he was not a legitimate resident of Maine, his ties have been to Texas, and the law in D.C., which was enacted way before George Bush had anything to do with legislation, is to the effect that anybody who lives in D.C. who is a) President or Vice President or who b) is a senator or Representative, or whose job c) required Senate confirmation, and who d) maintains a residence elsewhere, is not subject to D.C. taxes. ...So what do the Democrats want Bush to do? Make a gift to the State of Maine of the thirty thousand dollars in taxes he would need to pay if he were a resident there? Or a similar gift to the District of Columbia, for the hell of it? Well, he gives more than twice that sum of money as gifts to charities. So...get mad at George Bush because he hasn't done enough about ozone or AIDS or Saddam Hussein, but retire this one, okay, Molly?

-END-

THE WHITE HOUSE
MRS. BUSH'S PRESS OFFICE

DAILY PRESS CLIPPINGS

SATURDAY, SUNDAY, MONDAY - MARCH 14, 15, & 16

Mrs. Bush	(in folder)
Secretary Skinner	West Wing
Marlin Fitzwater	West Wing
Constance Horner	West Wing
Carol Powers	West Wing
Patty Presock	Residence
First Lady Detail	Staircase
Karen Connell	Room 58 OEOB
Shirley Green	Room 94 OEOB
Anne Griffith	Room 98 OEOB
Diana Kellogg	Room 157 OEOB
Gregg Petersmeyer	Room 100 OEOB
Marguerite Sullivan	Room 268 OEOB
Carolyn Washington	Room 268 OEOB
Benita Somerfield	hold one copy
Ann Brock	
Julie Cooke	
Joan DeCain	
Laurie Firestone	
Jane Moore	
Susan Porter Rose	
Sally Runion	
Peggy Swift	
Anna Perez	
Sondra Haley	
Jean Becker	
Jay Suchan	(plus originals)

Chicago Tribune

Saturday, March 14, 1992



Tribune photo by John Ozielan

First Lady Barbara Bush holds court Friday while stumping for her husband at Bloomingdale Town-

ship Senior Center before visiting the Du Page County Complex in Wheaton.

O'Malley & Collin

INC.



Arkansas Traveler Local Dems are looking at Bill Clinton's surging campaign as if it's an avalanche. They acknowledge the presidential front-runner's great skills as a campaigner and agree with him on many issues. And they know that a win here, which many are promoting, could give him the nomination. But they're terrified of what the Repubs will do to him on the character issue. The biggest fear: An October surprise that would mean disaster for what really counts—races that will determine who runs the state legislature.

Ad wars Paul Tsongas and Clinton are trading negative ads that go straight for the other guy's gut. Tsongas attacks Clinton's character. Clinton intimates Tsongas is a closet Repub. The last lines of Tsongas' ad: "He's no Bill Clinton, that's for sure. He's the exact opposite. Paul Tsongas, he's not afraid of the truth." Clinton's ad ends with: "Isn't it time to close the book on the 1980s? Paul Tsongas—more of the same."

All politics is local INC. asked Rep. Clem Balanoff what he thought about the presidential race. INC. might as well have asked who would be elected on Mars. "Who cares about that?" said Clem, who's got a tough legislative race and is being challenged for 10th Ward committeeman by Ald. John Buchanan. Or as Rep. Lee Preston of the 49th Ward, who's also got two tough races, put it: "President? We're talking committeeman here."

Ward wars The goo goos in the 43rd Ward are going at each other just like real pols. Dem committeeman candidates Tim Fitzgerald and Peg Roth are blaming each other for signs being torn down. And Repub Suzanne Davis is trying to oust George Gottlieb as GOP committeeman with a write-in campaign. How serious is this? A press release was headlined: "Governor [Jim] Thompson, Ambassador [Don] Rumsfeld endorse Davis." And this is for *committeeman*.

Grand Old Party Barbara Bush will campaign for her husband among the faithful in Du Page County Friday. . . . Other Bush surrogates



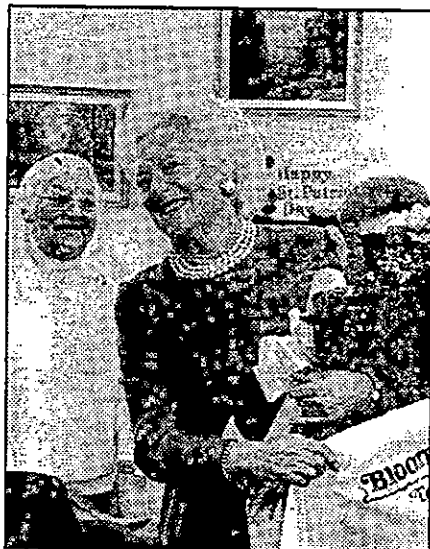
Bush

wandering around Illinois before the primary: Labor Secretary Lynn Martin and Ag Secretary Ed Madigan, who will concentrate on Downstate media markets where Cabinet members receive more attention than in Chicago. . . . When Vice President Dan Quayle heard Lt. Gov. Bob Kustra's son Steve was having an emergency

appendectomy, he tried to call him at Covenant Hospital in Urbana. But hospital officials thought it was a prank. . . . Secretary of State "Gentleman" George Ryan whipped off his coat and lent it a girl shivering on the tarmac while they waited for Quayle to arrive in Springfield.

1 of 3

CHICAGO SUN-TIMES, SATURDAY MARCH 14 1992 3



CAMPAIGN '92: First lady Barbara Bush does her best to win support for the president during a visit to Bloomingdale Township's senior citizens center. **8**

cont.

Clinton slick, Tsongas slips in campaign stops here

By Basil Talbott
and Michael Briggs

Washington Bureau / Chicago Sun-Times

Displaying contrasting styles Friday, Democratic presidential contender Bill Clinton staged a polished extravaganza in a South Side magnet school while candidate Paul E. Tsongas made it through two ragged events on the Southwest Side.

Clinton displayed his organizational advantage at the Edward W. Beasley School, 5255 S. State, while the Tsongas campaign fumbled through ill-prepared events in the predominantly white ethnic 13th Ward.

Neither said anything new in their speeches, but they spent much of the day preparing for an evening debate that was broadcast into Michigan, which also has a primary Tuesday. The debate was sponsored by WBBM-TV-Channel 2 and WJKB in Detroit.

In the hourlong exchange, Clinton took some flak from the two underdogs but then dished it back as he went after Tsongas.

Impatient with Tsongas for emphasizing the need for sacrifice, Clinton asserted Tsongas' plan to hike gas taxes would actually "pound these middle-class and lower-class people into the dirt."

Earlier, in a Beasley classroom, the Arkansas governor, wearing a school T-shirt, questioned students and answered inquiries from parents, teachers and children.

"I would like to run the country like Beasley," Clinton said after the forum, which resembled a Hollywood production. The questions gave Clinton a chance to

display his knowledge on a variety of issues and make points to deliver the black community's vote.

With him were Ald. Bobby Rush (2nd), a Clinton backer who is deputy chairman of the Illinois Democratic Party, and Metropolitan Water Reclamation District Commissioner Joseph Gardner.

Gardner, who had been the top urban adviser to Sen. Bob Kerrey's now-defunct presidential campaign, announced his endorsement of Clinton, adding to a huge pile of endorsements from major Democratic figures.

In sharp contrast, Tsongas lost the opportunity to get a rare public endorsement for his campaign when he showed up at the Chicago Aging Department's Southwest Senior Center, 6175 S. Kedzie. Officials at the center wouldn't let Tsongas speak because he is a politician, disappointing some campaign staff members, while others said they knew that was the rule governing Tsongas' visit.

County Public Defender Patrick Murphy, who wanted to make the public endorsement, asked, "Don't they know there is a First Amendment?" and pressed the center's director to relent.

But after some discussion, the center laid down the law, and Tsongas' staff left without putting up a fight. Murphy, a candidate for the Democratic state's attorney nomination, also left, saying he might try to make his endorsement later.

Complaining that Tsongas staffers were amateurish, Murphy said they missed an opportunity to demonstrate the point that their candidate is battling the Machine.

Cont.

CHICAGO SUN-TIMES

3-14-72

Campaign



SUN-TIMES/Robert A. Davis

Presidential candidate Paul E. Tsongas hugs Ursula Aleks on Friday at the Southwest Senior Center, 6175 S. Kedzie.

Earlier, Tsongas told the Sun-Times editorial board that as president he would require anyone he nominates to the Supreme Court to support abortion rights. "I have always been against litmus tests, but in view of what has happened, . . . I would be sure any nominee would be supportive."

Former California Gov. Jerry Brown kept up his seat-of-the-pants campaign in Chicago on Friday, looking for backers in poor neighborhoods. "Rot, impoverishment, inequality, decadence,

that's what's going on in this country," he said. "I think we can change that if we throw the bums out and get the country back under the control of just regular working people."

First lady Barbara Bush campaigned in DuPage County Friday. She visited senior citizen centers in Chicago suburbs, while President Bush was in Michigan in his first campaign appearance since his Super Tuesday clean sweep of eight states over challenger Patrick J. Buchanan.

1072

NEWSTAB Thu 12-Mar-92 23:31 EST
By RITA BEAMISH

Associated Press Writer

WASHINGTON (AP) — President Bush is offering a primary-season break for Michigan's hard-pressed auto industry as he travels to the industrial Midwest where the recession has turned voters against him.

"It's a tough state," said Bush campaign strategist Mary Matalin. "It's got high unemployment. It's got a large labor base which is in a grumpy mood."

Bush is expected to win the Michigan Republican primary, but the widespread economic discontent could slap him with a protest vote larger than he found in his sweep of Southern primaries last week.

In an effort to woo the state dependent on the auto industry, Bush planned to announce today an Environmental Protection Agency rule that will free automakers of a requirement to outfit cars with vapor-catching, anti-pollution canisters, administration officials said Thursday.

The administration had decided some time ago to take the step because of a Department of Transportation decision that such canisters were unsafe, but saved the announcement for today when Bush will be campaigning for Tuesday's primary election.

The White House scrapped plans to announce other relatively minor auto industry benefits that had been considered for a package the president could offer today. Officials said those proposals were not ready and they wanted to avoid being accused of speeding them up for political gain.

In a state wracked by 9 percent unemployment — higher than the national average — Bush chose to visit the prosperous Stryker Corp. in Kalamazoo. The medical instruments and equipment manufacturing plant employs about 300 people.

In contrast to the moribund auto industry and its related business, the medical firm boasted sales increases of about 25 percent worldwide last year and has not laid off employees for several years, said Vice President David Simpson.

But the state's economic concerns have been heightened by General Motors Corp.'s recent announcement that it is cutting more than 9,000 jobs in five Michigan cities.

In an Economic Club speech in Dearborn today, Bush planned to pledge to the auto industry that he will resist congressional efforts to make fuel efficiency standards stricter for American-made cars.

But the heavily Democratic unions are unlikely to be swayed. They hope a Democrat will beat Bush in the fall.

"We certainly need somebody that is going to back us on a lot of issues, such as fair trade rather than free trade," said Joe Duplanty, president of United Auto Workers Local 659, representing the Flint plant GM plans to close.

"You take your best shot with your best person, go after Bush with a vengeance and knock him out of there. That's got to be our chief priority," said Don Lindemier, a representative of Communication Workers of America, with 15,000 members in Michigan.

With Iowa Sen. Tom Harkin out of the presidential race,

cont.

2 P 2

unionists are left without a favorite Democratic candidate. The Bush campaign is worried that union members may then cross over and vote against Bush in the Republican primary.

That would help Patrick Buchanan in a state where the challenger is placing high stakes.

The Bush campaign on Thursday was still debating whether to air an ad in Michigan attacking Buchanan for owning a German-made Mercedes Benz.

Regardless, Bush has the endorsement of Republican Gov. John Engler and most of the state party.

In addition, Bush's top surrogate campaigners, Vice President Dan Quayle, Barbara Bush and Marilyn Quayle, all are campaigning in Michigan.

NEWSTAB Fri 13-Mar-92 7:12 EST

Political Writers
FEATURE...

LAS VEGAS--(BUSINESS WIRE FEATURES)--Las Vegas Hilton oddsmaker Art Manteris, noted author of 'SuperBookie', Friday announced the odds on the Democratic and Republican party nominations.

According to Manteris, Gov. Bill Clinton of Arkansas is listed as the 5-to-1 favorite to win the Democratic contest. Ex-Sen. Paul Tsongas is posted as a 4-to-1 underdog, followed by alternative candidate Jerry Brown as a 30-to-1 underdog. Long shots include Mario Cuomo at 50 to 1 and Lloyd Bentsen at 100 to 1.

"Gov. Clinton's win in the South on Super Tuesday has put him in a strong position for next week's two key primaries. Because of his home-field popular advantage, strong organizational base and a full war chest, he has emerged as the clear front runner in this hotly contested race," said Manteris.

The second-place candidate is Tsongas, listed as a 4-to-1 underdog to win his party's nomination. "He has faded from the front-runner position he achieved after New Hampshire," said Manteris. "While his message is strong, he lacked appeal in the South -- that hurt him on Super Tuesday."

The odds of a Clinton/Tsongas ticket emerging as the Democratic team this fall are even money, according to Manteris. "A Clinton/Tsongas team will have terrific appeal to many voters who are discontented with 12 years of Republican presidents and a ticket comprised of a Southern governor and a Northeastern senator is a natural," said Manteris.

President Bush is the prohibitive favorite to win his party's nomination at 200 to 1. While Buchanan has put up a good fight, his odds at winning the GOP nomination are less than James Baker and Dan Quayle, who are all posted as 50-to-1 and 100-to-1 underdogs, respectively.

"Buchanan has about as much of a chance at winning the Republican nomination as **Barbara Bush**," said Manteris. The maverick GOP candidate has consistently ripped 30 percent of the conservative vote away from Bush and is listed as a 500-to-1 underdog.

"Buchanan has firmly established himself as the leader of the Ultra-conservative movement -- while he doesn't have a chance in 1992, he's positioning himself as a candidate in 1996," said Manteris.

Manteris is vice president of race and sports operations at the Las Vegas Hilton and author of 'SuperBookie' -- an insider's look into the world of legalized gaming.

GRAPEVINE

By SIDNEY URQUHART/Reported by Wendy Cole

IN RIO...FROM MEAN STREETS TO CLEAN STREETS

The road to Rio de Janeiro will soon be jammed with thousands of delegates attending the U.N.'s June **EARTH SUMMIT**. As green-minded summiteers ponder such now-or-never topics as global warming, the rain-forest crunch and the world's vanishing flora and fauna, the most endangered species of all may be Rio's street children. A Brazilian child-advocacy group reports that 470 juveniles were murdered in the Rio area last year, many of them by death squads made up of off-duty police hired by local shopkeepers. If the authorities can help it, Rio's most endangered species will not be on display at all during the summit. While busily filling potholes and beautifying parks, city officials are also beefing up efforts to keep roving bands of street children away from the pockets of the delegates.



Rio's endangered street children

CASHING IN ON BASHING

How to earn big yen by exploiting the U.S.-Japan rivalry? A Japanese software manufacturer hopes to do it with **JAPAN BASHING**, a hot new computer game for all those obsessive nerds who lie awake worrying about the trade imbalance. While a TV newscaster intones actual news stories (e.g., the purchase of U.S. film studios by Sony and Matsushita), Japanese cars and computer chips are shown converging on a map of the U.S. Winged dollars at the top of the screen fly back toward Japan. Who wins? Flying hot dogs indicate an American victory; sushi signals a Japanese triumph. Then there are cowboys who shoot at samurai warriors. The brochure describes Japan Bashing with some understatement as "a game of reality and tension."



Applause is the best medicine

WHERE ARE THEY NOW?

Former hostage Terry Anderson has taken his family to a Caribbean island for four months of beachcombing. His comrade-in-chains **TOM SUTHERLAND** chose a different path and plunged into a lucrative round of lectures and public appearances. Some psychologists with experience in debriefing former hostages are concerned that Sutherland, who twice attempted suicide while in captivity, has not allowed himself enough time to recover from his ordeal. But the former university professor seems to relish the limelight, particularly the standing ovations.

WHEN LIFE IMITATES ART

Mikhail Gorbachev probably doesn't realize just how much help he got from **TED TURNER** in fending off last summer's coup d'état. Addressing independent filmmakers in Santa Monica, Calif., the hyperactive Atlantan informed a stunned audience that his decision to present *Gone With the Wind* in Soviet theaters changed the course of history. "It's a strong antiwar film," explained Turner. "I just think it had something to do with the fact that people there chose not to have a massive civil war."



Giving a damn for Gorb

VOX POP

Percent who plan to wear green articles of clothing on St. Patrick's Day:

Total 46%
Of Irish ancestry 62%
Non-Irish 37%

From a telephone poll of 1,400 American adults taken for TIME/MONEY on March 11-12 by Yankelevich Clancy Shulman. Sampling error is plus or minus 2.6%.

CAMPAIGN QUIZ

All qualified presidential candidates plus Barbara Bush have genuine Secret Service code names. And here they are: those still in the running as well as the dropouts, the predators, the carnivores, the endangered and the extinct. For those who didn't qualify for a code name, Grapevine has provided one. Match them up. And don't forget to vote.

1. Falcon
2. Lighthouse
3. Eagle
4. Tranquillity
5. Spotted Owl
6. Cardinal
7. Timber Wolf
8. Dodo Bird



A. George Bush



B. Barbara Bush



C. Pat Buchanan



D. Paul Tsongas



E. Bill Clinton



F. Bob Kerrey



G. Tom Harkin



H. Jerry Brown

ANSWERS: A-7, B-4, C-6, D-1, E-3, F-2, G-8 (extinct), H-5 (endangered)



Three strikes? Clinton loosens up his arm at spring training in Florida

IRA WYMAN FOR NEWSWEEK

Playing Hardball

Bush and his team assemble their scouting report on how to beat Bill Clinton in the fall

Last fall, as George Bush and his advisers discussed the 1992 campaign, one kind of prospective opponent made them nervous. Mr. Wrong would be a young, aggressive Southerner with solid experience and a centrist message that could lure conservative Reagan Democrats back home. They concluded that only Tennessee Sen. Al Gore, a 1988 also-ran, embodied those virtues. When Arkansas Gov. Bill Clinton's name surfaced, Bush's team dismissed him with a single word: "Women."

By and large, their scouting report hasn't changed. Should Clinton win the Democratic nomination, he'll encounter other elements of Bush's fall strategy. "Jobs, family and peace," themes framed by campaign

chairman Robert Teeter, will color campaign speeches. Congress-bashing will intensify. Bush will set the tone with a speech or prime-time press conference after lawmakers flout his March 20 deadline for passage of his economic-recovery package. A careful regimen of "presidential" activity—foreign trips, a possible new round of arms talks, some repackaged domestic proposals—will reinforce Bush's aura of incumbency and reassure moderates put off by his ragged primary campaign against Patrick Buchanan. But stripped to its essentials, Bush's plan to retain the White House rests on two expectations: economic recovery and a critical mass



of voter doubt about Clinton's character.

Despite Clinton's string of decisive Super Tuesday victories over Paul Tsongas, Bush strategists are convinced he is in the midst of a slow, irreversible bleed. They believe that lingering questions about marital infidelity and draft avoidance (combined with reports last week of a 1978 real-estate partnership with the owner of a failing savings and loan that was represented before state regulators by Hillary Clinton's law firm) will eventually overwhelm him. "Clinton has three bullet holes in him now," says one of Bush's top advisers. "He may be one heck of an able politician. But if you think he can come back from this, you belong in Hollywood. It only happens in the movies."

Character baggage: Is the White House relying too much on a Clinton meltdown? Even with his current character baggage, he would bring formidable assets to a fall campaign. He may not be the Southerner Bush advisers feared, but he's still a Southerner—the only type of Democrat to have won the presidency since 1960. His Arkansas roots may reassure voters outside the region as well, by signaling his centrism to Democrats who believe the party has been overly indulgent of African-Americans and special-interest groups. Clinton's 11-year gubernatorial record—which includes tax increases—is a target, but it will be difficult for the GOP to pigeonhole him as a liberal. "It's hard to run a Willie Horton ad against a guy who allows capital punishment in his state," says Bush New Hampshire adviser Tom Rath. And while Clinton is well wired with the Beltway establishment, he's not a creature of Congress, which buys him immunity from anti-incumbent rage.

Almost as important is a battle-hardened campaign staff skilled at damage control. When bad press hits, Clinton's people mobilize with SWAT-team speed. "It seems like they have a file drawer full of stuff to fax out the moment a story hits," says Tsongas aide Andy Paven. Clinton's resilience worries even some Bush aides. "Do you remember Jason in 'Friday the 13th'?" one adviser asks. "At the end of each movie he looks dead, but in the sequel he gets up and is still holding the knife."

On the campaign trail, Clinton is everything Bush is not: sure-footed, engaging, utterly absorbed in the game. He can also manipulate the symbols of popular culture with more authenticity. When he was photographed lifting a pool cue recently, Bubbas around the country knew they were looking at a guy who had hung out in a pool hall before. His saxophone, which he's played for years, has a cross-racial appeal, evoking both marching bands and smoky jazz clubs. Clinton's down-home comfort makes Bush's 1988 rent-a-symbols, pork rinds and country

cont.

music, look especially hollow. Nuances like that aren't just grist for copy-hungry journalists: in presidential politics, visual cues matter. The late Lee Atwater took one look at Michael Dukakis in 1988, vacationing on Martha's Vineyard in his Lacoste shirt, chinos and Top-Siders without socks, and knew Reagan Democrats would never bite.

These assets give Clinton a legitimate shot at capturing the swing Democrats who have delivered the White House to the GOP for the last three elections. The middle-class mother lode resides in the suburban subdivisions of the New South and the ethnic Catholic enclaves of the Midwest and Northeast. A generation ago these were solid Democratic streets, and last week Clinton was trying to win them back. "Somebody's got to come back to the so-

called Reagan Democratic area and say, 'Look, I'll give you your values back. I'll help you build the middle class back.'" Clinton said at Macomb County Community College in suburban Detroit. Then he made the appeal to racial harmony that is at the core of his campaign: a plea for disaffected whites to find common cause with blacks in the fight for economic justice. "But you've got to say, 'OK, let's do it for everybody in this country. Let's forget about race and be one nation again.'"

Other Republicans are warning the White House it's in for a tough race. Richard Nixon cautions that Bush should not be lulled by his 1988 landslide. In a memo late last month to GOP consultant Roger Stone, Nixon noted that a swing of just 566,000 votes in 11 closely contested states—including California, Michigan, Pennsylvania and Illinois—would have given Dukakis enough electoral votes to win. Nixon predicted that the GOP's Southern base would ensure Bush another comfortable plurality in the popular vote this fall—even with a Southerner as the Democratic nominee. But he said Bush could still lose the Electoral College if Clinton takes California and the up-for-grabs states in the Northeast and Midwest. Bush strategists consider the no-South scenario a marginal one. "We'd like to see the Democrats try it," says one top adviser. "We certainly won't."

For a campaign whose candidate currently has a 39 percent approval rating, the Bush camp sounds pretty confident. They have their reasons. Clinton's "sweep" of the South on Super Tuesday was more like a light dusting. He got the Bubba vote, but not much of it showed up. Turnout was as low as 21 percent in Mississippi. For the first time, Republicans voted in larger

Raising doubts:
Tsongas (right) leaves his Lowell, Mass., home for another campaign swing, the Bushes shake hands in Mississippi



ROBERT MAASS—SIPA



LARRY DOWNING—NEWSWEEK

numbers than Democrats in some Southern states. The black vote was down substantially as well, and exit polls showed persistent voter concern about Clinton. "Super Tuesday wasn't really an endorsement of Bill Clinton as much as it was a message of Democratic weakness," says Atlanta pollster Claibourne Darden.

The White House will be happy to nurse those doubts about Clinton. Character questions will be left to surrogates like Dan Quayle and cabinet members. Bush will focus on Clinton's record in Arkansas. As in 1988, he'll be backstopped by a brigade of opposition research specialists—"the 35 excellent nerds," as Atwater called them. Led by aide David Tell, the Bush "OPO" (as the researchers are known in the trade) has read every public document issued during Clinton's tenure as governor and state attorney general. To help exploit any open-

ings, Bush has asked 1988 negative-ad maestro Roger Ailes to rejoin the campaign.

In the days before the New Hampshire primary, Clinton polltaker Stan Greenberg predicted that Democratic foes would try to "Muskie-ize" Clinton—force him to crack under continued character assaults. It hasn't worked. But the pressure seems to be taking a private toll. The man staffers call "Elvis" is beginning to look like The King in his final years, putting on 20-30 pounds since the campaign started. And despite his outward confidence, he has developed a private brittleness about the scrutiny, joking bitterly about journalists who have "crawled my ass" in search of stories to write. When the GOP starts its crawl toward November, Clinton may look back on these weeks as the good old days.

BILL TURQUE with HOWARD FINEMAN
with Clinton and ANN MCDANIEL in Washington



The 'Bush flu': In Tokyo

EPIDEMICS

Political Bug

President Bush finally beat the flu that caused him to vomit in front of the world. Unfortunately, Japan hasn't. A similar flu strain is rampant there, and now there's an appropriate name for it: *Busshu kaze*, or "Bush flu." Suffice it to say this particular virus generally provokes a certain unfortunate stomach reflux. According to The Daily Yomiuri, an English-language newspaper, the term is now one of the most popular new buzzwords in the country. It has even been used to describe a malady Japanese officials caught while negotiating trade issues with the United States. ■

NEWSTAB Fri 13-Mar-92 15:19 EST

CHICAGO (UPI) — Former Massachusetts Sen. Paul Tsongas, who political observers and polls say may be near the end of his presidential quest, attacked Democratic front-runner Bill Clinton with new television advertisements Friday.

One ad raises questions about Clinton's past. It features one man asking "What has Bill Clinton got to hide that's really bad?" while a second responds "What now?" The first man says: "It's his record."

The ad, which began playing in Illinois and Michigan in advance of Tuesday's primaries, goes on to hit Clinton's claim that he is for the working people, by superimposing, "Arkansas worker safety: 50th in the U.S."

Another commercial charges Clinton has promised everyone a piece of the pie, leaving only crumbs for average families.

Tsongas, who courted elderly and white ethnic voters Friday, also picked up the endorsement of the Chicago Tribune, which said Clinton's answers to questions about his character leave "a lingering question about candor" and Tsongas "makes the most convincing case" that he should lead a party that is on a course of change.

The Tribune endorsed President Bush in the GOP primary, saying Bush "richly deserves renomination" and challenger Patrick Buchanan is "a disgrace, a loathesome boil on the body politic."

However, Clinton picked up the endorsements of a number of unions, including the American Federation of State County and Municipal Employees — the largest union for government employees in the state.

A group of as many as 60 supporters known as the "Arkansas Travelers" said they would start work in Illinois Saturday and would visit as many communities as possible to stump for Clinton.

Clinton limited his schedule in advance of a Friday evening debate including himself, Tsongas and former California Gov. Jerry Brown.

Brown talked with senior citizens and workers outside a closed factory and borrowed a tactic Bush has been using all week: personal interviews via satellite with television stations, especially those in central Illinois.

Clad in a bright blue United Auto Workers jacket, a red plaid workingman's shirt and his traditional turtleneck — garb he sported in Chicago as well — Brown said he would bring labor and business leaders to the White House if elected to chart the nation's economic course.

He also railed against a proposed free trade agreement with Mexico and urged voters to "take power back" from Washington insiders.

"This is an incredible betrayal of this country to take people who have worked all their lives (and then to) junk them, throw them on some dust bin, and then go to Mexico and get young people for two bucks an hour who don't have the same health benefits," Brown said. "It's just obscene."

The three Democrats, Bush and GOP challenger Patrick Buchanan have spent the vast majority of their time in Illinois in the Chicago area. Buchanan and Bush made Michigan their focal point Friday and Barbara Bush did visit heavily Republican DuPage County.

A Michigan poll showed Bush and Clinton with strong leads in that state and political observers said Tsongas' hope of keeping his candidacy alive would be near an end if he fails to win one of the two states.

3-15-92**Republicans**

Quiet Campaigner: Buchanan's Wife

By STEVEN A. HOLMES

Special to The New York Times

CHICAGO, March 14 — At rallies she sits demurely by her husband's side, her round face frozen in a smile, waiting for the cue that will give her her only public role in the campaign.

"Now," her husband says, "I'd like to introduce you to my choice to replace Barbara Bush as First Lady, Shelley Buchanan."

The wife of Patrick J. Buchanan silently stands, smiles, waves, sits down and waits for the next rally and the next introduction.

In the 1992 Presidential campaign, a contest where candidates' wives like Hillary Clinton and Barbara Bush, are public figures in their own right, Ms. Buchanan seems a throwback to another era when wives were seen and not heard.

Uneasy Speaking in Public

But the spotlight is not where Ms. Buchanan likes to be. She has given few interviews and, for the most part, does not banter with reporters on campaign planes or buses. In fact, since her husband declared his candidacy on Dec. 10, she has spoken in public only twice: once to a group of third graders in Woodsville, N.H., and on Friday, when local television reporters in Dearborn, Mich., badgered her into speaking at a press conference.

Both times she looked like she was scared to death.

"Pat's never been a candidate," she said today in a rare interview. "I've never been a candidate."

Ms. Buchanan's shyness has become an issue in the campaign, or at least among some correspondents covering it. Taken in conjunction with

a 1983 column in which her husband wrote that women were "less equipped psychologically" to compete in business, her lack of a public role seems to bespeak a man and a candidate who does not respect the views of women.

'Reminiscent of Pat Nixon'

"I've been upset that the powers that be won't let her open her mouth," Carol Marantio, a childhood friend recently told the Detroit Free Press.

"I think everybody's lives are different," Ms. Buchanan said in an interview referring to women like Ms. Clinton and Mrs. Bush. "Now their husbands have been in the public eye for many, many years. Pat has not been a candidate for anything, so there's no reason I would have been in the public eye."

The issue reached its height when the Buchanan campaign hit Michigan. Having grown up in Indian Village, a toney section of Detroit, Ms. Buchanan was the subject of requests from local newspapers and television stations, all of which were turned down. Frustrated, the Detroit Free Press described her at campaign events as standing "woodenly at her husband's side, smiling stoically, her hair frozen in time, her face set in marble, reminiscent of Pat Nixon, circa 1968."

But there are occasional flashes of independence. As the Buchanan entourage flew to Michigan from Chicago a reporter asked the candidate's wife if she wanted to be referred to as "Mrs." or "Ms." When she answered "Ms.," her husband's head snapped around in surprise.

Short with blond, shoulder-length hair styled in a bouffant, Ms. Buchanan has a pleasant, full face and dress-

es stylishly, often in bright red.

Ms. Buchanan insists that she has not been unwilling to grant interviews, but that it was a decision of campaign officials to limit press access to her so that attention would be focused on Mr. Buchanan and his message.

"We didn't have any idea there would be anything having to do with me in the press," she said.

Ms. Buchanan, 54 years old, is a graduate of the University of Michigan. She was an aide in President Richard Nixon's Administration, and traveled with Mr. Nixon during the Presidential campaigns of 1960, 1964 and 1968.

The Buchanans have no children, and when discussing why, Ms. Buchanan speaks in almost a whisper.

"It's kind of a personal thing," she said. "It's too bad. We just didn't have any children. We are fortunate to have 27 nieces and nephews, a large family. So I think you have to be thankful for the things that you do have." Ms. Buchanan added that she and her husband had not adopted children because they were married later in life — she was 34 years old at the time of the marriage, he was 33 — and felt after not having children, they were too old.

She stresses that before Mr. Buchanan declared his candidacy she served as an aide, organizing his speaking schedule and handling the expenses of the writer's burgeoning freelance and speaking business.

"I've worked for Pat behind the scenes for the last 16 years, as his administrative assistant, his only administrative assistant, his only staff member," she said. "So it's kind of a partnership in that respect."

NEWSTA Thu 12-Mar-92 22:16 EST

BARBARA MAGIC LEADS TO WEDDING OF EX-PREMIER KAIFU'S SON

TOKYO, Reuter - Not all summits between U.S. and Japanese leaders are fruitless, and the one held in July at Kennebunkport, Maine, is happily ending in the marriage of the prime minister's son.

Thanks to "Barbara Magic," the meeting between then Prime Minister Toshiki Kaifu and President Bush provided an ideal backdrop for a romance between Kaifu's son, Masaki, and a Japanese Foreign Ministry interpreter, Yuko Kojima, the Kyodo news agency said Thursday.

"In retrospect, Barbara's magic must have worked. It was Kennebunkport magic," said the young Kaifu, who will wed Kojima Sunday.

What prompted him to tie the knot with Kojima was a conversation between the two first ladies, Sachiyo Kaifu and Barbara Bush, Kyodo said.

After Mrs. Kaifu confided that her son was still a bachelor, Mrs. Bush declared: "I'm a great matchmaker," and promised to produce a suitable young woman on her next visit to Japan.

The young Kaifu, 32, was listening to this conversation. Interpreting for the two ladies was Kojima, also 32. It was the start of their romance.

"I hadn't realized it would turn into a very delightful cause," Kojima told Kyodo.

She said she was relieved when Mrs. Bush showed up with the president for the summit in Tokyo in January with Prime Minister Kiichi Miyazawa without a marriage candidate.

"I was worried she would bring someone, or a picture of a good-looking girl that could threaten my engagement," Kojima said.

NEWSTAB Fri 13-Mar-92 13:31 EST

A ROSE BY ANY OTHER NAME IS WHOOPI GOLDBERG

BOSTON, Reuter - The nation's largest grower of miniature roses has named a new variety for Academy Award-winning actress Whoopi Goldberg.

Nor'East Miniature Roses Inc., of Rowley, Mass., which has also developed roses named for Queen Elizabeth II, Barbara Bush and John Wayne, said it expects its new red and white "Whoopi" hybrid to be a hit in rose shows this spring.

Goldberg, who is already growing "Whoopi" miniatures at her home in California, said the flower named in her honor would also get a crack at movie fame.

"I grow several variety of roses, but now 'Whoopi' is my favorite," she said in a statement released by Nor'East. "My rose will also appear in a supporting role in my new movie, 'Sister Act,' which is due to be released this spring."

Just in time for planting season, with any luck.



DENIS COOK—AP

Friendly warning: The Bushes and the former president at dinner last week

The 'Who Lost Russia' Debate

Nixon is right on politics—wrong on Russian aid

Just three little words, but what political dynamite: WHO LOST CHINA? And who knows that better than Richard Nixon? As a young member of Congress from California after World War II, Nixon launched a political career by smoking out "fellow travelers," including those who had allegedly let the Communists triumph in China. Last week the former president went on a new crusade, warning that tomorrow's zinger could well be, WHO LOST RUSSIA? In a series of carefully placed memoranda and editorials, Nixon accused George Bush of a "penny-ante" approach to aiding the former Soviet Union. "In light of the stakes, the West must do everything it can to help [Russian President Boris] Yeltsin to succeed," Nixon wrote in *The Wall Street Journal*. "If Mr. Yeltsin fails, the prospects for the next 50 years will turn grim."

The question of who lost China is, of course, specious. China was never America's to lose. And by the end, Chiang Kai-shek's government didn't have enough popular backing to make it worth U.S. support. If Boris Yeltsin is ousted by an expansionist military regime—an alarming but not imminent prospect—the question of who lost Russia will be hollow, too. No amount of Western money

can prop him up if he isn't strong enough to survive on his own. The Russian economy is so chaotic that just getting aid into the right hands is a monumental task. How can we save Russia if Russia cannot save itself?

As the Republican Party's gray eminence on foreign policy, Nixon surely realizes this. His real message has to do with domestic policy: don't let Pat Buchanan spook you. The Republican challenger is scoring big in the primaries with his isola-

tionist "America First" theme, while Bush seems more and more reluctant even to mention the dirty words, foreign policy. He's abandoned the one issue where he could claim to have demonstrated superiority over any Democratic candidate. Nixon, like Bush, is a foreign-policy maven by nature; his attack on Bush fell into the category of a friendly warning.

Some of the president's men seem glad to hear that message. While his campaign team doesn't want to give Buchanan fresh ammunition, other Bush aides wish the president would put his clout behind aid to Russia. "Nixon's attack may have the beneficial effect of persuading the campaign people that they've overdone it," said one senior State Department official. The U.S. ambassador to Moscow, Robert Strauss, is clearly frustrated. "I don't know that the debate will change during this presidential election cycle, but I hope it does," he said at a reporters' breakfast. "I don't think we have the luxury of continuing to wait."

Figuring out how to aid Russia will take hard work. Some Nixon proposals are more easily accomplished—such as a "free-enterprise corps" of American executives who would train Russians in capitalist economics. Others, such as a multibillion-dollar fund to make the ruble convertible, will require months of work. As the Russian winter draws to a close, Cassandra-like predictions of famine are proving unfounded. Of course, next year's harvest could be an even bigger disaster. But by November, America will have elected a new president. Maybe then the government can work out a program for Russia based on common sense, not three little words.

CARROLL BOGERT and
MARGARET GARRARD WARNER

NEW YORK NEWSDAY, THURSDAY, MARCH 12, 1992



AP Photo

Ex-President Nixon with President Bush and first lady Barbara Bush during a dinner at the Nixon Library in Washington last night.



Into the breach. Richard Nixon, in Washington at a dinner sponsored by his presidential library, hosts President and Mrs. Bush and warns

(cont.)

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OUTLOOK

ONE WEEK

The vision thing and the real thing

Nearly 20 years after the Watergate break-in and his subsequent fall from power, Richard Nixon is back, telling the nation's leaders not to turn away from America's international responsibilities. What's astonishing is not the substance of the message but that it had to be delivered at all: For the first time since the 1930s, foreign policy isn't an issue in the presidential campaign.

The reasons for the conspicuous silence are familiar enough. Preoccupied with troubles at home, voters don't want to hear about troubles abroad, particularly if the solution requires spending billions of dollars. With the cold war over and Soviet communism dead, Americans feel they can stop worrying about the rest of the world. After all, isn't the world a safer place now?

The Democrats, often distrusted on foreign policy, aren't pressing for debate—especially given their candidates' inexperience in all things international. But what of George Bush, who went to war in the gulf and generally wraps himself in foreign-policy credentials? After years of talking about a new world order, without explaining what he means or how America fits in, Bush has suddenly become the silent man of international affairs. In the vacuum, and with its budget and bases on the line, his Pentagon is freelancing strange notions about post-cold-war missions: from defending Lithuania against Russia to fending off both friend and foe to keep America the world's only superpower.

The generals at least know there's no shortage of foreign-policy issues worth debate. What about aid to Russia and the other former Soviet republics? What about North Korea, which last week delivered Scud missiles to Iran and may be within months of building its own nuclear bomb? Or Iraq, defying the United Nations and still refusing to dismantle its weapons factories? Or South Africa, which makes a critical passage this week when whites vote on whether to press ahead on reform? Or the ethnic conflict in Nagorno-Karabakh (next year's El Salvador?), where American troops could be sent as peacekeepers? Or for that matter, the environment or the Mexican free-trade deal or the AIDS crisis in Africa? New game, rules to be determined later—but how does George Bush, Bill Clinton, Paul Tsongas, Jerry Brown or anyone else who might be president plan to play?

In a clear swipe at Bush that could apply to his Democratic opponents as well, Nixon writes that the "mark of great political leadership is . . . to make what is unpopular popular if that serves America's national interest." Would you buy an undebated foreign policy from any of the men running for president? Unless Americans start asking the questions and demanding the answers, that's exactly what they'll get. □ BY CARLA ANNE ROBBINS

▼
*'Would you
buy an
undebated
foreign policy
from any of
the men
running for
president?'*
▲



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the candidates not to ignore foreign affairs.

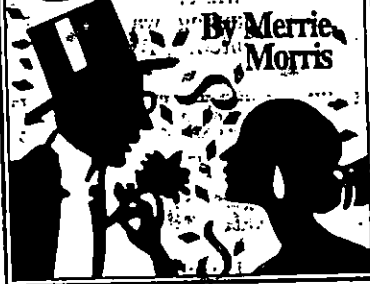
MONDAY, MARCH 16, 1992

Life

The Washington Times

Merrie-Go-Round

By Merrie Morris



Best wishes

Danny Bonaduce, "former child star gone bad" from "The Partridge Family" TV show, was pleasantly surprised to hear of Sen. Ted Kennedy's pending nuptials to Washington lawyer Victoria Reggie. He got the news between shows Saturday night at the Comedy Cafe and wasted no time cranking out a few quips.

"The bride won't wear white, she'll wear water wings," Mr. Bonaduce said. And: "It'll be Teddy crying on their wedding night — from the Mace."

Actually, Danny is quite fond of the Kennedys because they've done a lot to steal the tabloids' front pages away from him. News of the rape charges against Willie Smith broke two days after word that Danny had been arrested for assaulting a transvestite in his home.

Congressional follies

When Doro Bush LeBlond and fiancé Bobby Koch caught the first act of Congress Night at the Hexagon's "Capitol Offenses" revue, Bobby must have had more fun. Doro's daddy came in for a lot of potshots, second only to Dan Quayle. ("What did Marilyn Quayle say to Dan on their wedding night? You're no Jack Kennedy.")

Of the six members of the House of Representatives making guest appearances, two had show-biz credentials — Scott Klug of Wisconsin, a former television news anchor, and Ben Jones of Georgia, known for years as Cooter on "Dukes of Hazzard." Jim Moran of Virginia, Bill Hefner of North Carolina, Claude Harris of Alabama and Connie Morella of Maryland gamely did their best, although Connie clearly was a little embarrassed by her Marion Barry joke. (He's come out with a new line of prison wear: Brief Encounter.)

Got some hot gossip? Call Merrie at 202/636-3228.