

No.

Date 8-7-90

MEETING WITH PRESIDENT BUSH

ROBERT ABBOD (FIRST CITY BANK - TEXAS)
NAJEEB HALABI (DAUGHTER QUEEN JORDAN)
TALAT OTHMAN
DAVID SAAD
JOE AUDI
POTOL TANOUS
HARLEY ZACHEM
ELAINE SALIBA
TANYA RAHAL
NAIM AUEIDA
DR. JAMES BARZINTI
MUNZOR CHARRANI
(# TWO OTHERS)

PRESIDENT BUSH
GOV. JUAN SUNUNU
GENERAL BERT SCOWCROFT
DR. RICHARD HAAS
(# STAFF) (INCL. SITHAN SIV)

KUWAIT / IRAQ:

MOST SERIOUS EVENT IN MIDDLE EAST SINCE WWII
IRAQ WISHES TO CONTROL RESOURCES OF KUWAIT & OTHERS
NEED TO SHOW STRENGTH
KUWAIT SMALL COUNTRY - M.E THINK WE DON'T GIVE A DAMN - NEED
TO SHOW WE DO GIVE A DAMN

BETTER TO DEFEND SAUDI NATIONAL THAN PESTLE SAUDI

PALESTINIAN / ISRAELI:

SUPPORT UN RES. 242 & 338

LEBANON:

SUPPORT HAWAT - TAIF PRINCIPLES - LEBANON WHOLE & FREE

MADE 3/4 DUZEN PHONE CALLS TO MEMBERS OF STATE
MIDDLE EAST STAMPEDE FRIENDS OF U.S.

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= WHITE HOUSE =

WASHINGTON, D.C.

No. Friday 10:00AM

Date 1.25.91

= CABINET ROOM =

10:00AM

ILHAN SUWUNU: QUICK BRIEFING RE. PURPOSE OF MEETING

PETER TANOUS: CONCERN ABOUT MEDIA RE. "TV ARAB" - ACCIDENT OF NATO NETWORK PANIC, TWO PROMINENT, ARTICULATE JEWS VS. ARAB STUDENT & ARAB NET HISTORIAN - ETZ.

DAVID SAOD: SUPPORTED

ATTYNEY: HOW CAN WE ASSIST THE PRESIDENT?

JAMAL BAZZINI: TO EASE PEACE MUST AVOID (LARGE) CIVILIAN CASUALTIES - REMEMBERED 300,000 CIVILIANS KILLED SO FAR - REPORT FROM KUWAITI MEETING RE. RETURN OF EMIR TO POWER

SUNUNU: GROSSLY EXAGGERATED REPORT - ALMOST ALL PLANES LOST FROM GROUND ANTI-AIRCRAFT WEAPONS SURROUNDING BAGHDAD - NOT TARGETED TO AVOID CIVILIANS - REVIEWED PHOTOS, HIGHLY TARGETED BUILDINGS

MOUNZER: ARAB-AMERICANS HARASSED - MUST DESTROYING A POWER THAT IS A THREAT TO ISRAEL

10:30AM PRES. BUSH ARRIVED (WAS A COOL) - PRESS ARRIVED

PRES. BUSH: VERY CONCERNED ABOUT HARASSMENT AND DISCRIMINATION OF ARAB-AMERICANS
CONVICTION HOLDING STRONGLY
(AFTER PRESS LEFT)

ISRAEL INTELLIGENCE WHICH DIDN'T HELP A DAMN BIT IN THE PEACE PROCESS

REJECTS LINKAGE - WHEN WE ARE SUCCESSFUL THE CLOSING OF A U.N. PEACE KEEPING FORCE FOR LONG TERM PEACE WILL BE ENHANCED

CHARL ZENAKY: GLADFUL TO SEE THAT THIS ADMINISTRATION IS SERIOUS ABOUT MOVING EAST PEACE

PRES. BUSH: ARTICULATED THE SAME AT THE U.N.

DR. AL-EBRAHEEM: NOW IS A GOLDEN OPPORTUNITY FOR U.S. LIKE EISENHOWER / EGYPT PERIOD - TREMENDOUS ADMINISTRATION FOR U.S. - ARAB WOULD MUST NOT REMAIN OUTSIDE THE MAINSTREAM OF THE WORLD - IF KUWAIT WOULD BECOME A DEMOCRACY LIBYAN WOULD NOT HAVE INVADED - U.S. STANDS FOR DEMOCRACY & HUMAN RIGHTS

PRES. BUSH - TELL ME ABOUT THE PALESTINIANS

TUAD SAADUWI - WHEN I WAVE TOLD THEM THAT ADMINISTRATION IS SERIOUS THEY SAY SHOW ME
(FAX # (703) 759-9300)

= WHITE HOUSE = COURT

PUB. BUSBY, BECAUSE AUDIENCES DISAGREE DOES ASKED THEY ARE NOT PARTICIPATE -
EPISCOPAL BISHOP KENNETH WIL - ASKED BISHOP (KENT BISHOP) WITH ASKED MODERNITY - ASKED A LETTER TO CAPTURE HIS
WIT (L. DOBBS) WITH ASKED MODERNITY - ASKED A LETTER TO CAPTURE HIS
BREATHING? USUAL A DEAN-ASKE TO THE SQUARE TO BE BRANDED
MODERNITY COURT - I AM OLD TRADITION TO LEGISLATIVE BEHOLD -
WOULD WE HAVE BEEN ABOUT TO STOP THAT THING?
DAND SKOP; PUB. SHOULD EMPHASIZE HIS SOUVAINRY ABOUT THE COURSE
OF POLICY OF IRAQ - TRY TO PRESERVE THOSE OF THE COUNTRY

PUB. BUSBY, (KENT) (LATE IN THE DAY, AT A PRESS CONFERENCE HE STRESSED THIS
POINT)
ARAB TOM MESSIAH: SURVIVOR OF PUB. "YOU CHOOSE" - ATTAINMENT IMPROVEMENT
PUB. BUSBY: USUALLY HOW HUSSEIN CAN PARTICIPATE WITH THE ROYAL IN IRAQ
AMB. MESSIAH: PEOPLE IN THE ARAB COUNTRIES SEE THE WEAKNESS OF THE ROYAL
PLANNERS WHICH IS A SOURCE OF WORST

AR. ARABIAN, (ARAB SECURITY) (MILITARY) HAD U.S. & THE ARAB LEADER
THAT OTTAWA: DECEASED ARAB-AM. UNDERSTAND - PHASE OUT, WIFE ANSWERED
MAY TO THAT THAT HE WAS GOING TO KILL HER HUSBAND - SHE DID
NOT BELIEVE IT WAS SERIOUS & SAID THE WIFE WAS IN BUT GIVE HER
THE PHASE # TO GET BACK

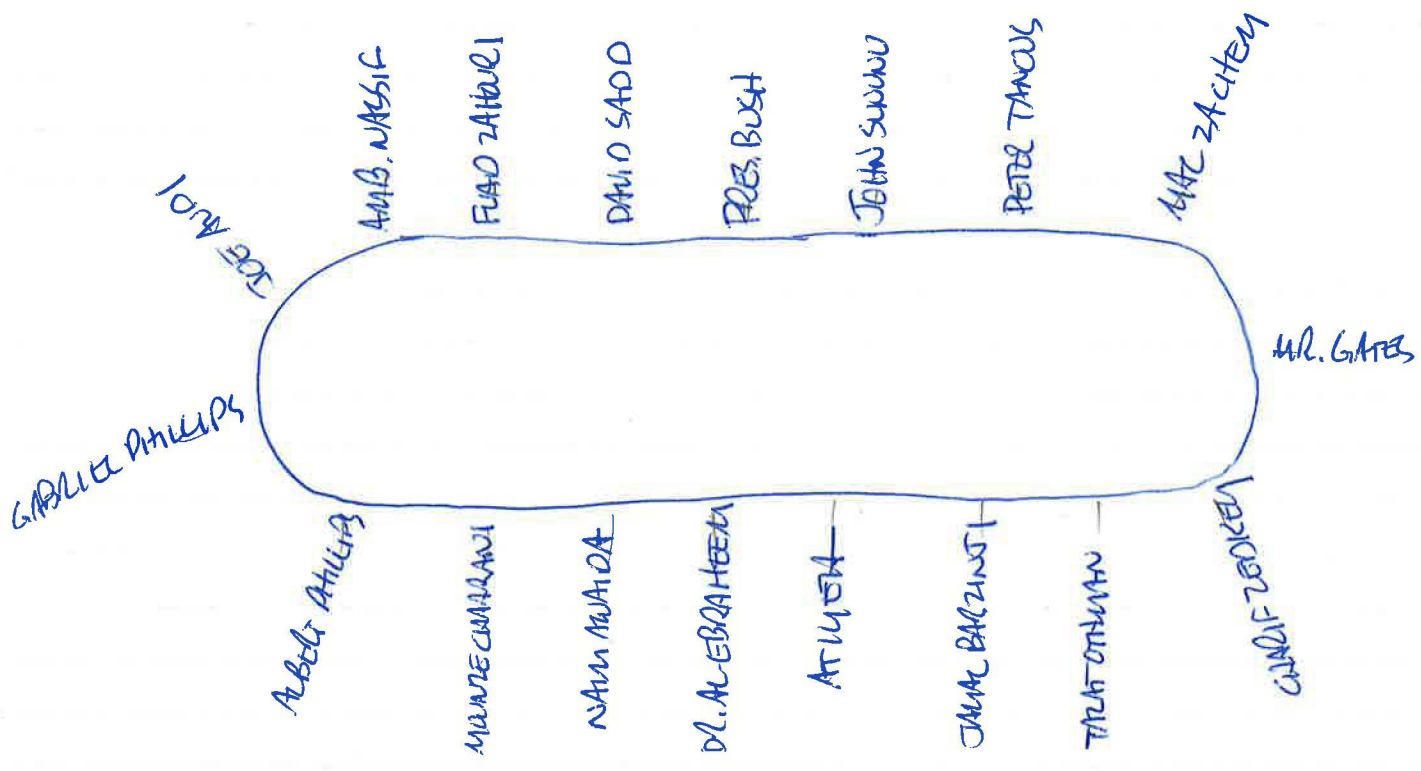
THE ZEPHYRUS, WHAT IS GOING ON IN TORONTO
PUB. BUSBY: MURKIN & THAT ARE FEELING AS IF KILL HUSSEIN - PUB. WANTS
TO COMPARE DISCUSSIONS WITH - MORE CONDITIONS DO NOT PARTICIPATE
PUB. BUSBY: ASKED FOR DEMOCRACY & FREEDOM - NO HAND TO SEE THAT AS
A COUNTRY PARTICIPATED - HAD TO SEE THAT WAS NOT BY A

11:10 AM - PUB. BUSBY DEPARTS
SOME DISCUSSION BY JOHN - AT - ABRAHAM - ATTORNEY - MURKIN; WE
SHOULD HAVE USED MORE DIPLOMACY
TOTAL; WE WERE THERE ON 15 PREVIOUS LEVELS - NOT JUST WITH THE
PUBLIC WAS SEEN

> WHITE HOUSE > (CON'T.)

LOOKING TOWARD PEACE & THE "NEW WORLD ORDER" (FREEDOM, DEMOCRACY & PEACE) HOW WE MIGHT ASSIST (PERSONAL INTELLIGENCE, INFLUENCE, CONTACTS, ETC.) IN THE "SHORT RANGE" (NEXT FEW DAYS) BY DIRECT CONTACT W/ ADMINISTRATION & LONG RANGE (NEXT FEW WEEKS) TO ORGANIZE IN A FASHION TO ASSIST IN PEACE EFFORTS. THEY DO NOT WANT ANOTHER ORGANIZATION TO DEAL WITH.

A FRUITFUL OPEN DISCUSSION WITH THE PRESIDENT WHO IS HONESTLY TRYING TO GET A GOOD FEEL ON THE MIDDLE EAST. IT WAS ~~NOT~~ A MEETING TO CONSTRUCTIVELY GIVE THE PRESIDENT A VALUABLE UNDERSTANDING OF THE ARAB COUNTRIES & ARAB AMERICANS.



THE WHITE HOUSE
WASHINGTON

January 30, 1991

FEB 04 1991
Governor Atiyeh
GOVERNOR ATITYEH
FEB 13 1991

Dear Governor Atiyeh:

Enclosed you will find a brief transcript of the President's remarks from your meeting with the President and Governor Sununu on Friday January 25th in the Cabinet Room.

On behalf of the President and Governor Sununu, we want to thank you for attending what proved to be a very constructive and timely meeting.

For your information, we have also enclosed the text delivered by the President during his State of the Union address to Congress on January 29, 1991.

Again, thank you for your continued support of the President's Gulf policy. As always, our office is open to your thoughts and suggestions and if we can be of any assistance please feel free to contact Lisa Battaglia or myself at 456-7845.

Sincerely,



Sichan Siv
Deputy Assistant to the President
for Public Liaison

Governor Victor Atiyeh
519 SW Park
Suite 208
Portland, Oregon 97205

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

January 25, 1991

REMARKS BY THE PRESIDENT
IN MEETING WITH ARAB AMERICAN LEADERS

The Cabinet Room

10:32 A.M. EST

THE PRESIDENT: Normally I don't have much to say at these meetings with the press. We do that in the press room. But I do want to thank you all for coming. I'm anxious to hear what you've discussed with Governor Sununu.

But I want to take this opportunity to make -- to tell you something that bothers me, because I've heard from some and then I've read accounts that suggest Arab Americans in this country, because of the conflict abroad, are being discriminated against and it's causing pain in families in this country. And there is no room for discrimination against anybody in the United States of America. And I want you to suggest to me if there are things that I can do as President to get that message out loud and clear to every Arab American, whether he agrees with me on this war or not is unimportant.

The message is there is no place for discrimination in the United States of America. And if there's anybody in the communities around this country that are being hurt by it, we have got to come together and do everything we can to see that it doesn't go on.

And secondly, on the war, I know there may be some divisions of one kind or another -- that's fine. But it is going well, and I am more determined than ever to bring this to a successful conclusion. And the coalition is working very well, holding together with great strength and great conviction. And I want to tell you a little more about that now when we get into the substance of our meeting here.

But, again, thank you all for coming. Many thanks for coming back. I'm glad to have you here always.

END

10:38 A.M. EST

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

January 29, 1991

ADDRESS BY THE PRESIDENT
ON THE STATE OF THE UNION

The U.S. Capitol
Washington, D.C.

9:09 P.M. EST

THE PRESIDENT: Mr. President, and Mr. Speaker, and members of the United States Congress. I come to this House of the people to speak to you and all Americans, certain that we stand at a defining hour. Halfway around the world, we are engaged in a great struggle in the skies and on the seas and sands. We know why we're there. We are Americans -- part of something larger than ourselves. For two centuries, we've done the hard work of freedom. And tonight, we lead the world in facing down a threat to decency and humanity.

What is at stake is more than one small country; it is a big idea: a new world order, where diverse nations are drawn together in common cause to achieve the universal aspirations of mankind -- peace and security, freedom, and the rule of law. Such is a world worthy of our struggle and worthy of our children's future. (Applause.)

The community of nations has resolutely gathered to condemn and repel lawless aggression. Saddam Hussein's unprovoked invasion -- his ruthless, systematic rape of a peaceful neighbor -- violated everything the community of nations holds dear. The world has said this aggression would not stand -- and it will not stand. (Applause.)

Together, we have resisted the trap of appeasement, cynicism, and isolation that gives temptation to tyrants. The world has answered Saddam's invasion with 12 United Nations resolutions, starting with a demand for Iraq's immediate and unconditional withdrawal and backed up by forces from 28 countries of six continents. With few exceptions, the world now stands as one.

The end of the Cold War has been a victory for all humanity. A year and a half ago, in Germany, I said that our goal was a Europe whole and free. Tonight, Germany is united. Europe has become whole and free -- and America's leadership was instrumental in making it possible. (Applause.)

Our relationship to the Soviet Union is important, not only to us, but to the world. That relationship has helped to shape these and other historic changes. But like many other nations, we have been deeply concerned by the violence in the Baltics, and we have communicated that concern to the Soviet leadership.

The principle that has guided us is simple: Our objective is to help the Baltic peoples achieve their aspirations, not to punish the Soviet Union. (Applause.) In our recent discussions with the Soviet leadership, we have been given representations which, if fulfilled, would result in the withdrawal of some Soviet forces, a reopening of dialogue with the Republics, and a move away from violence.

We will watch carefully as the situation develops. And we will maintain our contact with the Soviet leadership to encourage

MORE

continued commitment to democratization and reform. (Applause.) If it is possible, I want to continue to build a lasting basis for U.S.-Soviet cooperation, for a more peaceful future for all mankind.

The triumph of democratic ideas in Eastern Europe and Latin America, and the continuing struggle for freedom elsewhere all around the world all confirm the wisdom of our nation's founders.

Tonight, we work to achieve another victory -- a victory over tyranny and savage aggression.

We in this Union enter the last decade of the 20th century thankful for our blessings, steadfast in our purpose, aware of our difficulties, and responsive to our duties at home and around the world.

For two centuries, America has served the world as an inspiring example of freedom and democracy. For generations, America has led the struggle to preserve and extend the blessings of liberty. And today, in a rapidly changing world, American leadership is indispensable. Americans know that leadership brings burdens and sacrifices. But we also know why the hopes of humanity turn to us. We are Americans: we have a unique responsibility to do the hard work of freedom. And when we do, freedom works. (Applause.)

The conviction and courage we see in the Persian Gulf today is simply the American character in action. The indomitable spirit that is contributing to this victory for world peace and justice is the same spirit that gives us the power and the potential to meet our toughest challenges at home.

We are resolute and resourceful. If we can selflessly confront evil for the sake of good in a land so far away, then surely we can make this land all that it should be. If anyone tells you that America's best days are behind her, they're looking the wrong way. (Applause.)

Tonight, I come before this House and the American people with an appeal for renewal. This is not merely a call for new government initiatives; it is a call for new initiative in government, in our communities, and from every American -- to prepare for the next American century.

America has always led by example. So who among us will set this example? Which of our citizens will lead us in this next American century? Everyone who steps forward today -- to get one addict off drugs, to convince one troubled teenager not to give up on life, to comfort one AIDS patient, to help one hungry child.

We have within our reach the promise of a renewed America. We can find meaning and reward by serving some purpose higher than ourselves -- a shining purpose, the illumination of a thousand points of light. And it is expressed by all who know the irresistible force of a child's hand, of a friend who stands by you and stays there -- a volunteer's generous gesture, an idea that is simply right.

The problems before us may be different, but the key to solving them remains the same. It is the individual -- the individual who steps forward. And the state of our Union is the union of each of us, one to the other -- the sum of our friendships, marriages, families, and communities.

We all have something to give. So if you know how to read, find someone who can't. If you've got a hammer, find a nail. If you're not hungry, not lonely, not in trouble, seek out someone who is. Join the community of conscience. Do the hard work of freedom. And that will define the state of our Union. (Applause.)

Since the birth of our nation, "We the people" has been the source of our strength. What government can do alone is limited -- but the potential of the American people knows no limits.

We are a nation of rock-solid realism and clear-eyed idealism. We are Americans. We are the nation that believes in the future. We are the nation that can shape the future. And we've begun to do just that -- by strengthening the power and choice of individuals and families.

Together, these last two years, we've put dollars for child care directly in the hands of parents instead of bureaucracies. (Applause.) Unshackled the potential of Americans with disabilities. (Applause.) Applied the creativity of the marketplace in the service of the environment, for clean air; and made home ownership possible for more Americans. (Applause.)

The strength of a democracy is not in bureaucracy. It is in the people and their communities. In everything we do, let us unleash the potential of our most precious resource -- our citizens, our citizens themselves. We must return to families, communities, counties, cities, states, and institutions of every kind the power to chart their own destiny, and the freedom and opportunity provided by strong economic growth. And that's what America is all about. (Applause.)

I know tonight in some regions of our country, people are in genuine economic distress. And I hear them.

Earlier this month, Kathy Blackwell, of Massachusetts, wrote me about what can happen when the economy slows down, saying, "My heart is aching, and I think that you should know your people out here are hurting badly."

I understand. And I'm not unrealistic about the future. But there are reasons to be optimistic about our economy.

First, we don't have to fight double-digit inflation. Second, most industries won't have to make big cuts in production because they don't have big inventories piled up. And third, our exports are running solid and strong. In fact, American businesses are exporting at a record rate.

So let's put these times in perspective. Together, since 1981, we've created almost 20 million jobs, cut inflation in half, and cut interest rates in half.

And, yes, the largest peacetime economic expansion in history has been temporarily interrupted. But our economy is still over twice as large as our closest competitor.

We will get this recession behind us and return to growth soon. (Applause.) We will get on our way to a new record of expansion and achieve the competitive strength that will carry us into the next American century.

We should focus our efforts today on encouraging economic growth, investing in the future, and giving power and opportunity to the individual. (Applause.)

We must begin with control of federal spending. (Applause.) That's why I'm submitting a budget that holds the growth in spending to less than the rate of inflation. And that's why, amid all the sound and fury of last year's budget debate, we put into law new, enforceable spending caps -- so that future spending debates will mean a battle of ideas, not a bidding war. (Applause.)

Though controversial, the budget agreement finally put the federal government on a pay-as-you-go plan and cut the growth of debt by nearly \$500 billion. And that frees funds for saving and job-creating investment.

Now, let's do more. My budget again includes tax-free family savings accounts; penalty-free withdrawals from IRAs for first-time home buyers -- (applause) -- and to increase jobs and

growth, a reduced tax for long-term capital gains. (Applause.)

I know there are differences among us -- (laughter) -- about the impact and the effects of a capital gains incentive. So tonight, I'm asking the congressional leaders and the Federal Reserve to cooperate with us in a study, led by Chairman Alan Greenspan, to sort out our technical differences so that we can avoid a return to unproductive partisan bickering. (Applause.)

But just as our efforts will bring economic growth now and in the future, they must also be matched by long-term investments for the next American century.

That requires a forward-looking plan of action -- and that's exactly what we will be sending to the Congress. We've prepared a detailed series of proposals that include:

A budget that promotes investment in America's future -- in children, education, infrastructure, space, and high technology;

legislation to achieve excellence in education -- building on the partnership forged with the 50 governors at the Education Summit, enabling parents to choose their children's schools and helping to make America number one in math and science; -- (applause) --

a blueprint for a new national highway system -- a critical investment in our transportation infrastructure; -- (applause) --

a research and development agenda that includes record levels of federal investment, and a permanent tax credit to strengthen private R&D and to create jobs; -- (applause) --

a comprehensive national energy strategy that calls for energy conservation and efficiency, increased development, and greater use of alternative fuels; -- (applause) --

a banking reform plan to bring America's financial system into the 21st century so that our banks remain safe and secure and can continue to make job-creating loans for our factories, our businesses and home-buyers.

You know, I do think there has been too much pessimism. Sound banks should be making sound loans now -- and interest rates should be lower, now. (Applause.)

In addition to these proposals, we must recognize that our economic strength depends on being competitive in world markets. We must continue to expand American exports. A successful Uruguay Round of world trade negotiations will create more real jobs and more real growth for all nations. You and I know that if the playing field is level, America's workers and farmers can out-work, out-produce anyone, anytime, anywhere. (Applause.)

And with a Mexican Free Trade Agreement and our Enterprise for the Americas Initiative, we can help our partners strengthen their economies and move toward a free trade zone throughout this entire hemisphere. (Applause.)

The budget also includes a plan of action right here at home to put more power and opportunity in the hands of the individual. And that means new incentives to create jobs in our inner cities, by encouraging investment through enterprise zones. It also means tenant control and ownership of public housing. Freedom and the power to choose should not be the privilege of wealth. They are the birthright of every American. (Applause.)

Civil rights are also crucial to protecting equal opportunity. (Applause.) Every one of us has a responsibility to speak out against racism, bigotry, and hate. (Applause.) We will continue our vigorous enforcement of existing statutes, and I will

once again press the Congress to strengthen the laws against employment discrimination without resorting to the use of unfair preferences. (Applause.)

We're determined to protect another fundamental civil right -- freedom from crime and the fear that stalks our cities. The Attorney General will soon convene a crime summit of our nation's law enforcement officials. And to help us support them, we need tough crime control legislation, and we need it now. (Applause.)

And as we fight crime, we will fully implement our national strategy for combatting drug abuse. Recent data show that we are making progress, but much remains to be done. We will not rest until the day of the dealer is over, forever. (Applause.)

Good health care is every American's right and every American's responsibility. And so we are proposing an aggressive program of new prevention initiatives -- for infants, for children, for adults, and for the elderly -- to promote a healthier America and to help keep costs from spiralling. (Applause.)

It's time to give people more choice in government, by reviving the ideal of the citizen politician who comes not to stay, but to serve. And one of the reasons that there is so much support across this country for term limitations is that the American people are increasingly concerned about big-money influence in politics. So we must look beyond the next election, to the next generation. And the time has come to put the national interest above the special interest -- and totally eliminate political action committees. (Applause.)

And that would truly put more competition in elections, and more power in the hands of individuals. And where power cannot be put directly in the hands of the individual, it should be moved closer to the people -- away from Washington.

The federal government too often treats government programs as if they are of Washington, by Washington, and for Washington. Once established, federal programs seem to become immortal.

It's time for a more dynamic program life cycle: Some programs should increase. Some should decrease. Some should be terminated. And some should be consolidated and turned over to the states. (Applause.)

My budget includes a list of programs for potential turnover totalling more than \$20 billion. Working with Congress and the governors, I propose we select at least \$15 billion in such programs and turn them over to the states in a single consolidated grant -- fully funded -- for flexible management by the states. (Applause.)

The value -- the value of this turnover approach is straightforward. It allows the federal government to reduce overhead. It allows states to manage more flexibly and more efficiently. It moves power and decision-making closer to the people. And it reinforces a theme of this administration: appreciation and encouragement of the innovative powers of "States as Laboratories."

This nation was founded by leaders who understood that power belongs in the hands of people. And they planned for the future. And so must we -- here and all around the world.

As Americans, we know that there are times when we must step forward and accept our responsibility to lead the world away from the dark chaos of dictators, toward the brighter promise of a better day.

Almost 50 years ago we began a long struggle against aggressive totalitarianism. Now we face another defining hour for

America and the world.

There is no one more devoted, more committed to the hard work of freedom, than every soldier and sailor, every Marine, airman, and Coastguardsman -- every man and woman now serving in the Persian Gulf. (Applause.) Oh, how they deserve -- (applause) -- and what a fitting tribute to them.

You see -- what a wonderful, fitting tribute to them. Each of them has volunteered -- volunteered to provide for this nation's defense -- and now they bravely struggle, to earn for America, for the world, and for future generations, a just and lasting peace.

Our commitment to them must be equal to their commitment to their country. They are truly America's finest. (Applause.)

The war in the Gulf is not a war we wanted. We worked hard to avoid war. For more than five months we, along with the Arab League, the European Community, the United Nations, tried every diplomatic avenue. U.N. Secretary General Perez de Cuellar; Presidents Gorbachev, Mitterrand, Ozal, Mubarak, and Bendjedid; Kings Fahd and Hassan; Prime Ministers Major and Andreotti -- just to name a few -- all worked for a solution. But time and again, Saddam Hussein flatly rejected the path of diplomacy and peace.

The world well knows how this conflict began and when: It began on August 2nd, when Saddam invaded and sacked a small, defenseless neighbor. And I am certain of how it will end. So that peace can prevail, we will prevail. (Applause.) Thank you.

Tonight, I am pleased to report that we are on course. Iraq's capacity to sustain war is being destroyed. Our investment, our training, our planning -- all are paying off. Time will not be Saddam's salvation.

Our purpose in the Persian Gulf remains constant: to drive Iraq out of Kuwait, to restore Kuwait's legitimate government, and to ensure the stability and security of this critical region.

Let me make clear what I mean by the region's stability and security. We do not seek the destruction of Iraq, its culture, or its people. Rather, we seek an Iraq that uses its great resources, not to destroy, not to serve the ambitions of a tyrant, but to build a better life for itself and its neighbors. We seek a Persian Gulf where conflict is no longer the rule, where the strong are neither tempted nor able to intimidate the weak.

Most Americans know instinctively why we are in the Gulf. They know we had to stop Saddam now, not later. They know that this brutal dictator will do anything; will use any weapon; will commit any outrage, no matter how many innocents suffer.

They know we must make sure that control of the world's oil resources does not fall into his hands, only to finance further aggression. They know that we need to build a new, enduring peace -- based not on arms races and confrontation, but on shared principles and the rule of law.

And we all realize that our responsibility to be the catalyst for peace in the region does not end with the successful conclusion of this war.

Democracy brings the undeniable value of thoughtful dissent -- and we've heard some dissenting voices here at home -- some, a handful, reckless -- most responsible. But the fact that all voices have the right to speak out is one of the reasons we've been united in purpose and principle for 200 years. (Applause.)

Our progress in this great struggle is the result of years of vigilance and a steadfast commitment to a strong defense. Now, with remarkable technological advances like the Patriot missile,

we can defend against ballistic missile attacks aimed at innocent civilians.

Looking forward, I have directed that the SDI program be refocused on providing protection from limited ballistic missile strikes -- whatever their source. (Applause.) Let us pursue an SDI program that can deal with any future threat to the United States, to our forces overseas, and to our friends and allies.

The quality of American technology, thanks to the American worker, has enabled us to successfully deal with difficult military conditions and help minimize precious loss of life. We have given our men and women the very best. And they deserve it. (Applause.)

We all have a special place in our hearts for the families of our men and women serving in the Gulf. They are represented here tonight by Mrs. Norman Schwarzkopf. (Applause.) We are all very grateful to General Schwarzkopf and to all those serving with him. And I might also recognize one who came with Mrs. Schwarzkopf -- Alma Powell, the wife of the distinguished Chairman of the Joint Chiefs. (Applause.) And to the families, let me say our forces in the Gulf will not stay there one day longer than is necessary to complete their mission. (Applause.)

The courage and success of the RAF pilots, of the Kuwaiti, Saudi, French, the Canadians, the Italians, the pilots of Qatar and Bahrain -- all are proof that for the first time since World War II, the international community is united. The leadership of the United Nations, once only a hoped-for ideal, is now confirming its founders' vision. (Applause.)

I am heartened that we are not being asked to bear alone the financial burdens of this struggle. Last year, our friends and allies provided the bulk of the economic costs of Desert Shield. And now, having received commitments of over \$40 billion for the first three months of 1991, I am confident they will do no less as we move through Desert Storm. (Applause.)

But the world has to wonder what the dictator of Iraq is thinking. If he thinks that by targeting innocent civilians in Israel and Saudi Arabia, that he will gain advantage, he is dead wrong. (Applause.) If he thinks that he will advance his cause through tragic and despicable environmental terrorism, he is dead wrong. (Applause.) And if he thinks that by abusing the coalition prisoners of war he will benefit, he is dead wrong. (Applause.)

We will succeed in the Gulf. And when we do, the world community will have sent an enduring warning to any dictator or despot, present or future, who contemplates outlaw aggression.

The world can, therefore, seize this opportunity to fulfill the long-held promise of a new world order, where brutality will go unrewarded and aggression will meet collective resistance.

Yes, the United States bears a major share of leadership in this effort. Among the nations of the world, only the United States of America has both the moral standing and the means to back it up. We're the only nation on this Earth that could assemble the forces of peace. This is the burden of leadership and the strength that has made America the beacon of freedom in a searching world.

This nation has never found glory in war. Our people have never wanted to abandon the blessings of home and work for distant lands and deadly conflict. If we fight in anger, it is only because we have to fight at all. And all of us yearn for a world where we will never have to fight again.

Each of us will measure within ourselves the value of this great struggle. Any cost in lives -- any cost -- is beyond our power to measure. But the cost of closing our eyes to aggression is beyond mankind's power to imagine.

MORE

This we do know: Our cause is just. Our cause is moral. Our cause is right. (Applause.)

Let future generations understand the burden and the blessings of freedom. Let them say we stood where duty required us to stand.

Let them know that, together, we affirmed America and the world as a community of conscience.

The winds of change are with us now. The forces of freedom are together, united. We move toward the next century more confident than ever that we have the will at home and abroad to do what must be done, the hard work of freedom.

May God bless the United States of America. Thank you very, very much. (Applause.)

END

9:57 P.M. EST

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

January 28, 1991

REMARKS BY THE PRESIDENT
IN ADDRESS TO THE NATIONAL RELIGIOUS BROADCASTERS CONVENTION

The Sheraton Washington Hotel
Washington, D.C.

9:03 A.M. EST

THE PRESIDENT: Thank you. President Rose, thank you, sir. And Executive Director Gustavson -- all. First, let me salute your leadership of the NRB -- Billy Graham and Jerry Falwell, Pat Robertson, James Dobson, Chuck Colson; the FCC Commissioners -- Sikes and Duggan and James Quello.

This marks the fifth time that I've addressed the Annual Convention of the National Religious Broadcasters. And once again, let me say it is, for both Barbara and me, an honor to be back here.

Let me begin by congratulating you on your theme of declaring His glory to all nations. It's a theme eclipsing denominations and which reflects many of the eternal teachings in the Scripture. I speak, of course, of the teachings which uphold moral values, like tolerance, compassion, faith and courage. They remind us that while God can live without man, man cannot live without God. His love and His justice inspire in us a yearning for faith and a compassion for the weak and oppressed, as well as the courage and conviction to oppose tyranny and injustice.

And I'm very grateful for that resolution that has just been read prior to my speaking here.

Matthew also reminds us in these times that the meek shall inherit the Earth. At home, these values imbue the policies which you and I support. Like me, you endorse adoption, not abortion. (Applause.) And last year you helped ensure that the options of religious-based child care will not be restricted or eliminated by the federal government. (Applause.)

And I commend your concern, your heartfelt concern on behalf of Americans with disabilities, and your belief that students who go to school to nourish their minds should also be allowed to nourish their souls. And I have not lessened my commitment to restoring voluntary prayer in our schools. (Applause.)

These actions can make America a kinder and gentler place because they reaffirm the values that I spoke of earlier -- values that must be central to the lives of every individual and the life of every nation. The clergyman Richard Cecil once said, "There are two classes of the wise; the men who serve God because they have found Him, and the men who seek Him because they have not found Him yet." Abroad, as in America, our task is to serve and seek wisely through the policies we pursue.

Nowhere is this more true than in the Persian Gulf where, despite protestations of Saddam Hussein, it is not Iraq against the United States, it's the regime of Saddam Hussein against the rest of the world. Saddam tried to cast this conflict as a religious war. But it has nothing to do with religion per se. It has, on the other hand, everything to do with what religion embodies -- good versus evil, right versus wrong, human dignity and freedom versus tyranny and oppression.

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The war in the Gulf is not a Christian war, a Jewish war, or a Moslem war -- it is a just war. And it is a war with which good will prevail. (Applause.) We're told that the principles of a just war originated with classical Greek and Roman philosophers like Plato and Cicero. And later they were expounded by such Christian theologians as Ambrose Augustine, Thomas Aquinas.

The first principle of a just war is that it support a just cause. Our cause could not be more noble. We seek Iraq's withdrawal from Kuwait -- completely, immediately and without condition; the restoration of Kuwait's legitimate government and the security and stability of the Gulf. We will see that Kuwait once again is free, that the nightmare of Iraq's occupation has ended, and that naked aggression will not be rewarded.

We seek nothing for ourselves. As I have said, U.S. forces will leave as soon as their mission is over, as soon as they are no longer needed or desired. And let me add, we do not seek the destruction of Iraq. We have respect for the people of Iraq, for the importance of Iraq in the region. We do not want a country so destabilized that Iraq itself could be a target for aggression.

But a just war must also be declared by legitimate authority. Operation Desert Storm is supported by unprecedented United Nations' solidarity, the principle of collective self-defense, 12 Security Council resolutions and, in the Gulf, 28 nations from six continents united -- resolute that we will not waiver and that Saddam's aggression will not stand.

I salute the aid -- economic and military -- from countries who have joined in this unprecedented effort -- whose courage and sacrifice have inspired the world. We're not going it alone -- but believe me, we are going to see it through. (Applause.)

Every war -- every war -- is fought for a reason. But a just war is fought for the right reasons -- for moral, not selfish reasons. Let me take a moment to tell you a story -- a tragic story -- about a family whose two sons, 18 and 19, reportedly refused to lower the Kuwaiti flag in front of their home. For this crime, they were executed by the Iraqis. Then, unbelievably, their parents were asked to pay the price of the bullets used to kill them.

Some ask whether it's moral to use force to stop the rape, the pillage, the plunder of Kuwait. And my answer: Extraordinary diplomatic efforts having been exhausted to resolve the matter peacefully, then the use of force is moral. (Applause.)

A just war must be a last resort. As I have often said, we did not want war. But you all know the verse from Ecclesiastics: There is "a time for peace, a time for war." From August 2, 1990 -- last summer, August 2nd -- to January 15, 1991 -- 166 days -- we tried to resolve this conflict. Secretary of State Jim Baker made an extraordinary effort to achieve peace. More than 200 meetings with foreign dignitaries, 10 diplomatic missions, six congressional appearances. Over 103,000 miles traveled to talk with, among others, members of the United Nations, the Arab League, and the European Community. And sadly, Saddam Hussein rejected out of hand every overture made by the United States and by other countries as well. He made this just war an inevitable war.

We all know that war never comes easy or cheap. War is never without the loss of innocent life. And that is war's greatest tragedy. But when a war must be fought for the greater good, it is our gravest obligation to conduct a war in proportion to the threat. And that is why we must act reasonably, humanely, and make every effort possible to keep casualties to a minimum. And we've done -- I'm very proud of our military in achieving this end. (Applause)

From the very first day of the war, the allies' war against Saddam's military. We are doing everything -- believe me, to avoid hurting the innocent. Saddam's re

Wanton, barbaric bombing of civilian areas. America and her allies value life. We pray that Saddam Hussein will see reason. To date, his indiscriminate use of those Scud missiles -- nothing more than weapons of terror; they have no military -- they can offer no military advantage, weapons of terror -- it outraged the world what he has done.

The price of war is always high. And so it must never, ever, be undertaken without total commitment to a successful outcome. It is only justified when victory can be achieved. I have pledged that this will not be another Vietnam. And let me reassure you here today, it won't be another Vietnam. (Applause.)

We are fortunate, we are very fortunate to have in this crisis the finest Armed Forces ever assembled. An all-volunteer force, joined by courageous allies. And we will prevail because we have the finest soldiers, sailors, airmen, Marines, and Coast Guardsmen that any nation has ever had. (Applause.)

But above all, we will prevail because of the support of the American people. Armed with a trust in God and in the principles that make men free. People like each of you in this room. I salute Voice of Hope's live radio programming for U.S. and allied troops in the Gulf. And your Operation Desert Prayer, and worship services for our troops held by, among others, the man who over a week ago led a wonderful prayer service at Fort Myer over here across the river in Virginia, the Reverend Billy Graham.

America has always been a religious nation -- perhaps never more than now. Just look at the last several weeks. Churches, synagogues, mosques reporting record attendance at services. Chapels packed during working hours as Americans stop in for a moment or two. Why? To pray for peace. And I know -- of course, I know -- that some disagree with the course that I've taken, and I have no bitterness in my heart about that at all, no anger. I am convinced that we are doing the right thing. And tolerance is a virtue, not a vice. (Applause.)

But with the support and prayers of so many, there can be no question in the minds of our soldiers or in the minds of our enemy about what Americans think. We know that this is a just war. And we know that, God willing, this is a war we will win. But most of all, we know that ours would not be the land of the free if it were not also the home of the brave. No one wanted war less than I did. No one is more determined to seize from battle the real peace that can offer hope, that can create a new world order.

When this war is over, the United States, its credibility and its reliability restored, will have a key leadership role in helping to bring peace to the rest of the Middle East. And I have been honored to serve as President of this great nation for two years now, and believe more than ever that one cannot be America's President without trust in God. I cannot imagine a world, a life, without the presence of the one through whom all things are possible. (Applause.)

During the darkest days of the Civil War, a man we revere not merely for what he did, but what he was, was asked whether he thought the Lord was on his side. And said Abraham Lincoln, "My concern is not whether God is on our side, but whether we are on God's side." (Applause.) My fellow Americans, I firmly believe in my heart of hearts that times will soon be on the side of peace because the world is overwhelmingly on the side of God.

Thank you for this occasion. And may God bless our great country. And may we remember -- and please remember all of our coalition's Armed Forces in your prayers. Thank you and God bless you. (Applause.)

END

9:22 A.M. EST

REMARKS BY THE PRESIDENT
AT UNITED STATES RESERVE OFFICERS ASSOCIATION ANNUAL DINNERWashington Hilton
Washington, D.C.

7:42 P.M. EST

THE PRESIDENT: Thank you, General Bob Hope. And I'm pleased to see so many members of Congress here tonight. I don't want to get in trouble, but I want to single out Senator Strom Thurmond -- (applause) -- Senator Ted Stevens -- (applause) -- and, of course, a great friend of the Reserve, my old friend, Sonny Montgomery over here -- the General. (Applause.) And all the rest -- all the rest of the members who are with us tonight.

My apologies to all for speaking before the broccoli and leaving -- (laughter) -- but given the circumstances, I'm sure you'll understand. And I am proud to share this evening with the leadership of the Reserve Officers Association, and I am deeply honored to be named Minuteman of the Year. But I know tonight our thoughts go out to men and women earning the honor of a grateful nation at this very moment: the citizen-soldiers -- 100,000 strong serving now with the coalition forces in the Gulf. And I salute them, each and every one. (Applause.)

Those American Reservists are part of an allied force standing against the forces of aggression -- standing up for what is right. They serve alongside hundreds of thousands of soldiers, sailors, airmen, Marines and Coast Guardsmen of 27 other nations -- (applause) -- all united against the aggression of Saddam Hussein.

As we meet right here tonight, we are exactly one week into Operation Desert Storm. But it is important to date this conflict not from January 16th, but from its true beginning: the assault of August 2nd, Iraq's unprovoked aggression against the tiny nation of Kuwait. We did not begin a war seven days ago. Rather, we began to end a war -- to right a wrong that the world simply could not ignore. (Applause.)

From the day Saddam's forces first crossed into Kuwait, it was clear that this aggression required a swift response from our nation and the world community. What was, and is, at stake is not simply our energy or economic security, and the stability of a vital region, but the prospects for peace in the post-Cold War era -- the promise of a new world order based upon the rule of law.

America was not alone in confronting Saddam. No less than 12 resolutions of the United Nations Security Council condemned the invasion -- demanding Iraq's withdrawal without condition and without delay. The United Nations put in place sanctions to prevent Iraq from reaping any reward from its outlaw act. Countries from six continents sent forces to the Gulf to demonstrate the will of the world community that Saddam's aggression would not stand.

Appeasement -- peace at any price -- was never an answer. Turning a blind eye to Saddam's aggression would not have avoided war; it would only have delayed the world's day of reckoning, postponing what would ultimately have been a far more dangerous, a far more costly conflict.

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possible. And that support is not just military, but moral -- measured in the support our servicemen and women receive from every one of us here at home. When the brave men and women of Desert Storm return home, they will return to the love and respect of a grateful nation. (Applause.)

And with that in mind, I'd like to say to every family of every man or woman serving overseas, we're thinking of you and you are in our prayers. (Applause.)

And that is where I will close -- with the aim of protecting American lives and seeing the heroes of Desert Storm return home safe and sound. All life is precious -- whether it's the life of an American pilot or an Iraqi child. And yet, if life is precious, so, too, are the living principles of liberty and peace; principles that all Americans cherish above all others; principles that you and your comrades on duty tonight have pledged to defend.

Thank you for this warm welcome and for your strong support. And may God bless the United States of America. Thank you very, very much. (Applause.)

END

7:55 P.M. EST

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

January 23, 1991

REMARKS BY THE PRESIDENT
AND PRESIDENT OCHIRBAT OF MONGOLIA
UPON DEPARTURE

The East Room

1:16 P.M. EST

THE PRESIDENT: Mr. President, it's been my great honor to welcome you to the White House for this historic visit to our country, the first ever by the head of state of Mongolia. Mr. President: Mongolia and the United States are countries separated by thousands of miles and a world of differences -- in culture, history and outlook. And yet, in this past year, our two nations have moved closer together, drawn toward one another by universal principles and ideals.

In the past year, Mongolia has opened its controlled economy to free market reform, opened its closed political system and opened its doors to the world. Opposition parties are now legal. Mongolia held its first multiparty elections in July, a free and fair vote that produced the first popularly elected legislature in Mongolia's history. This transition toward broader political freedom has a parallel in increased freedom of belief as well, with the reopening of several monasteries. Mr. President, your party's positive approach toward reform has meant peaceful change.

In our discussions today, I made clear the strong support the United States is ready to offer as Mongolia moves forward toward greater freedom. President Ochirbat said he appreciated our support for Mongolia's efforts at democracy and restructuring, and he hopes to lay a firm foundation for positive development of bilateral relations, based on mutual benefit, noninterference in each other's internal affairs.

Already, the United States has begun a program of technical assistance to Mongolia. Just this month, a team from AID traveled to Ulan Bator to brief 20 mid-level managers on free market reform and found 200 officials ready to exchange ideas, including many members of the Mongolian legislature. And this summer, for the first time ever, Peace Corps volunteers will begin working in Mongolia.

Later this afternoon, our two countries will sign agreements opening the way to expanded trade and closer contact in the areas of science and technology. And today, I have issued the waiver to open the door granting Mongolia Most Favored Nation status, a step that I hope will spur increased trade between our two countries.

In addition to these matters of mutual interest, I reviewed with President Ochirbat world affairs of surpassing concern, including Operation Desert Storm. Mongolia was among the very first to condemn Iraq's brutal invasion of Kuwait and to call for Iraq's complete and unconditional withdrawal.

Mr. President, after our talks, I know that you believe as I do that no nation must be permitted to assault and brutalize its neighbor.

The action of Iraq's dictator, the actions of one misguided man, cannot obscure mankind's bright destiny of democracy and freedom. The future lies with the process of revolution and renewal now taking place in your nation. A democratic revolution

MORE

Secretary of Defense Dick Cheney
General Colin Powell, Chairman, JCS
Wednesday, January 23, 1991 - 2:00 p.m.

Mr. Pete Williams, ASD(Public Affairs): Good afternoon, ladies and gentlemen. Secretary Cheney and General Powell are here to answer your questions. The Secretary will have a short statement, then General Powell will walk you through -- we'll have some charts here. After the briefings are over the charts will remain here so that you can photograph them. We will try, this afternoon, to provide you smaller handouts of those. So let me, at this point, turn it over to the Secretary.

Secretary Cheney: Thank you very much, Pete.

Operation Desert Storm has now been underway for approximately one week, as of this evening. We believe that it's gone very well. We wanted to take this opportunity to try to put things in perspective, and then try to respond to some of your questions.

Let me begin by expressing the pride that we all feel in the men and women of our armed forces who are carrying out these operations. It is an extremely complex and often dangerous undertaking, and they have our admiration and our gratitude. I also want to say to the families of those held prisoner or missing in action, that they are in the prayers of all Americans in these very difficult days.

I want to repeat what we told all of you last week at the beginning of this conflict. I urged caution in describing the events in the Persian Gulf, especially in claiming victory too soon. The next day, the President expressed his concern about what he called the initial euphoria and some of the early reactions and stories about the operation.

I also said that this operation was likely to run for a long period of time. Yesterday, with Operation Desert Storm in its sixth day, I noticed a newspaper headline which said, "War Drags On." Finally, this morning, I noticed that the Style section in the Washington Post had three separate stories about the press covering the war in the Gulf. As an old Washington hand, I know that having the press reporting on the press reporting on a story is usually a sign that they've run out of things to say about this war. So Colin and I decided to spend a little time with you this afternoon to see if we could give you some new information.

Some important qualifiers to keep in mind as we go through the briefing this afternoon -- and many of these may be obvious, but I think need to be restated. The Iraqis and Saddam Hussein have a very large military force. Depending upon what criteria you use, certainly one of the largest in the world -- some have said the fourth largest in the world. In the last decade he's spent over \$50 billion on armaments. The force possesses thousands of tanks, hundreds of aircraft, over a million men in uniform, missiles, etcetera.

the members of the press, have to understand that first and foremost we must safeguard the security of future operations, and to protect the lives of those who will be asked to carry them out.

With that, I'd like to turn the briefing over to my colleague, Colin Powell, the Chairman of the Joint Chiefs, with a general overview of the status of the operation to date.

General Powell: Thank you, Mr. Secretary. Let me also express my pride, and I expect it's the pride of all Americans, at the professionalism with which the men and women of the armed forces have carried out this operation so far; and of course, I share the Secretary's concern about our missing in action, and our prayers are with the families of those who have lost loved ones, and especially with the families of those who do have missing in action who may well be prisoners of war.

This is the end of the first week of operations. What I'd like to do is for a few moments take stock with you, and attempt to dampen out the oscillations between euphoria and distress that sometimes catches us up every hour on the hour. I'd like to do that by first reminding you of the military operational objective that we set out to accomplish, and that is simply to eject the Iraqi Army from Kuwait. All of our activities must ultimately support this fundamental military objective. Of course when we achieve that objective, we then will be in a position to restore the legitimate Government of Kuwait and provide for the security of the region.

We also remind you once again, as we've said here previously, this is an air/land/sea campaign -- not just an air campaign which at some point will end, and then something else starts. It is a single, coherent, integrated air/land/sea campaign.

The campaign plan has executed, so far, pretty much as we have expected, with a few exceptions. The weather turned more severe after two and a half days of operation than we had expected. We knew we were going to have two and a half days, and then we thought we'd lose a day or two to weather conditions, but those weather conditions were more severe than we expected when they finally hit, when the front came in, and lasted a little bit longer than we expected. As a result, a number of our planned missions had to be aborted, the BDA process has been behind schedule because of cloud cover and other weather problems, and we have had to cancel some target coverage. All this means is that we have to make that up, over time, but we are still, essentially, on our original game plan.

The other point I might make is that we devoted more effort than we initially thought we might have to go after the SCUD targets that you have reported on so much in the last several days. Mobile SCUDs were the problem that we had anticipated they would be, and now that we are into it, and I'll say more about SCUDs later, we are finding that it's taking more of an effort on our part to go after those SCUDs than we had anticipated. But notwithstanding these sorts of problems, we're pleased with week one, and we are satisfied that the contribution that the strategic air campaign is making to our overall objective is a good contribution, and is about what we expected.

What I'd like to do is discuss certain parts of the air phase of the campaign and the results we've achieved in an effort to answer your questions with respect to how are we doing -- how effective has the operation been so far. Let me first start talking about the air-to-air part of the campaign, how it's been going with respect to U.S. air forces engaged in aerial combat with Iraqi air forces.

Let me turn now to another part of the air battle, and that has to do with ground-to-surface air defense systems -- the SAMs and anti-aircraft guns. This chart reflects, at a high level of aggregation because I don't want to give away too much information, but the main air defense SAM belts in red circles, and then the circles going all around the country reflect their early warning capability at the beginning of the operation. An extremely large, sophisticated air defense system, principally with Soviet equipment, Soviet missile equipment, some French, some U.S. that was captured, as well as a very comprehensive system of trying to integrate all of those missile systems and gun systems. Hardened command and control centers around the country.

The fact of the matter is, that we were able to attack this air defense envelope with great success over the last week by first taking out the early warning capability, blinding them, and then going after the operating centers, the various sector operating centers that they used to wire this all together. For the most part, we have not been seriously affected by this very large air defense system. We have had a total of 10 aircraft lost, as you know. As we go through the analysis of how we lost those aircraft, at the moment it appears we lost two by SAM fire, surface-to-air missile fire, and three more by ground fire [AAA], and the other five we're still taking a look at. But when you take a look at our total losses of only ten U.S. aircraft, and I'll show you a chart there that, well this says SAM 1, AAA 3, I had it the other way around, but it's something close to that, and I apologize for the difference in numbers. When you take a look at the total of 16 aircraft losses for the coalition in its entirety, and you consider the number of combat sorties that have been flown, and the numbers of single aircraft that are involved in this operation -- somewhere between 1,000-2,000 aircraft -- this is a very low loss rate for an operation of this type.

Putting all that together, we can conclude that allied air forces have achieved air superiority over not only the Kuwaiti theater of operations, but throughout the entire theater, to include Iraq. We can debate whether it's air superiority as defined by American doctrine, or air supremacy as some of my British colleagues have alluded, or local air superiority as some of my friends in Riyadh say -- I used to teach the subject, I own the JCS publication that has the definition in it -- which I helped write when I was a captain -- and I can assure you, that this qualifies for the definition of air superiority. When you can operate in an unhindered way, as we have been operating, over an area like this against an air force that size, and with an air defense system that sophisticated, we have achieved air superiority.

That is not to say that a young pilot who is taking off will say Powell says we have air superiority, I've got nothing to worry about. Not at all. We're dealing with an enemy that is resourceful, an enemy that knows how to work around problems, an enemy that is ingenious. You can be sure that while we're here today, they're in Baghdad trying to figure out work-arounds, trying to determine where their weaknesses are, and see if they have capability to fix those weaknesses. Every pilot that goes against this environment, still has to be concerned that he is going against an environment that has the potential of taking down his airplane. So we are not getting complacent, we are not writing this off, but in terms of how it looks at General Schwarzkopf's level and at my level, we have air superiority. With that air superiority, we can now begin to use our air forces to simply maintain this superiority and start to concentrate down closer to the Kuwaiti theater of operations, remembering once again, our military objective is the Iraqi Army in Kuwait. We have free run of the area, as much as possible. There will still be losses, and I don't want to understate that, but in general, air superiority.

building that you've just hit. You've seen some great film footage of a laser-guided bomb going down the vent shaft of a building, boom, it blows up, it burns down, there you have it. It doesn't work that way when you have a deployed armored brigade in the field. They're spread out, they're dug in, they're hiding -- they're not standing out there like a building. They're avoiding air attack. They are going to put out dummies to try to deceive you as to their exact locations. They're going to put in primary positions and alternate positions and supplementary positions. They're going to dig in their lines of communication. They're going to put in overhead cover. Those tanks are designed not to be easily destroyed.

So going after that kind of unit is a much more difficult proposition, but they are vulnerable, there's no question about it. We are now turning our attention and selecting munitions, and selecting target packages to go after that army which, in effect, is sitting out there not doing anything. It has not moved since the operation began. There has been no major, in fact there have been no minor shifts of units around. It is, for the most part, sitting there, dug in, waiting to be attacked, and attacked it will be. But it is also sitting there without air support, without anything to keep the attack from being prosecuted against them, and with each passing day, with a reduced ability to bring in logistics down the lines of communication. There is no question that this large force will become weaker every day -- that's absolutely mathematical. We're going to do everything we can to make sure that army cannot be reinforced with new troops, and over time, they will have increasing difficulty to resupply it.

Yet that army has good soldiers. The units are of varying quality. The Republican Guard, as we've said many times, is quite good. Other parts of the force are not quite so good. We have anecdotal evidence of some low morale, and anecdotal evidence of some defections, but it is not a trend yet. We have started to get some bomb damage assessment on the Republican Guard units that we've been striking. In some cases, the analysts who look at these photos -- and I look at them as well -- tell me, you see that unit out there? It's taken about 40 percent damage. I can't tell that, you've got to be an expert. But there is damage taking place. Other units that we have hit, we've looked at the photographs and said we didn't get a good hit on that, they're just too dispersed, we've got to go back and do it again, very light damage against that unit. So you are not going to get, and we will be unable to give you, the kind of rapidly moving and adjusting score card on how we're doing against that army for some time.

You really don't know how you're doing against an army until that army tries to perform its function. If it's just sitting there taking the punishment, we know we're hurting it. We really don't know how badly we've hurt it until it starts to move, until it comes up on the radio so we can hear it talking to other units, until we can see defections come out of it, or if it's necessary to go in and fight it. So we are seeing some anecdotal evidence, but the BDA is still out on that, and we really have only begun to do the job on it.

I'd like to close by saying a few words about some of the strategic campaign targets we had up here. First, let me just make one point on this slide that I forgot earlier. As a measure of effectiveness of how we're doing in the air campaign, I just pull these two things out -- I've laundered them so you can't really tell what I'm talking about because I don't want the Iraqis to know what I'm talking about, but trust me. (Laughter)

This reflects an order of magnitude of electronic emissions out of the Iraqi radar system. It shows that early in December and through December they were operating about over here with SAM,

of Defense, their Defense Intelligence Center, their main communications nodes, and they're doing it, for the most part, on generator power, because we have taken care of the central power system within the city. He still does retain the ability to command and control.

We are also now turning our attention increasingly to military production facilities -- how he makes bombs, how he makes weapons, how he makes repair parts. This is a target category that we will go after at our leisure over time. We're in no hurry. We don't want to waste sorties on things that are further down the priority list if we can get to them further down the priority list.

The most significant problem we have right now are the SCUDs -- there's no doubt about it. When you think of what Saddam Hussein has done for the past week, he has not thrown a single military punch back at us. What he has done is used this weapon of terror, the SCUDs, as was mentioned earlier by the Secretary, to go after populations, to go after cities. Why? As a weapon of terror to try to expand the conflict, to try to draw in the Israelis -- and I must say, I'm extremely pleased with the restraint that the Israeli Government has shown so far, but it is a vexing problem. They are mobile systems. Some of them are very sophisticated Soviet mobile systems -- others are nothing more than a flat bed truck with a rail on it that they've locally fabricated. We only have estimates of how many of these weapons they have, but we have made it a high priority to locate these weapons and to go after them, and a significant part of our capability is directed toward that SCUD facility -- those SCUD facilities and mobile SCUDs.

I know there's been a great deal of interest in bomb damage assessment. I wish I could show you the photographs that we have access to, but because of sources and methods, and because we are in an ongoing operation, and because we do not want an enemy to have knowledge of what our real capabilities are, we cannot show you those photographs. What I have done, instead, is I have made some line drawings, had some line drawings made. They're rather crude. They're kind of cartoonish, but I just want to give you a sense of what our analysts look at. I will assure you, that what I'm about to show you comes directly from the actual imagery, but we have, obviously, done it in a way that it does not give away any of our capability.

This was a large production facility, part of his military infrastructure. It was struck by precision weapons in the first couple of days of the operation. This is a very accurate reflection of what the thing looks like -- total destruction.

The point I want to make is, our analysts can see this to this level of detail and give us high assurance that this place has been destroyed.

Q: Were there weapons produced there at all?

A: It was an unconventional production facility.

Here is an example of a bunker complex, and it's a case where we went after selected buildings. These two were revetted, they had barriers around them. We went after these with precision weapons. I think this one was done over a period of a couple of days. You go strike it, you get an assessment back of the amount of damage you have inflicted on the facility, you go back and strike it again. This has received enough damage that I would suspect that the targeteers over in CENTAF are not going to waste a sortie at this time going back and taking care of this last remaining building. These were the key ones. These three fed into what was happening at these two facilities, so we have

Q: Has that created a problem at all, for the rest of...

Cheney: I wouldn't say it's created a problem in that sense. I think it would be fair to say that the systems that are focused on dealing with the SCUD threat are not available to deal with other threats, but we always knew we were going to have to deal with the SCUD threat, we always knew that was a potential problem. We've assumed he may have chemical warheads to go on the SCUDs, so until we've got a high degree of assurance that we've dealt with that problem, we will continue to devote resources to it.

Q: You said the campaign is going very well. The first thing you cited was the air superiority. Do you really feel that you were really challenged by the Iraqi Army, number one? You said they really have been in the bunkers. Number two, you talked about command and control each day, but there are many reports saying that Saddam Hussein is four stories below, underneath the Presidential Palace, and ferrying between the Defense Ministry. Number three, you talked about taking out the nuclear sites, but many people thought early on that this would not be a long-term threat. So do you feel that possibly you could be overly predicting a rosy type of outcome in light of this?

Cheney: I tried in my remarks towards the close to focus on the fact that we have to anticipate there will be additional surprises. You can by no means count him out yet, given the size force he has, that he could try to find some way to surge his air force all at once, or go after targets that he's not gone after yet. As the Chairman mentioned, we haven't really seen any aggressive military response by him to date. He's basically gone to ground and hunkered down. The only safe assumption for us to make, especially when we're talking to the press, is be cautious here. We're trying to be cautious, and no one wants to declare that he no longer constitutes a threat. That would be a very serious mistake.

Q: Do you think this could be a strategy, as many military analysts believe, to inflict maximum casualties?

Cheney: It could well be a strategy, and based in part upon the fact that he has not yet been able to find a way to deal with our capabilities.

Q: You mentioned, General Powell mentioned two times, Soviet air defenses, Soviet SCUD missiles. How much military cooperation are you getting from the Soviet Union in dealing with this?

Cheney: I had general discussions when I was in Moscow, in October, in a meeting with senior Soviet officials and Marshal Yazov, about the situation in the Gulf. I think it would be fair to say that it was their view that Saddam Hussein did not possess any significant capability that we were unaware of. They described the systems that they had provided to him as systems that were generally available -- like T-72 tanks -- to their allies; specifically we talked about the SCUD. He made it clear then that there was no guidance system for the SCUD, it's just a ballistic missile that goes wherever it goes. It's not a highly accurate or very sophisticated system.

I think probably the greatest two contributions the Soviets have made to this venture -- one has been their cooperation and support of the policy in the United Nations, which have been very significant; and the other is that they have shut off the flow of arms exports to Iraq. The situation we're faced with today would be far more difficult if Saddam Hussein were able to get resupplied in terms of the key pieces of military equipment that we've been working to destroy.

Q: Sir, how effective have the Iraqis been at repairing the damage to their airfields and other targets? And how effective have they been at fooling you with decoys in their SCUD missile department?

into what they may be thinking, but I would suspect that right now they are hunkering down, and they probably are questioning whether we can keep this up for an extended period of time, and whether or not the political will and public support will be there to keep this up for an extended period of time, and I'm sure they're making an assessment day-by-day in what their losses are, and making their own judgment as to how long they can sustain this kind of punishment.

I would be the happiest guy in the world if one day one bomb goes in on a Republican Guard unit and they say that's it, we break. We can't take any more, we're heading home, and they leave -- but I can't plan on that. So what I'm putting in place, what General Schwarzkopf is putting in place, I should say, and the campaign plan that General Schwarzkopf has worked out, is to anticipate that at the end of the day, when they are so weakened that we believe the time is right and air power alone won't do it, we're prepared to take this to a successful conclusion using other means of combat power besides air power. That's been a consistent...

Q: ...anticipated in planning the air campaign by the Iraqi military, a lay-low strategy?

Powell: I'd rather not say what I anticipated, because it might give Mr. Hussein some insight on what I'm anticipating now.

Q: Mr. Secretary, you said a minute ago that Saddam Hussein cannot change the basic course of this conflict -- he will be defeated. Is there any reason to believe that he and his circle of advisers believes that? And what are you doing to make him believe that? And if you're not doing anything, why not?

Cheney: I think if it was difficult before the conflict started to try to assess Saddam Hussein's mental attitude and his thinking about all these kinds of issues, it's probably even more difficult now. There's no press left in Baghdad, very little diplomatic communication through other countries. We know less today about what's going on inside Saddam Hussein's mind than we did then. So it would be risky business for us, I think, to make judgments about that.

It may well be that he does not have as much information as we do about the impact we've had on his forces; that having, in many cases, damaged his command and control system and had the impact that Colin shows with respect to his air capability, etc., that he simply doesn't know how badly he's been hit. I think ultimately, he'll get the message -- I would hope that he will. And we are determined, in terms of the statement I made, to achieve our military objective, which is to do what the President has directed us to do, which is to get Saddam Hussein out of Kuwait.

Q: Is part of the plan that he should not know? Would you like to visit a minimum level of destruction, for instance, upon the Republican Guard, before he knows it?

Cheney: It's difficult to refine it that carefully. Once you start military action, you can go after those specific targets we've laid out there, but we believe the Republican Guard is at the heart of his military capability and his political power. But that's the unit that he used to take Kuwait, those are the units that he used in his war with Iran for offensive purposes -- they are the heart of the regime. We're not really trying to fine tune it. We'll hit the Republican Guard just as hard as we have to until we've achieved our objectives.

Q: We know that he has, in the past several days, demonstrated a capability to put salvos of SCUDs over major cities from Tel Aviv across the area of the Persian Gulf. If he marries them now with chemical weapons, poison gas or other, are we prepared, and would we, respond in kind?

Q: On the SCUD threat, what percentage of the SCUD launchers would you say -- mobile and fixed -- have been destroyed; and how well are the allies on their way toward destroying the full SCUD capability so that the Saudis and the Israelis won't have to worry about that?

Cheney: I don't think you can put a hard percentage on the amount of his capability that's been destroyed. We know he had a large number of missiles before this started. The missiles are important, but the launchers are even more important. We know we've been able to attack successfully many of the fixed sites. We continue to work on those fixed sites. We know he's got mobile capability, but we have some confidence we've destroyed some of that mobile capability. But it's a nebulous kind of thing. They're relatively small pieces of equipment; they can hide in the desert; they can come out at night and launch; it doesn't require any great degree of sophistication for them to be able to operate. It's one of those problems that may be with us for some period of time, and it's a matter of reducing the odds as much as possible, of going aggressively after his launch capability, but also defending the targets, which is why we've deployed Patriot both in Saudi Arabia and in Israel.

Q: Who fired the Patriot that apparently hit or didn't hit the SCUD that did the damage in Tel Aviv yesterday?

Powell: IDF. (Israeli Defense Force)

Q: Why did they do it instead of the U.S. crews?

Powell: Either one could have done it, whoever was in position. The U.S. crew was working with a power problem, a generator problem they had at the time, and IDF got acquisition and fired.

Q: Did that Patriot hit the SCUD?

Powell: I really would prefer to defer to the IDF to comment on their actions. I'm just passing on a report I heard.

Q: Just going back to an earlier line of questioning, what is your view of the argument that in fact the Saddam Hussein strategy is simply to stretch this war out as long as possible, forcing the allied troops into a long, bloody ground war -- he's enjoying some success in that. How do you view that; and is there anything you can really do if he continues to husband his resources as he's been doing?

Cheney: I'm not a military strategist to the extent that my colleague, General Powell, might be; but looking at it from the perspective of U.S. forces versus Iraqi forces, he really hasn't got much choice at this point. He is pursuing a strategy, perhaps of necessity. If he comes up with his air forces in significant numbers, I think we'll see the kind of ratio that Colin talked about in terms of 19-0 or 19-1 on his entire air force, and he would lose it and gain very little for it. He doesn't have any significant naval capability. He's really left with a very large army -- that's always been the heart of his military strength, and his success in the Iran/Iraq War was to dig in and hunker down and defend against the human wave assaults by Iranian teenagers. That's not the kind of situation he's faced with today.

I think the reason he will not be successful with the wait-it-out strategy, is that as long as he is sitting there waiting, we are steadily and progressively destroying his unconventional warfare capability, finding and destroying his SCUDs, taking out his air force piece-by-piece, and now, as the Chairman pointed out, aggressively working over his ground forces in Kuwait. I think time is clearly on our side. And given our dominance in the air and our capability to do significant damage to his ground forces that each day, each week that goes by he gets weaker and we get stronger.



U.S. Department of
Transportation

News:

Office of the Assistant Secretary for Public Affairs
Washington, D.C. 20590

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REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
THE NATIONAL PRESS CLUB
JANUARY 23, 1991
WASHINGTON, D.C.

The last time I had the opportunity to be here was about a year ago just after the release of the President's National Transportation Policy. I commented then on the incredible pace of change taking place throughout the world. Even then, none of us would have imagined that a year later the United States would be engulfed in a major war in the Middle East.

The outcome of Desert Storm, and the fortunes of our men and women involved in the conflict -- including our prisoners of war -- are our foremost concerns. The Department of Transportation has contributed to the effort from the beginning. The United States Coast Guard is, of course, directly involved in the campaign. We have also worked closely with the United States Transportation Command, assisting in the task of transporting our armed forces and materiel overseas.

Indispensable to Transcom's mission has been the ocean-going Ready Reserve Force and the Civil Reserve Air Fleet, both of which are administered by the Department of Transportation. Operation Desert Shield marked the first time ever that these important components of our national defense were called into active duty. To date, the RRF has activated 69 vessels, delivering almost thirty percent of the total supplies carried by sea for Desert Storm. The airlift component has involved 79 civilian aircraft making twenty three hundred flights, and transporting 256,000 people.

The enormous size and unprecedented international effort that is Desert Storm may prove to be the springboard of a new world order. It certainly underscores the revolutionary changes occurring in the world today. Our thoughts continue to be focused on the men and women serving in the Persian Gulf, and we will do everything possible to support their valiant efforts. At the same time, other events in the world require our attention. One of these matters is the revolution that began more than twelve years ago in the airline industry.

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Number two, the cost of jet fuel rose dramatically following Iraq's invasion of Kuwait in August. Jet fuel is the second largest component of the industry's operating costs. Each one cent increase in the cost of a gallon of jet fuel imposes an extra \$164 million on the industry.

Number three, deregulation -- based as it is on the principles of a free market -- allowed airlines greater latitude. Some airline executives and their companies never quite adjusted to the rigors of the marketplace, and suffered accordingly. Others took on massive and excessive debt, and have found it difficult to service that debt in a slow economy. In some respects, airline management and the investment community are themselves responsible for the industry's current situation.

Number four, most airlines have not been able to bring their labor costs under control. For example, the average salary for one carrier's pilots and copilots is \$114,000. The average salary for its maintenance workers is approximately \$51,000. Pilots and copilots industry-wide make \$90,000 on average. That's five times what the average American worker earns. For all airline employees -- including reservation agents, ticket clerks, janitors, and baggage handlers -- the average employee earns approximately twice the national average.

These wages are not the product of a strictly free market. When pilots at one major airline average \$114,000 a year, while pilots with similar experience and ability at another airline average \$58,000 a year, one might question whether something is seriously out of balance in the airline labor market.

Today's market is still distorted by vestiges of the era of regulation which allowed airlines to pass on uneconomically high costs, such as those required by the Railway Labor Act of the 1930s. Outdated legislation contains, among other things, never-ending procedures to resolve disputes, and allows for secondary boycotts. The market is further distorted by the simple fact that a strike is especially devastating to an airline, whose customers can, and will, quickly switch to a competitor's flights.

I believe *these distortions have created an unhealthy environment for the consumer.* In contrast to other industries, airline managers and their employees appear to be oblivious to the long range consequences for the industry caused by an imbalance in power between labor and management. *In the end, of course, the consumer loses.* Either consumers must pay for high industry salaries through higher fares, or airlines will continue to hemorrhage financially.

One thing is certain: consolidation is no grounds for panic. There may well be fewer major airlines in the 1990s than there were at the end of the 1980s. But even if this happens, we have every reason to believe that robust competition will continue. Under a deregulated system of hub-and-spoke networks and low barriers to entry, existing carriers can serve virtually any market in the nation. As a consequence, competition should continue to thrive.

It is likely that, as the industry consolidates further, some of the lowest fares in the market may disappear. All of us, as consumers, appreciate the low fares produced by the almost desperate marketing strategies that we've seen in the current downturn. But we also know that unrealistically low prices are a bad bargain in the long run. Unless airlines are able to cover their costs, they eventually

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The first steps toward that development can be seen today in the important linkages that airlines from different countries are forging with each other in a quest for more effective marketing tools. One means of establishing such linkages is the medium of investment.

It is essential that our international aviation policy acknowledge this trend and respond to it effectively. *U.S. carriers must stay ahead of the pack in the move toward globalization.*

We have concluded that one of the important steps we can take in this connection is to create an environment more receptive to foreign investment in the U.S. airline industry. To that end, we have decided to refine our interpretation of the foreign ownership statute. We will no longer consider total foreign equity investment, by itself, to be an indicator of foreign control if it is less than 50 percent of total equity. And we will not consider debt financing obtained from foreign sources as a potential means of control, provided the loan agreement confers no extraordinary rights on the foreign lender.

Regarding foreign directors and officers, there is no need to formulate more stringent limits as we have done in the past. Instead, we will allow foreign membership on airline boards to reflect their voting stock ownership -- as long as it satisfies the statutory ceiling, and as long as representatives of foreign airlines do not take part in decisions affecting competition. Our recent order relating to the transaction between Continental and Scandinavian Air was consistent with this approach.

In announcing these changes, I want to emphasize that I am not now calling for any change in the statute, since I am not persuaded yet that such changes are warranted, and because statutory amendments require careful consideration and debate within the Congress. Thus, existing ceilings on foreign ownership of voting stock and citizenship requirements for officers and directors will have to be complied with.

In line with this approach, *I am pleased to announce that the Department of Transportation is issuing an order today which will allow KLM to maintain a significant investment in Northwest Airlines.* It is appropriate that this decision involves an investment by a carrier whose government has entered into a very liberal aviation relationship with the United States. Our decision clarifies, and in significant ways relaxes, the restrictions on foreign investment that are the product of past interpretations.

Taken together, these changes will allow U.S. airlines to attract additional foreign capital. They will not compromise national security, and they will not diminish our ability to foster a more open and competitive international aviation marketplace.

Number two, an important Administration policy goal is to place even greater emphasis on the importance of safeguarding the competitiveness of the U.S. industry.

Because so many foreign governments continue to limit the number of U.S. carriers that may fly to their cities, the Department of Transportation -- even in 1991 -- is required to select particular U.S. carriers to serve particular foreign routes. We

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We will also propose a rule exploring ways to eliminate certain anti-competitive practices involving computer reservation systems. The rule would allow use of additional software and hardware, as well as greater ability for travel agents to use several computer reservations systems.

Number five, many have asked whether it might be appropriate to allow foreign airlines to compete in the U.S. market and to allow U.S. airlines to compete in foreign markets. This could be one important way, it is argued, to increase airline competition in the United States even in the face of a consolidating U.S. airline industry.

Late last year, I announced jointly with Canadian Transport Minister Doug Lewis that our two governments would soon begin negotiating toward the establishment of a truly open U.S.-Canadian aviation market. In the course of those negotiations, we said the question of internal market access -- called "cabotage" -- would be addressed. I believe that those negotiations -- due to begin in a couple of months -- will serve as an important crucible for the testing of the cabotage proposition.

Number six, I said a year ago that we would take steps to extend the benefits of domestic deregulation to international travel. New bilateral agreements with Japan and the United Kingdom, our liberalization discussions with the Canadian government, today's foreign investment order, and our Cities Program are key examples of the progress we've made. Under the Cities Program, *I can announce that today we have approved KLM's request to provide the only nonstop service to the continent of Europe from Minneapolis.* That's good news for Minneapolis and for the ever-expanding world of international aviation.

The Department's efforts will be important -- and controversial -- but alone, they will not be enough. Airline management must continue to look beyond our borders, whether by flying internationally themselves or by entering into agreements with foreign carriers. Management will have to renew its entrepreneurial spirit, just as it did in the 1980s when it met the challenges of deregulation -- and created opportunity, rather than simply waiting for it to happen.

In some respects, airline executives have failed to look beyond the next quarter. And some have not hesitated to ask the U.S. government -- which means the American taxpayer -- to bail them out. It should come as no surprise that I have not looked with favor on these requests. Airlines are permitted to earn and keep their profits. They should not expect the taxpayer to bear their losses.

As for airline labor, it must look at the realities of the industry, and determine whether greater wage demands are in its own best interests. It is essential that the industry come to grips with the high cost of paying its employees. Failure to do so will ensure that no one wins: not *employees*, whose jobs will be placed at risk; not *airlines*, who may be forced out of business; and certainly not *consumers*, who will ultimately foot the bill through higher fares.

As the sad experience of Eastern Airlines demonstrates, there are no winners when labor and management do not work together. At Eastern, something went awry in the labor/management relationship. And the result is the demise of a great American carrier.

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U.S. Department of
Transportation

News:

Office of the Assistant Secretary for Public Affairs
Washington, D.C. 20590

FOR IMMEDIATE RELEASE
Wednesday, January 23, 1991

DOT 09-91
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SKINNER SAYS DOT WILL ALLOW GREATER FOREIGN INVESTMENT IN U.S. AIRLINES

Secretary of Transportation Samuel K. Skinner today announced that the Department of Transportation would significantly relax current restrictions on foreign investment in U.S. airlines.

"We have concluded that one of the important steps we can take . . . is to create an environment more receptive to foreign investment in the U.S. airline industry," Skinner said in a address at the National Press Club in Washington.

Under the new policy, Skinner said, investment of up to 49 percent of total equity obtained from foreign sources would not generally, by itself, be considered an indicator of foreign control. Nor would the department consider debt as a foreign control issue unless the loan agreement provides special rights to the debt holder that imply control. He added that DOT would allow foreign membership on the corporate boards of U.S. airlines to reflect their voting stock ownership, as long as it satisfies the statutory ceiling, and as long as representatives of foreign airlines do not take part in decisions affecting competition.

Current law and precedent limits foreign ownership of voting stock in U.S. airlines to 25 percent, places a ceiling on the number of directors and officers who can be foreign citizens (one-third), and requires that U.S. carriers be controlled by U.S. citizens. Skinner said that the administrative changes he was announcing were consistent with current law and precedent.

Skinner announced that, in conjunction with this new policy, DOT would allow KLM Royal Dutch Airlines to maintain a significant investment in Northwest Airlines.

With respect to airline deregulation, Skinner said, "It is remarkable that some still argue that deregulation was a bad idea and ought to be reversed. It is time to declare the deregulation debate over and get on with the challenges of the 1990s.

"Every credible analysis of airline competition in the 1980s has declared deregulation a success," Skinner said. "Last year, the Department of Transportation released the results of the most comprehensive assessment of deregulation to date. And our ongoing analyses following that 13-volume study confirm that deregulation has provided major benefits for American travelers."

-more-



The Secretary of Energy
Washington, DC 20585

REMARKS BY

JAMES D. WATKINS
ADMIRAL, U.S. NAVY (RETIRED)
SECRETARY OF ENERGY

BEFORE THE

NATIONAL ASSOCIATION OF WHOLESALER-DISTRIBUTORS
ANNUAL MEETING/WASHINGTON CONFERENCE

THE GRAND HYATT HOTEL
WASHINGTON, D.C.

JANUARY 23, 1991

OPERATION DESERT STORM IS BARELY A WEEK OLD; AND WHILE THERE ARE SURELY GOING TO BE SOME DIFFICULT TIMES AHEAD, INITIAL RESULTS HAVE BEEN GRATIFYING. MILITARILY, THE OPERATION IS OBVIOUSLY PROCEEDING ACCORDING TO CAREFUL PLAN. THE BRAVE MEN AND WOMEN OF DESERT STORM -- A FORCE DRAWN FROM 26 DIFFERENT NATIONS -- ARE FIGHTING WITH SKILL AND DETERMINATION TO LIBERATE KUWAIT. THEY ARE ALSO FIGHTING WITH STATE-OF-THE-ART EQUIPMENT AND TECHNOLOGY, TO ADVANCE OUR CAUSE AND MINIMIZE CASUALTIES. THEY HAVE OUR FULLEST SUPPORT, AND OUR CONTINUING PRAYERS FOR A SUCCESSFUL MISSION AND A SAFE RETURN TO FRIENDS AND FAMILIES.

AS A NATION, WE CAN TAKE GREAT COMFORT IN THE PRESIDENT'S EXPERIENCED LEADERSHIP. AS SECRETARY OF ENERGY, I HAVE WATCHED AT FIRST-HAND HIS IMPRESSIVE EFFORTS IN BUILDING THE MULTINATIONAL COALITION NOW ARRAYED AGAINST SADDAM HUSSEIN. THE PRESIDENT HAS SHOWN BOTH TOUGHNESS AND COMPASSION. UNWILLING TO COMPROMISE ON PRINCIPLE OR GIVE ANY GROUND TO THE AGGRESSOR, HE NEVERTHELESS WENT THE EXTRA MILE AND PURSUED ALL POSSIBLE DIPLOMATIC AVENUES IN THE SEARCH FOR A PEACEFUL AND JUST SOLUTION. FINALLY, WHEN WAR CAME, THE COALITION WAS TRULY UNITED AND SUPERBLY PREPARED.

WE CAN ALSO BE ENCOURAGED THAT, AT THE OUTBREAK OF HOSTILITIES, OIL PRICES DID NOT SOAR, AS SO MANY HAD FORECAST. IN FACT, QUITE THE OPPOSITE OCCURRED. THIS IS NO ACCIDENT. RATHER, IT IS THE RESULT OF INITIAL MILITARY SUCCESSES AND A GREAT DEAL OF PLANNING AND INTERNATIONAL COOPERATION, BEFORE OUTBREAK OF HOSTILITIES.

I WAS IN THE MIDDLE EAST LAST MONTH, AND SPOKE FRANKLY WITH BOTH SAUDI AND UAE LEADERS AS WELL AS GENERAL SCHWARZKOPF. MY PURPOSE WAS TWOFOLD: FIRST, TO VALIDATE FIRSTHAND THAT, EVEN IN THE EVENT OF HOSTILITIES, THE OIL FIELDS WERE GOING TO CONTINUE TO OPERATE; AND, SECOND, TO ENSURE THAT THE DEPARTMENT OF ENERGY HAD EFFECTIVE CHANNELS OF COMMUNICATION WITH SAUDI AND U.S. OFFICIALS. WE WERE SUCCESSFUL ON BOTH COUNTS.

SAUDI AND UAE OIL FIELDS AND FACILITIES ARE WELL PROTECTED AGAINST MILITARY THREAT AND WILL CONTINUE TO PRODUCE FOR A NUMBER OF REASONS:

- FIRST, THE SAUDIS HAVE EXPERT OPERATING AND SECURITY PERSONNEL IN PLACE.
- SECOND, THE MULTINATIONAL FORCE IS WELL POSITIONED TO HELP DEFEND THEM.
- THIRD, PRECAUTIONS HAVE BEEN TAKEN THERE AGAINST THE THREAT OF TERRORISM.

HERE AT HOME, WE'VE ALSO ACTED RESPONSIBLY SINCE AUGUST 2. AT THE PRESIDENT'S URGING WE'VE MANAGED TO INCREASE DOMESTIC OIL PRODUCTION BEYOND PRIOR PLANS BY OVER 150,000 BARRELS A

THE SAME SITUATION APPLIES TO THE PRICING OF CRUDE OIL AND PRODUCTS. IF WE WITNESS TRADER PANIC AT ANY GIVEN MOMENT -- PARTICULARLY IF WE ARE FACED WITH SOME UNSUBSTANTIATED REPORT, FOR EXAMPLE, ABOUT A RUMORED ATTACK ON, OR FIRE IN, A SAUDI OIL FIELD -- WE COULD SEE A QUICK SPIKE IN PRICES -- NOT BECAUSE OF A REAL SUPPLY SHORTAGE, BUT BECAUSE OF INSTANT AND RUMOR-INSPIRED TRADER BEHAVIOR.

WE'VE KNOWN FROM THE BEGINNING THAT THE KEY TO BUILDING CONFIDENCE AND AVOIDING PANIC WOULD BE CREDIBLE INFORMATION FLOW -- PRECISE, REAL-TIME INFORMATION THAT VALIDATES FACT AND QUELLS RUMOR. THIS IS WHY AT DOE WE'VE BEEN WORKING FOR THE PAST SEVERAL MONTHS TO IMPROVE OUR ABILITY TO COMMUNICATE WITH THE SAUDIS AND U.S. OFFICIALS IN THE REGION ON OIL MATTERS, AND THEN TO GET ACCURATE INFORMATION OUT QUICKLY TO ALL 50 GOVERNORS, TO FEDERAL AND STATE ENERGY OFFICIALS, TO THE MEDIA, AND TO THE AMERICAN PEOPLE. WE HAVE INSTALLED STATE-OF-THE-ART EQUIPMENT, AND PUT AN EFFECTIVE NETWORK IN PLACE.

DOE IS NOW IN A POSITION TO CONFIRM INFORMATION DIRECTLY WITH OFFICIALS ON THE SCENE, AND THEN GET THE CORRECT INFORMATION OUT QUICKLY. WE ARE MANNING AN EMERGENCY OPERATIONS CENTER 24 HOURS A DAY. WE HAVE OUR OWN PERSON IN DHAHRAN, TO MONITOR EVENTS IN THE MOST EXPOSED SAUDI OIL FIELDS. WE FAX OIL DATA DAILY TO MEMBERS OF CONGRESS, TO EVERY GOVERNOR IN THE NATION, AND TO STATE ENERGY OFFICIALS.

ALL OF THIS IS DESIGNED TO PROVIDE THE NATION'S DECISION-MAKERS AND ALL OUR CITIZENS WITH ACCURATE, REAL-TIME INFORMATION AND TO NEUTRALIZE RUMORS. FOR EXAMPLE, ONE RUMOR SAID THAT LLOYD'S OF LONDON WOULD NO LONGER INSURE TANKERS IN THE GULF, A RUMOR WE FOUND TO BE COMPLETELY UNTRUE AND ONE WHICH WE QUICKLY DEBUNKED.

ANOTHER RUMOR STATED THAT AN IRAQI MISSILE HAD TAKEN OUT A SAUDI REFINERY. THIS RUMOR, AGAIN, WAS UNTRUE. THOUGH THE MISSILE MANAGED TO HIT A 260,000 GALLON CRUDE STORAGE TANK, IT DIDN'T DAMAGE A REFINERY, NOR DID IT AFFECT OIL EXPORT FLOW.

IN THE PAST WEEK -- A MOMENTOUS WEEK -- WE HAVE SEEN IMPRESSIVE MILITARY ACTIONS BY OUR TROOPS, IN CONCERT WITH OTHERS IN THE MULTINATIONAL FORCE; AND WE HAVE SEEN A HIGH LEVEL OF INTERNATIONAL COORDINATION TO MAINTAIN STABILITY IN THE WORLD OIL MARKET.

IN ADDRESSING THE NATION LAST WEEK, PRESIDENT BUSH SAID:

"WHEN WE ARE SUCCESSFUL -- AND WE WILL BE -- WE HAVE A REAL CHANCE AT THIS NEW WORLD ORDER, AN ORDER IN WHICH A CREDIBLE UNITED NATIONS CAN USE ITS PEACEKEEPING



The Secretary of Energy
Washington, DC 20585

REMARKS BY

JAMES D. WATKINS
ADMIRAL, U.S. NAVY (RETIRED)
SECRETARY OF ENERGY

BEFORE THE

THE NATIONAL PETROLEUM COUNCIL

THE MADISON HOTEL
WASHINGTON, D.C.

JANUARY 23, 1991

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WE CAN ALSO BE ENCOURAGED THAT, AT THE OUTBREAK OF HOSTILITIES, OIL PRICES DID NOT SOAR, AS SO MANY HAD FORECAST. IN FACT, AS YOU WELL KNOW, QUITE THE OPPOSITE OCCURRED. THIS IS NO ACCIDENT. RATHER, IT IS THE RESULT OF INITIAL MILITARY SUCCESSES AND A GREAT DEAL OF PLANNING AND INTERNATIONAL COOPERATION BEFORE OUTBREAK OF HOSTILITIES.

I WAS IN THE MIDDLE EAST LAST MONTH, AND SPOKE FRANKLY WITH BOTH SAUDI AND UAE LEADERS AS WELL AS GENERAL SCHWARZKOPF. MY PURPOSE WAS TWOFOLD: FIRST, TO VALIDATE FIRSTHAND THAT, EVEN IN THE EVENT OF HOSTILITIES, THE OIL FIELDS WERE GOING TO CONTINUE TO OPERATE; AND, SECOND, TO ENSURE THAT THE DEPARTMENT OF ENERGY HAD EFFECTIVE CHANNELS OF COMMUNICATION WITH SAUDI AND U.S. OFFICIALS. WE WERE SUCCESSFUL ON BOTH COUNTS.

SAUDI AND UAE OIL FIELDS AND FACILITIES ARE WELL PROTECTED AGAINST MILITARY THREAT AND WILL CONTINUE TO PRODUCE. THE SAUDIS HAVE TOP RATE OPERATING AND SECURITY PERSONNEL IN PLACE; THE MULTINATIONAL FORCE IS WELL POSITIONED TO HELP DEFEND THEM; AND THOROUGH PRECAUTIONS HAVE BEEN TAKEN THERE AGAINST THE THREAT OF TERRORISM.

HERE AT HOME, WE'VE ALSO SEEN REAL EFFORT AND COMMITMENT TO THE PUBLIC GOOD. THE PETROLEUM INDUSTRY WAS RESPONSIVE TO THE PRESIDENT'S CALL FOR INCREASED DOMESTIC OIL PRODUCTION. IT'S UP BEYOND PRIOR PLANS BY SOME 150,000 BARRELS A DAY, AND WILL BE UP ANOTHER 150,000 BARRELS A DAY BY THE END OF THE YEAR. WE ALSO APPRECIATED THE

01/23/91 17:55

SIGNIFICANT DAMAGE TO PRODUCTION CAPACITY IN THE PERSIAN GULF. OF COURSE THE THREAT REMAINS, BUT IT SEEMS TO BE WELL MANAGED AT THIS POINT, AS PREDICTED.

THIS IS A MESSAGE WE MUST REPEAT, AND REPEAT, BECAUSE AS YOU AND I KNOW ONLY TOO WELL, CONSUMER CONFIDENCE IS VITAL. AND WHILE WE DON'T HAVE AN OIL SUPPLY PROBLEM NOW, IRRATIONAL CONSUMER BEHAVIOR COULD CREATE ONE.

FOR EXAMPLE, IN 1990 MOTOR GASOLINE IN THE U.S. WAS SUPPLIED AT AN AVERAGE RATE OF 302 MILLION GALLONS A DAY. NOW WE HAVE ROUGHLY 185 MILLION PASSENGER VEHICLES AND SMALL TRUCKS REGISTERED IN THE U.S. SO, IF EVERY DRIVER PANICKED AND DECIDED TO TOP OFF BY JUST TWO GALLONS ON THE SAME DAY, DEMAND WOULD SOAR TO 370 MILLION GALLONS. OF COURSE, ON THAT DAY THERE WOULD BE A "SHORTAGE" -- NOT A REAL MARKET SHORTAGE, BUT A BEHAVIOR-INDUCED SHORTAGE.

THE SAME SITUATION APPLIES TO THE PRICING OF CRUDE OIL AND PRODUCTS. IF WE WITNESS TRADER PANIC AT ANY GIVEN MOMENT -- PARTICULARLY IF WE ARE FACED WITH SOME UNSUBSTANTIATED REPORT, FOR EXAMPLE, ABOUT A RUMORED ATTACK ON, OR FIRE IN, AN OIL FIELD -- WE COULD SEE A QUICK SPIKE IN PRICES -- NOT BECAUSE OF A REAL SUPPLY SHORTAGE, BUT BECAUSE OF INSTANT AND RUMOR-INSPIRED BEHAVIOR.

WE'VE KNOWN FROM THE BEGINNING THAT THE KEY TO BUILDING CONFIDENCE AND AVOIDING PANIC IS CREDIBLE INFORMATION FLOW -- PRECISE, REAL-TIME INFORMATION THAT VALIDATES FACT AND QUELLS RUMOR. THIS IS WHY AT DOE WE'VE BEEN WORKING FOR FIVE AND A HALF MONTHS TO IMPROVE OUR ABILITY TO COMMUNICATE WITH THE SAUDIS AND U.S. OFFICIALS IN THE REGION, AND THEN TO GET ACCURATE INFORMATION OUT QUICKLY TO ALL 50 GOVERNORS, TO FEDERAL AND STATE ENERGY OFFICIALS, TO THE MEDIA, AND TO THE AMERICAN PEOPLE. WE HAVE INSTALLED STATE-OF-THE-ART EQUIPMENT, AND PUT AN EFFECTIVE NETWORK IN PLACE.

DOE IS NOW IN A POSITION TO CONFIRM INFORMATION DIRECTLY WITH OFFICIALS ON THE SCENE, AND THEN GET THE CORRECT INFORMATION OUT QUICKLY. WE ARE MANNING AN EMERGENCY OPERATIONS CENTER 24 HOURS A DAY. WE HAVE OUR OWN PERSON IN DHAHRAN, TO MONITOR EVENTS IN THE MOST EXPOSED SAUDI OIL FIELDS. WE FAX OIL DATA DAILY TO MEMBERS OF CONGRESS, TO EVERY GOVERNOR IN THE NATION, AND TO STATE ENERGY OFFICIALS.

ALL OF THIS IS DESIGNED TO PROVIDE THE NATION'S DECISIONMAKERS AND ALL OUR CITIZENS WITH ACCURATE, REAL-TIME INFORMATION AND NEUTRALIZE THE RUMORS. FOR EXAMPLE, ONE RUMOR SAID THAT LLOYD'S OF LONDON WOULD NO

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

January 22, 1991

STATEMENT BY THE PRESS SECRETARY

The President met with his national security advisers this afternoon in the Oval Office to discuss Operation Desert Storm. Attending were Vice President Quayle, Secretary of State Baker, Secretary of Defense Cheney, Chairman of the Joint Chiefs General Powell, Chief of Staff Sununu, National Security Adviser Scowcroft, and Deputy NSC Adviser Gates. The meeting is one of a series the President has held with his advisers to discuss the progress of military operations, and the consultations with coalition partners.

Secretary Cheney and General Powell presented the President with an assessment of the military operation, concentrating on the air campaign and its impact on Iraqi targets. The President expressed confidence in the military's performance. Operation Desert Storm proceeds as planned. Secretary Baker reported on Deputy Secretary Eagleburger's mission to Israel.

The latest Iraqi missile attack on Israel is a continued example of Iraq's unprovoked aggression against its neighbors. We condemn this brutal act of terror against innocent victims which has caused a number of casualties. Israel has shown remarkable restraint in the face of this aggression. We continue to consult with the Government of Israel and will continue doing so as events unfold.

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FRI. 1/25

10:05AM

THE WHITE HOUSE
WASHINGTON

JOHN - QUICK BRIEF

PETER - TV - NEWS INTERVIEW W/ MSNBC

DAVID - SUPPORT

LA - HOW CAN WE ASSIST

BARZINI - TO EASE PETER - AVOID CIVILIAN CASUALTIES

TOM - ALMOST ALL PLANES WENT DOWN WITH AIRCRAFT WENT DOWN

SURROUNDING BAGHDAD - NOT TARGETED TO AVOID
KILLING CIVILIANS ——— HIGHER TARGETED
BOMBINGS

MANUEL - ARAB AMERICANS UNHAPPY - AMBUSH POSITIVELY
A POWER THAT IS A THREAT TO ISRAEL

DR. M. EBRAHIMI -

10:30AM - PRES. BUSBY (HAS A CALL)
= W/ PRES

= CONCERNED ABOUT MARGINALIZATION OR DISCRIMINATION
OF ARAB AMERICANS

= COALITION HOLDING STRONG

PRES. = VERY CONCERNED ABOUT DISCRIMINATION

TAMAS =

PRES = ISRAELI RESTRAINANCE WHAT IS GOING ON
+ AMIN BIT

LINKAGE - WHEN WE ARE SUCCESSFUL - ON
PETER KEEPING HIS CREDIBILITY WITH
WHEN THEY WERE TALKING PETER

GEDALY - THIS ADM. IS SERIOUS

PRES - ARTICULATED TO U.N.

THE WHITE HOUSE
WASHINGTON

②

(Kuwait)
DR. AL-EBDAHEN — THINK THERE IS A GOOD
OPPORTUNITY LIKE EISENHOWER/EGYPT — FRESH
ADJUSTMENTS FOR U.S. — ARAB WORLD CAN'T REMAIN
OUTSIDE THE MAINSTREAM OF THE WORLD — IF
KUWAIT HAD BEEN DEMOCRATIC, USSR WOULD NOT
INVADE — U.S. STRIVE FOR DEMOCRACY & HUMAN
RIGHTS

PROB. — TELL ME ABOUT PROTESTANTS

(Protestant) U.S.
SANTOW — PROTESTANT SAY "SHOW US" WHEN I TELL THEM
THE ADM. IS SENSITIVE

PROB. ① QUALITY — AMBASSY INT'L REPORT — K IT
WANT TO HAVE THIS BUILDING CONTINUE? IS-
16 TO GO TO BE KILLED

② I'M OLD ENOUGH TO REMEMBER POLAND —
WOULD WE HAVE RT. TO STAY IN THEIR PATION

DAVID — EMPHASIS SECURITY OR HISTORY OF INT'L
PROB. — AGREED

AMB. TOM WASSIF — SUPPORTIVE — AFIRMA IN IMPORTANT
SUPPORT NON-LINKAGE

PROB. — UNCLEAR HOW RATIONALIZE WHAT WE WERE
DONE TO KUWAIT

WASSIF — SEE WEALTH OF GULF COUNTRIES

AL-ABDANTOH — HAD LEGION FOR OR INT'L SECURITY
FORCES —

(3)

THE WHITE HOUSE
WASHINGTON

OTTMAN - DELETED AENS-AM. PARAPHRASE

ZATHEM - WHAT'S GOING ON IN JORDAN

PREZ - MUBARAK/BAHD FUROR BUT W/ KENT.
DISCUSSION W/ KENT - HOPE DOES NOT
DETERMINATE

BACZINSKI <

PREZ. Democracy & Freedom - NO GAIN TO SEE
A DESTROYED IRAQ - AN IRAQ NOT
LED BY BRUTAL DICTATOR

11:09 AM

JOHN
AL BARNETT
JOHN
MURPHY

JOHN - TELLED ON 15 DIFF LETTERS - NOT
JUST WHAT YOU HAVE SEEN

WYI BAHODU
POTE TANDUS
MAC ZACHEN
MR. GARD
CHARF ZORREH
TRAF ORIMAN
JAMIL BARZANZI

THE WHITE HOUSE
WASHINGTON

↓
DR. AL-EBRAHEEM
NAN AMEIDA
MUNZOR
MR. RUI PILLARS
CHERIE
TUE ADI
AMB. NASSIF
FVAD ZAHEDI
DAVID GOOD
PRES.
SUNYUNU