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FOIA MARKER

**This is not a textual record. This is used as an
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Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Office of the President
Series: Daily Files
Subseries:

OA/ID Number: 90502
Folder ID Number: 90502-006

Folder Title:
Friday, February 10, 1989

Stack:	Row:	Section:	Shelf:	Position:
V	12	11	1	3

Withdrawal/Redaction Sheet (George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Schedule	Schedule of the President [redaction] (1 pp.)	02/10/89	(b)(3) [50 USC 403g, Sec 6]	
02a. Log	White House Telephone Log [Signal Switchboard] [redaction of personal information] (1 pp.)	02/10/89	(b)(6)	
02b. Log	White House Telephone Log [E.S.T.] [redaction of personal information] (1 pp.)	02/10/89	(b)(6)	

Page 1 of 1

Collection:

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Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Friday, February 10, 1989

Pinksheet Number: dw1233

OA/ID Number: 90502-006

Date Closed: 1/12/2009

FOIA/Sys Case #: 2009-0166-S

Re-review Case #:

P-2/P-5 Review Case #:

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Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

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

- P-1 National Security Classified Information [(a)(1) of the PRA]
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C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

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

- (b)(1) National security classified information [(b)(1) of the FOIA]
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SCHEDULE OF THE PRESIDENT

Friday, February 10, 1989

7:45 am (15 min)	<u>Intelligence Briefing</u> (Scowcroft/Sununu)	Oval Office
8:00 am (60 min)	<u>NSC Meeting</u> (Scowcroft) (Distributed Separately)	Cabinet Room
9:00 am	<u>The President and Mrs. Bush</u> <u>depart for Canada Visit</u> (Scowcroft) (See Separate Schedule) (TAB A -- Trip Schedule)	South Lawn
10:30 am	<u>Arrive Ottawa</u>	
4:30 pm	<u>Depart Ottawa</u>	
5:40 pm	<u>Arrive Kennebunkport</u>	

RON Kennebunkport

6:41 Potes an Oval 6:45 add Sen Sam Nunn → to Study for B'fast
 7:27 add Gov. Sununu 6:46 ~~Sen Sam Nunn out~~ ~~Gov. Sununu out~~
 6:50 Sununu into Study w/ Potes + Nunn 7:53 Potes from Study to Oval alone.
 7:53 DCI, Baker, Bates, Scowcroft, [redacted] into Oval
 8:04 DCI, [redacted] Gates 8:05 VP in 8:06 Potes, VP, Baker, Scowcroft
 to Cabinet Rm
 (b)(3)
 [50 USC 403g, Sec 6] (see list of attendees
 verify w/ NSC
 8:31 Potes to Oval 8:32 Gov. Sununu to Oval 8:40 Sununu out
 8:44 Baker in

UNP 02/09/89
4:00 pm

SCHEDULE OF THE PRESIDENT

Saturday, February 11, 1989

B Kennebunkport, Maine

Sunday, February 12, 1989

B Kennebunkport, Maine

UNP 02/09/89
4:00 pm

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THE WHITE HOUSE
WASHINGTON

TELEPHONE MEMORANDUM
SIGNAL SWITCHBOARD

February 10, 1989

	TIME		NAME	ACTION
	PLACED	DISC		
OUT	AM		Mr. Warren A. Davis Port Video, Kennebunkport, Maine 967-3760	Tlkd-ok 6:28 PM
INC	6:26 PM	6:29		
OUT	AM		Director Richard G. Darman McNeil/Lehrer News Hour Falls Church, Virginia 998-2624	Tlkd-ok 7:02 PM
INC	6:50 PM	7:09		
OUT	AM		Secretary Nicholas F. Brady (b)(6)	Tlkd-ok 7:17 PM
INC	6:50 PM	7:21		
OUT	AM		Dr. Michael J. Boskin Office, Washington, D.C. White House Signal 5-5042	Tlkd-ok 7:37 PM
INC	7:00 PM	7:40		
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			
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INC	PM			
OUT	AM			
INC	PM			

Withdrawal/Redaction Sheet

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02b. Log	White House Telephone Log [E.S.T.] [redaction of personal information] (1 pp.)	02/10/89	(b)(6)	

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**THE WHITE HOUSE
WASHINGTON**

Bush Library Photocopy

TELEPHONE MEMORANDUM

E. S. T.
PRESIDENT BUSH

FEBRUARY 10th

89

, 19__

	TIME		NAME	ACTION
	PLACED	DISC		
OUT	6:35	6:36	GOVERNOR SUNUNU	
XXXX INC	AM		(b)(6)	TALKED OK
OUT	6:45		DIRECTOR RICHARD DARMAN MACNEIL LEHRER T.V. STATION 3620 south 27th STREET	
XXX INC	PM			
OUT			ARLINGTON, VIRGINIA 998-2870	RTND PRES. CALL PASSED TO KENNE-
INC	PM			
OUT				BUNKPORT, MAINE SIG. OPERATOR.
INC	PM			
OUT	7:16		SECRETARY NICHOLAS BRADY	PASSED TO SIGNAL AT KENNEBUNKPORT MAINE
XXX INC	PM		(b)(6)	
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			

THE PRESIDENT HAS SEEN

THE WHITE HOUSE
WASHINGTON

To BPP

FRIDAY
JANUARY 10, 1989
7:20 a.m.

PHONE CALL FOR THE PRESIDENT

FROM: CONGRESSMAN SONNY MONTGOMERY

Republicans and Democrats alike thought your
STATE OF THE UNION speech was "excellent".

With regard to the First Lady. Barbara Bush
received the longest standing ovation Sonny
has seen in his 22 years if Mrs. Bush
hadn't sat down when she did ... they'd still
be aplauding!

No need to return the call. Have a great weekend.

P.

Bush Library Photocopy
George Bush Handwriting

Photocopy from George Bush Presidential Library

PRESIDENTIAL MOVEMENTS

Washington, D.C.

Ottawa, Canada

LOCATION Kennebunkport, Maine

DATE 10 February 1989

TIME	MOVEMENTS
0641	South Grounds
0642	Oval Office
0810	Cabinet Room
0838	Oval Office
0859	South Grounds
0903	Depart South Grounds via Marine One
0911	Arrive Andrews Air Force Base, Maryland
0921	Depart Andrews Air Force Base via Air Force One
1025	Arrive Canadian Forces Base Ottawa, Canada
1039	Depart Canadian Forces Base Ottawa via Motorcade
1106	Arrive 7 Rideau Gate
1322	Depart 7 Rideau Gate on Foot
1326	Arrive Prime Minister's Residence
1548	Depart Prime Minister's Residence via Motorcade
1617	Arrive Canadian Forces Base Ottawa
1626	Depart Canadian Forces Base Ottawa via Air Force One
1712	Arrive Pease Air Force Base, New Hampshire
1722	Depart Pease Air Force Base via Marine One
1738	Arrive St. Ann's Episcopal Church, Kennebunkport, Maine
1740	Depart St. Ann's Episcopal Church via Motorcade
1742	Arrive Walker's Point

Friday, February 10

6:00 Breakfast for the President, Mrs. Bush, and
Doro Bush
6:05 Mrs. Bush to the South Grounds
6:10 Mrs. Bush to the Second Floor
6:15 Doro LeBlond departs South Grounds
6:35 The President to the South Grounds, to the
Oval Office
7:18 Marvin Bush departs via South Grounds
8:45 Mrs. Bush to South Grounds
9:03 The President and Mrs. Bush depart the South
Grounds for Ottawa Canada
2:30 Paula and Millie depart for Andrews AFB



News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, FEBRUARY 10, 1989 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

NATIONAL NEWS

Bush Proposes Raise In Domestic Spending -- President Bush, with one eye on the bottom line and the other on his campaign pledge of a "kinder, gentler" nation, told Congress and the nation last night that he wants to boost domestic spending, with an emphasis on programs to combat drug abuse and poverty and to improve education and the environment.

(Atlanta Journal-Constitution, Boston Globe, Chicago Tribune, Cleveland Plain-Dealer, Washington Post, Washington Times, UPI, Reuter)

Bush Aide Says Tower Reported Limiting Wine On Doctor's Advice -- A senior White House official said Thursday that John Tower, in an effort to salvage his nomination as defense secretary, has told two key senators and President Bush that he limits his drinking to two glasses of wine a day on the advice of doctors who treated him for cancer.

(New York Times, Washington Post)

INTERNATIONAL NEWS

Socialist Manley Wins Decisively In Jamaican Election -- Michael Manley, who guided Jamaica through a turbulent socialist experiment in the 1970s, won a decisive victory over conservative Prime Minister Edward Seaga Thursday after a bitter election campaign that left 12 people dead.

(Reuter)

NETWORK NEWS (Thursday evening)

PRESIDENT/BUDGET -- The President proposes a budget lighter in defense spending but heavier in domestic spending.

TOWER CONFIRMATION -- Supporters of John Tower demonstrate their resolve while a Senate vote on the nomination remains at least 10 days off.

NORTH TRIAL -- The Administration tries to restrict Oliver North's use of classified information in his trial.

NATIONAL NEWS....A-2

INTERNATIONAL....A-10

NETWORK NEWS.....B-1

NATIONAL NEWS

BUSH PROPOSES \$1.16 TRILLION, STAY-THE-COURSE BUDGET

President Bush Thursday called on Congress to help him "establish some very clear priorities" as he unveiled a \$1.16 trillion federal budget that slows the growth of defense spending, increases funding for a handful of domestic social programs that he emphasized in the campaign, but leaves to later negotiation the fate of many other domestic programs that would have to be cut to reduce the budget deficit.

In his first address to a joint session of Congress, Bush outlined what he called a "realistic plan" that does not increase taxes yet reduces the projected deficit for the fiscal year that begins Oct. 1 to \$94 billion, well below the \$100 billion target mandated in the Gramm-Rudman-Hollings budget-cutting law for fiscal 1990.

Bush's speech, like his inaugural address three weeks ago, was short on details and long on offers to negotiate. "Tomorrow," he said, "the debate on the plan I have put forward begins. I ask Congress to come forward with your proposals, if they are different."

...He offered to form a "special leadership group" to negotiate the budget, an idea Congress has not warmly embraced, and pledged to "negotiate in good faith, to work day and night" to produce a budget within target and on time.

(Ann Devroy, Washington Post, A1)

Bush Stresses Social Programs Over Military In First Budget

President Bush gave the nation its first close-up look at his "kinder and gentler" political agenda Thursday night with a speech to Congress in which he proposed a \$1.16 trillion budget that freezes the Pentagon's budget while increasing spending on a host of domestic problems.

In his first major speech to Congress, Bush repeated the bipartisanship overtures of his inaugural address three weeks ago, inviting congressional leaders to negotiate a budget compromise but sticking to his campaign pledge to oppose any new taxes.

"I ask the Congress to come forward with your proposal, if they are different," he said. "Let us not question each other's motives. Let us debate. Let us negotiate. But let us solve the problem."

(Scott Shepard, Atlanta Journal-Constitution, A1)

Bush Proposes Raise In Domestic Spending

President Bush, with one eye on the bottom line and the other on his campaign pledge of a "kinder, gentler" nation, told Congress and the nation last night that he wants to boost domestic spending, with an emphasis on programs to combat drug abuse and poverty and to improve education and the environment.

In his first address to Congress, and his first effort to spell out his agenda for the nation, the President proposed to hold defense spending to an inflationary increase, step up some domestic spending, and cut the federal budget deficit dramatically without raising taxes.

In a sharp departure from his predecessor, Bush declined to demand the wholesale elimination of scores of federal spending programs. Instead, he urged Congress to freeze discretionary domestic spending, and work within that cap to boost spending for some programs at the expense of others -- a proposal that is bound to generate its own share of controversy.

(Walter Robinson & Stephen Kurkjian, Boston Globe, A1)

-more-

Bush's Budget Is Kinder To Many

President Bush last night took the first steps toward the "kinder, gentler" nation he promised during his campaign by proposing to freeze the Pentagon budget and to spend more money to help some of the people who suffered most under Bush's predecessor and mentor, Ronald Reagan.

Bush sent Congress a revised budget for next year calling for \$1.16 trillion in total spending, about \$5 billion more than Reagan asked for.

It projects a deficit of just under \$95 billion -- \$5 billion below the ceiling set by the Gramm-Rudman-Hollings deficit reduction law.

The Bush budget calls for no new taxes, although fees are proposed for some government services that are now free.

(Thomas Brazaitis & Tom Diemer, Cleveland Plain-Dealer, A1)

Bush Focuses On Social Funding

President Bush appealed to Congress on Thursday night for a spending plan that would use money generated by a vibrant economy to expand domestic programs and build a better America without raising taxes.

In a speech to a joint session of Congress that was a state of the union message in all but name, Bush was interrupted continually by applause as he outlined his economic priorities for the fiscal year that begins Oct. 1. Although the President's speech in the ornate House chamber was billed as a blueprint of his Administration's economic policy, Bush actually outlined amendments to a \$1.15 trillion budget for fiscal 1990 that President Reagan had submitted ten days before he left office. Total spending in the Bush plan is \$1.16 trillion.

"I don't propose to reverse direction," Bush said. "We are headed the right way but we cannot rest."

(James O'Shea & Janet Cawley, Chicago Tribune, A1)

Bush Budgets More For Social Programs

President Bush proposed a \$1.16 trillion federal budget last night, asking Congress to make good on his campaign promise to spend more for social programs and the war on drugs without increasing taxes or widening the deficit.

Calling his budget a "realistic plan," Bush, in a prime-time nationally broadcast appearance before both houses of Congress, also called for a freeze on Pentagon spending.

His plan would cut \$2.6 billion from the defense budget proposed by his predecessor, Ronald Reagan, one month ago.

(Frank Murray, Washington Times, A1)

Bush Offers To 'Work Day And Night' For Budget

President Bush handed Congress an agenda for action Thursday night and offered "to work day and night, if that's what it takes" to produce a budget to protect the environment, improve education and sweep drugs from the streets -- without raising taxes.

Fleshing out the "kinder, gentler" rhetoric of his campaign and inaugural address, Bush went to Capitol Hill with his own \$1.16 trillion budget for the 1990 fiscal year that included a one-year freeze in real growth of military spending and delivered on his promise to seek a cut in the capital gains tax.

..."There are many areas in which we would like to spend more than I propose," he said, "but we cannot until we get our fiscal house in order."

"The hand remains extended, the sleeves are rolled up, America is waiting and now we must produce," Bush said in his first speech to Congress.
(Norman Sandler, UPI)

Bush Drops Sentence Calling For Negotiations With Soviets

President Bush dropped a line Thursday from his budget speech urging negotiations with the Soviet Union.

In the prepared text of the President's address to a joint session of Congress, Bush said Washington should take seriously the changes under way in the Soviet Union and added: "Let us step forward to negotiate."

But in his delivery of the speech, Bush did not mention that phrase. White House officials could not explain why the line had been dropped -- whether it was a deliberate omission or an oversight.
(Reuter)

DEMOCRATS REACT WARILY TO BUSH BUDGET MESSAGE

Congressional Democrats reacted warily Thursday as President Bush began to spell out a budget based on his campaign promises, criticizing him for vagueness and vowing to reject any tax changes that favor the wealthy.

Speaker Wright invited Bush's budget officials to Capitol Hill for consultations next week, and said "we are ready to meet with President Bush any time he wishes and seek common solutions."

...Sen. Sasser also welcomed Bush's emphasis on what he termed neglected social programs, but added: "Unfortunately, President Bush gave us a minimum down payment on his 'kinder, gentler America,' with no clear indication of how he intends to make the necessary annual payments."

...Anticipating negative Democratic reaction, Sen. Dole said Bush had extended a cooperative hand to Capitol Hill. "Congress can swat it away, or it can grasp the President's hand in the true spirit of cooperation," he said. He called Bush's plan "not the final answer, it's a starting point."

Rep. Frenzel said Bush's budget was "faithful to the campaign pledges" he made last year, although Frenzel predicted that advocates of education, the environment, day care and aid to the homeless would complain that they got less than was needed.
(Jim Drinkard, AP)

Congress Grumps About Few Budget Specifics But Ready To Work With Bush

Filled with good will but grumbling they've got few specific numbers to work with, congressional Democrats say they're willing to negotiate with President Bush and avoid the traditional budget deadlock.

...Bush struck a conciliatory theme in an effort to erase the rancor that characterized President Reagan's annual budget confrontations with Congress.

"The hand remains extended, the sleeves are rolled up, America is waiting, and now we must produce," Bush told lawmakers, adding he'll give them "his frankness and respect."

Despite the warm reception given Bush, Rep. Panetta was quick to point out that Bush's budget is still based largely on Reagan's rosy economic projections that already have been rejected on Capitol Hill.

"He's left the tough choices to Congress," Panetta said.

...Said Rep. Coehlo: "The voodoo virus has obviously infected the computers at the White House. Cutting the capital gains tax won't increase revenues but will balloon the deficit at a time when the deficit must be cut."

Coehlo called Bush's speech "campaign skywriting."

But Republicans universally lauded the speech. Sen. Gramm said, "This is the first budget in eight years that has more growth in non-defense matters. I think the American people are going to identify with that kind of investment."

(Lance Gay & Ann McFeatters, Scripps Howard)

Democrats Prepared To Work With Bush, But Have Own Ideas

Speaker Wright and Sen. Bentsen said Thursday that congressional Democrats are prepared to work with President Bush, but they have their own ideas for dealing with domestic issues.

In their nationally televised response to Bush's speech, the two Texans also said that the Democrats who control the House and Senate are willing to forge a bipartisan foreign policy, but suggested the President may be forced to compromise to achieve some of his legislative goals.

"George Bush is right: There is a new breeze blowing through Washington," Bentsen said. "But don't expect us to stand with our fingers in the air to see which way that breeze is blowing."

Wright said Democrats embrace Bush's call for a "kinder, gentler nation," which he said was "old-time Democratic religion." The Democrats' priorities for the 101st Congress included education, drugs, homelessness, health care, day care and the environment, he said.

"When it comes to shaping a kinder, gentler, fairer nation, the real question is not whether we have the words but whether we have the will," Wright said.

(Mark Nelson, Dallas Morning News)

ROSTENKOWSKI BLAST GAINS-TAX REDUCTION

Rep. Rostenkowski said Thursday that he strongly opposes lowering the tax rate on profits from the sale of assets, a principal feature of the budget proposal President Bush was to outline last night.

Rostenkowski, arguably the most powerful lawmaker in Congress when it comes to tax legislation, indicated that he regards a reduced rate for capital gains as both unfair to lower-income Americans and as an invitation to other special interests to try to restore tax benefits eliminated by the Tax Reform Act of 1986.

"I personally will strongly resist any efforts to undo tax reform, including a return to preferential rates for capital gains," Rostenkowski said in a speech to the National Press Club. "I'm not about to tell the wage earners in Chicago that they should pay a higher tax rate than the stockbrokers."

And, he added, once the loophole door is ajar, it "will open wide for every preference mankind can devise in the next tax bill.... I honestly believe that for at least a period of time we ought to leave the code alone."

(Albert Crenshaw, Washington Post, A18)

BUSH PLAN SEEN AS FRIENDLY TO INVESTORS, BUT FLAWED

NEW YORK -- The budget plan outlined by President Bush may disappoint investors who hoped for a clear-cut program to reduce the U.S. budget deficit, Wall Street analysts said Thursday.

But the financial community gained some comfort from a number of incentives Bush proposed to spur investment, most notably the restoration of preferential tax treatment for capital gains.

"It was friendly as far as business and the expansion are concerned," said Monte Gordon, an analyst with Dreyfus Corp.

But strategist Michael Mertz of Oppenheimer & Co. said he heard nothing to reassure the financial markets that meaningful steps were being taken to lower the budget deficit by boosting revenue and lowering spending.

..."The politics of the situation were handled beautifully by Bush, but the market situation is totally different," said Scott Pardee, vice chairman of Yamaichi International America Inc. "This won't help the markets."

...Sue Simon, political analyst with Shearson, Lehman Hutton Inc. said the market's deficit worries could have been calmed by "more decisive action." But she added, "There wasn't any bad medicine there."

(Cal Mankowski, Reuter)

NUNN SEES WHITE HOUSE 'INCONSISTENCY' ON TOWER
Republicans Launch 'Hang-Tough' Campaign For Troubled Nomination

Sen. Nunn Thursday accused the White House of "a certain inconsistency" in pushing publicly for a vote on confirmation of Defense Secretary-designate John Tower while agreeing privately to delay the vote until allegations against Tower are fully investigated.

"Right now I think the White House has more than one room and we are hearing from different quarters.... I do think the White House needs to speak with one voice on this," Nunn told reporters in reference to calls by President Bush and others for a prompt vote just as other White House officials were agreeing to a delay.

Support of the powerful Nunn, who has voiced "serious concerns" about Tower, is widely considered to be important if not critical to Tower's chances..., and some Tower supporters are expressing dismay at the strained relations over handling of the nomination.

Nunn's expression of continuing "frustration" with White House handling of the embattled Tower nomination came as committee Republicans rallied to the defense of Tower in what one senator described as a coordinated "hang-tough" campaign on Tower's behalf.

(Helen Dewar, Washington Post, A6)

Bush Aide Says Tower Reported Limiting Wine On Doctor's Advice

A senior White House official said Thursday that John Tower, in an effort to salvage his nomination as defense secretary, has told two key senators and President Bush that he limits his drinking to two glasses of wine a day on the advice of doctors who treated him for cancer.

The official, speaking on condition that he not be identified, said Tower recently informed Sen. Nunn and Sen. Warner that doctors gave him the advice after surgery late last year for removal of a malignant polyp from his colon. Tower's cancer had been disclosed previously.

It was not immediately clear why doctors had advised Tower to limit his drinking, or whether that advice was directly linked to his cancer and surgery.

...When contacted by the New York Times, several experts on colon and rectal cancer who are not connected to Sen. Tower's case said it would be unusual to recommend restriction of alcohol use following the type of surgery he underwent. "It is not the common thing that a doctor would prescribe after this kind of colorectal surgery," said Dr. Claude Welsh of Massachusetts General Hospital, an expert in cancer surgery.

(Gerald Boyd, New York Times, A1)

BAKER IS PRESSED TO SELL OFF STOCK IN BANK HOLDING FIRM Ethics Adviser Fears Appearance Of Conflict

White House counsel C. Boyden Gray has been pressing Secretary Baker to divest himself of substantial stock holdings in Chemical New York Corp., a bank holding company that has \$4.5 billion in loans to Third World nations, according to informed sources.

Gray, following Bush's instructions to establish tough ethical standards for the new Administration, is arguing that Baker should sell the stock to avoid the appearance of a conflict of interest, sources said. Because of Chemical's large portfolio of Third World loans -- which account for 5.6 percent of its holdings -- the bank could be substantially affected by the Administration's policies on Third World debt, which Baker will help develop and implement. Baker's ownership of Chemical stock has not been previously reported.

Baker wants to hold his bank stocks, the sources said. He is arguing that he can continue to follow the practice he observed as Treasury secretary for the last four years, recusing himself from matters particularly associated with Chemical and seeking a "presidential waiver" of normal conflict-of-interest regulations to allow him to participate in broader matters that might affect the bank. (Walter Pincus, Washington Post, A1)

THORNBURGH SAYS ONLY A FRACTION OF S & L LOSSES RECOVERABLE

President Bush promises to "relentlessly pursue" crooked managers of failed savings and loans, but his attorney general does not expect to recover more than a tiny fraction of the billions of dollars in federally insured deposits they embezzled or lost.

"We'd be fooling ourselves to think that any substantial portion of these assets is going to be recovered," Attorney General Thornburgh told the Senate Banking Committee Thursday.

"In many cases," he said, "the assets have been dissipated through laundering schemes or taken out of the country and are beyond the reach of federal authorities."

(Matt Yancey, AP)

NEW ORDER ON U.S. SECRETS DRAFTED FOR BUSH

A new order being prepared for President Bush's approval would give department heads the authority to deny or revoke security clearances. The order, which would apply to those who already hold government and defense jobs that require a security clearance and those applying for such jobs, would also dilute the right to appeal decisions on the clearances.

The authority to grant access to national security information "is wholly discretionary," the proposed executive order says. Nothing in it "is intended to confer any substantive or procedural rights or privileges to any person or organization," it says.

A copy of the nearly completed executive order was provided to the New York Times by a critic of the order on condition that he not be identified.

(Richard Halloran, New York Times, A36)

COURT REJECTS MOVE TO DELAY NORTH TRIAL Dispute Over Secrets Ruled 'Frivolous'

A federal appeals court panel Thursday rejected the Justice Department's effort to delay the trial of Oliver North, holding that it had no authority to interfere with the prosecution.

The terse one-sentence ruling, a major victory for independent counsel Lawrence Walsh, came Thursday afternoon when three appellate judges upheld the earlier decision by trial judge Gerhard Gesell that the Administration's claim was "frivolous."

The appellate ruling came less than two hours after the U.S. District Court trial had been suspended for the rest of the week because of the dispute over procedures for handling introduction of classified material in the Iran-contra trial.

Officials at Justice said they will seek reconsideration in the Court of Appeals or go to the Supreme Court to obtain a stay while they appeal Gesell's order concerning the use of classified information. Gesell adjourned the trial until Monday at 9 a.m.

(George Lardner & Ruth Marcus, Washington Post, A1)

COAST GUARD TO COORDINATE DRUG INTERDICTION EFFORT

The Defense Department, in its first step toward becoming the nation's lead agency on drug interdiction, has established a command network to coordinate military surveillance of drug smuggling.

Two top-level Coast Guard officials have been given responsibility over most of the \$300 million antidrug efforts to be conducted by the Pentagon this year, according to Defense Department officials.

The Pentagon action could further alienate the Customs Service, which until now has been a co-equal in drug interdiction.

Customs Commissioner William von Raab recently wrote a stinging letter to the Pentagon's top drug policy official, Lt. Gen. Stephen Olmstead, protesting that the Pentagon's expanded anti-drug plans bypass the Customs Service.

(Molly Moore, Washington Post, A25)

USA HELPS YOUNG QUAKE VICTIMS

Their first taste of the USA was a cold, windswept tarmac -- but doctors and volunteers rallied to treat their injuries and make them feel at home.

"They're darling and very grateful," Barbara Bush said of the 37 children, injured in the Dec. 7 Armenian earthquake.

"I told them we loved them and to get well quick," said the First Lady, who gave each of them a Minnie Mouse doll.

...They came to the USA, accompanied by family members or guardians, for medical treatment of severed limbs, bone infection and injuries. Eight medical centers are donating facilities and services.

(Steve Marshall & Mike McQueen, USA Today, A3)

INTERNATIONAL NEWS

SOCIALIST MANLEY WINS DECISIVELY IN JAMAICAN ELECTION

KINGSTON -- Michael Manley, who guided Jamaica through a turbulent socialist experiment in the 1970s, won a decisive victory over conservative Prime Minister Edward Seaga Thursday after a bitter election campaign that left 12 people dead.

Manley declared victory six hours after the polls closed on an election day marred by sporadic shootings, stabbings and violent clashes between rival political supporters.

"I would like to offer my deep thanks to the people of Jamaica. It's not given to many people a second chance to serve a nation," Manley, a socialist and former two-term prime minister, told a crowd of cheering supporters.

...Seaga, a pro-American leader who pursued free-market policies, conceded defeat after Manley's People's Nationalist Party clinched a majority 36 seats in the 60-member parliament with 65 percent of the ballots counted. Seaga's Jamaica Labor Party had eight seats.

(Matt Spetalnick, Reuter)

U.S. TO MOVE CAUTIOUSLY ON PEACE PROCESS, ISRAEL AND EGYPT TOLD

Secretary Baker has told Israel and Egypt that the Bush Administration wants to take a careful, step-by-step approach to revising the Middle East peace process and will not make any policy initiatives until after he meets here next month with leaders of the two countries.

Baker imparted that message in separate meetings Wednesday with Israeli Ambassador Moshe Arad and Egyptian Ambassador Abdel Raouf El Reedy, sources familiar with the meetings said Thursday.

According to the sources, Baker made clear that he and President Bush are reluctant to plunge into the problems of the Arab-Israeli conflict before they sound out the thinking of Prime Minister Shamir and President Mubarak, who have signaled a desire to visit late in March.

(John Goshko, Washington Post, A28)

WEBSTER SAYS LAWS ON CHEMICAL ARMS EXPORTS MAY BE TOO WEAK

CIA Director Webster said Thursday that U.S. laws are "probably not" adequate to block deliberate export of equipment and chemicals needed to manufacture gases for chemical warfare, although no evidence of such shipments by U.S. firms has been uncovered.

Webster's statement came amid growing congressional support for legislation to tighten controls on poison gas components and impose sanctions on firms and individuals violating them here or overseas.

Several legislators said their interest in the bills was fanned by Webster's testimony Thursday morning to the Senate Government Affairs subcommittee on investigations. He said West European and Asian firms have played key roles in development of poison gas plants and munitions in Syria, Iran, Iraq and Libya.

"Assistance by foreign suppliers, many of whom were fully witting of the intentions of the Middle East countries to produce chemical weapons, has been the key element" enabling the countries to begin production quickly over the past decade, Webster said.

(Jeffrey Smith, Washington Post, A13)

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KOHL COALITION SEEN AT RISK IN '90 ELECTION

Poll Shows Loss Of Majority

BONN -- West German politics has entered a period of uncertainty, as Chancellor Kohl's coalition for the first time faces a challenge from the right that could threaten the government in next year's national parliamentary elections.

New nationwide polls showing that Kohl's center-right coalition has lost its majority and the coalition parties' disastrous performance in the Jan. 29 city election in West Berlin have raised the possibility that there could be a swing to the left in the December 1990 vote.

If the current trend is sustained, it would almost certainly mean that the left-of-center Social Democrats would play a major role in the next government. The Social Democrats, the principal opposition party, could be in a position to form the first purely leftist government in the nation's postwar history by forging a coalition with the environmentalist-pacifist Greens.

(Robert McCartney, Washington Post, A29)

U.S. SEEKS TO END EUROPEAN BEEF TRADE WAR

The Bush Administration has intensified efforts to end a 1½-month beef trade war by seeking ways to certify that U.S. cattle is free of injected growth hormones so the meat can be sold in Western Europe, Administration sources said Thursday.

U.S. beef has been banned in Europe since Jan. 1 because of a new ban on hormone-treated meat by the 12-nation EC.

"We may be able to give them what they want, which is hormone-free beef," said an Administration official.

But USTR Hills, who ordered a broad search for "creative" solutions to the dispute, still wants some concessions from the EC.

She is likely to demand that the Europeans agree to the establishment of a scientific panel under international trade rules to determine whether hormones affect the safety of meat, in the hopes of showing that hormone-treated American meat is safe.

(Stuart Auerbach, Washington Post, F3)

NEW PARAGUAYAN LEADERSHIP RECOGNIZED BY WASHINGTON

ASUNCION -- The U.S. Thursday recognized the week-old government of Gen. Rodriguez, as Paraguay's new leaders reiterated their promises of democracy and respect for human rights.

U.S. Ambassador Timothy Towell, after an hour-long talk with the new foreign minister, Luis Argana, said the U.S. "will be judging the quality of our relationship on the degree [the new government] moves forward" in opening the political system, guaranteeing human rights and fighting against drug trafficking.

There have been allegations that Rodriguez, who led a coup against Gen. Stroessner last week and is reputed to have a vast business fortune, is himself involved in the drug trade. Towell declined to address the issue directly, saying only that he has "questions, like I have questions about everything."

(Eugene Robinson, Washington Post, A31)

ANGOLAN REBELS ASK U.S. TO MAKE UP LOST ARMS AID

A spokesman for U.S.-backed Angola rebels Thursday appealed here for an increase in American covert military aid to his group to compensate for the loss of \$80 million annually in assistance from South Africa.

Brig. Gen. Tony da Costa Fernandes, a top official of UNITA, said he has asked the Bush Administration to increase "very urgently" American "material help" to his group because of an expected new Angolan government offensive.

He said UNITA needed more antiaircraft weapons, long-range artillery and antitank weapons to offset Soviet-made MiG-25s and upgraded Hind helicopter gunships arriving from Cuba and the Soviet Union for the Angolan army. "We need more sophisticated, up-to-date equipment," he said.

(David Ottaway, Washington Post, A34)

SIHANOUK SAYS CHINA, SOVIETS MAY FORCE FAULTY CAMBODIA SETTLEMENT

BEIJING -- Prince Norodom Sihanouk, expressing frustration over a deadlock in peace talks on Cambodia, acknowledged Friday the Soviet Union and China may impose a settlement to end Vietnam's occupation, but warned it would lead to a prolonged civil war.

In a talk to diplomats and an unusual interview, the Cambodian resistance leader also predicted failure for an upcoming conference on Cambodia and said Pol Pot...has effectively retired.

Sihanouk, head of the three factions fighting a decade-old guerrilla war against Vietnamese troops in Cambodia, said that unless his current peace proposal to bring about a Vietnamese withdrawal is accepted, "we will continue fighting."

(David Schweisberg, UPI)

TAKESHITA STRESSES U.S. RELATIONS IN SPEECH TO PARLIAMENT

TOKYO -- Prime Minister Takeshita said Friday relations with the U.S. remained the cornerstone of Japanese foreign policy.

In a wide-ranging policy speech to parliament Takeshita said he and President Bush had reaffirmed "the firm friendship and mutual trust" between Japan and the U.S. during talks in Washington last week.

"We have mutually pledged that, cooperating, each would fully discharge its own responsibilities from a global perspective and contribute to a better world," he said.

Takeshita also called for a more activist approach to foreign affairs as his country grows in economic might but in an obvious reference to the expansionist policies which led to disaster in World War II he warned the parliament that Japan must retain its humility in order to avoid "past mistakes."

(Janet Snyder, Reuter)

NETWORK NEWS SUMMARY

(Thursday evening, February 9, 1989)

PRESIDENT/BUDGET

CBS's Dan Rather: President Bush tonight will stand and deliver to a joint meeting of Congress and the nation a trillion-dollar budget, his first federal budget proposals. Among them, defense spending would increase by the inflation rate next year. The budget deficit, Mr. Bush claims, will be cut to \$91 billion. Democrats who doubt that will have a formal response to the broadcast after President Bush speaks. Many in Congress and elsewhere doubt that President Bush can deliver on his campaign promises for vastly improved quality of life programs at the same reducing the huge federal deficit and stick to his no-new-taxes pledge.

CBS's Lesley Stahl: President Bush will keep his big promise: no new taxes. And he'll take a stab at keeping the kinder, gentler promises, just slightly increasing spending for education, the environment, day care, and drugs. But he'll also do what Democrats want him not to: He'll avoid specifics on which programs should be cut in order to pay for those increases. He wants to negotiate those cuts with Congress.

(Sen. Packwood: "Why don't we sit down together, closed room, and let's bargain without anyone of us sticking our necks out first and the other one chopping it off, and that's a good way to go about it.")

(Rep. Panetta: "What he's essentially saying is, here's all the good things, but the tough choices now I want to work out with the Congress, so that we share the unpopularity of having to tell the American people where the sacrifices have to be made. It's a good strategy from a political point of view, but it's not good leadership in terms of dealing with the budget.")

In order to reduce the deficit to the targets of the Gramm-Rudman act, Mr. Bush will keep many of the cuts in the Reagan budget. For instance, \$5 billion out of Medicare, \$2 billion out of farm subsidies. One change: he's asking for \$2 billion less than Mr. Reagan did for military spending. Another change, bound to be controversial: a big proposed cut in the capital gains tax, which Mr. Bush claims will actually increase revenue. Democrats not only dispute that, they say it's a tax break for the rich.

(Rep. Rostenkowski: "I'm not about to tell the wage earners in Chicago that they should pay a higher tax rate than the stockbrokers.")

The President may achieve his long-sought bipartisanship on this one. Even Republicans oppose it.

(Packwood: "I realize it would change tax reform, and I don't like that.")

Despite the problems, the President may yet find a spirit of good will from Congress tonight.

(Rep. Cheney: "Our image is not exactly all that good these days, after the pay raise fiasco, so we're subdued. I mean, we aren't feeling quite as aggressive as might otherwise be the case. I think he'll be well received.")

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Stahl continues:

But the President must persuade Wall Street that his claim to produce a budget surplus in just four years is based on credible assumptions, and he'll have to talk Congress into negotiating over those budget cuts. Right now, there is no agreement for such a process.

CBS's Ray Brady: Even at his swearing in, President Bush talked about government spending.

(President Bush, in inaugural address: "We have a deficit to bring down. We have more will than wallet, but will is what we need.")

But many economists say the government is already straining the current budget with federal spending increasing at a rapid 10% annual rate.

(Nancy Lazar, economist: "Federal spending here in 1989 is just outrageous. It's unfortunate, but it clearly is way out of line with what it should be.")

That spending is pushing up the deficit. At its first estimate, the government said the current budget would \$129.5 billion in the red. Later, an update: \$145.5 billion. Finally, just last month, another estimate: the government is \$165.5 billion over budget. One problem, say some experts, is that federal budgets seldom face up to the hard realities. Perhaps worried about voter reaction, they make the economic future look overly bright.

(Carol Cox, Committee for a Responsible Federal Budget: "I do think it's playing politics with budget numbers and that nobody but nobody really believes that those numbers are going to come true.")

When the government spends more than it has budgeted, it's got to borrow to make up the difference. Then it's got to pay interest on that borrowing, pushing itself even deeper into debt. Interest is now the third highest cost in a massive federal budget. Experts disagree on how important all this is.

(Lawrence Kudlow, economist: "I think the doom-sayers about the deficit are completely wrong, and they have been wrong for the past six or seven years.")

(Lee Seidler, economist: "It's no different, in a sense, than if you borrow a lot of money, spend it, and instead of leaving your estate to your kids, you leave your debt to your kids.")

So all Americans have a stake in the budget President Bush presents tonight.

(CBS-1)

Jennings: ...One of the hallmarks of these first 20 days [of the Bush administration] has been the manner in which he has tried to reach out to Congress -- time after time suggesting compromise rather than confrontation. Tonight Mr. Bush carries a document to Capitol Hill that will put the whole spirit of bipartisanship to the test.

ABC's Brit Hume: Crafted by Budget Director Darman, the Bush plan would spend a billion dollars more than the proposed Reagan budget. It forecasts a \$95 billion deficit next year, \$5 billion below the Gramm-Rudman law's deficit target. It contains nothing that is called a new tax, but it attempts to make good Bush campaign promises for more spending in several areas. First in child care with a proposed tax credit which poor people who pay no taxes would actually receive from the government of up to \$1,000 a year per child. There is also a proposed tax deduction of up to \$3,000 a year per child for adoption.

Hume continues:

There is more than Mr. Reagan requested for education, including more for Operation Head Start, for the magnet school program, for grants to black colleges. There is more for the drug war, including funding increases for all federal drug enforcement agencies. How to pay for all of this? First from an estimated \$86 billion in increased revenue from economic growth. Defense would be frozen at current levels, except for an inflation increase next year. Capital gains taxes would be gradually reduced to 15%, an idea that has already run into trouble on Capitol Hill.

(Rep. Rostenkowski: "And how do I explain to the wage earners in Chicago that they're going to pay a higher rate of taxes than the stockbrokers are? I think that that's a terrible situation we're finding ourselves in.")

The budget proposes a \$5 billion cut in the expected growth of Medicare next year. Congress won't like that, nor will it like a set of proposed reforms the President wants, including the power to veto specific items within a bill passed by Congress. One thing in the President's favor is that he's been careful to keep expectations about the popularity of all this low.

Jennings: One area which President Bush has decided on a clear break with his predecessor is on spending for the environment. Mr. Bush's plans differ dramatically from the ones submitted by Ronald Reagan in that they call for more spending to clean up and preserve the environment.

ABC's Ned Potter, reports on the President's plans for the environment. His backers say his pledge to protect the environment without weakening the economy is reflected in his proposals: renew the Clean Air Act, spend \$500 million a year against acid rain -- but do it with research money to find cleaner burning methods, not new restrictions that would hurt business. Postpone new oil drilling off the coast of Northern California, but drill instead in the Northern Alaska wildlife refuge -- even if it angers conservation groups planning to challenge him there. Gear up against ocean waste that foul the beaches. End all dumping at sea by 1991. Nuclear weapons plants: spend a billion more dollars to clean them up. All around, it's a balancing act. For instance, in the case of California oil drilling, he has to worry about compromising the country's energy needs. But he must follow through on his environmental campaign promises to Californians.

(Rep. Boxer: "I will not rest easy until we have permanent protection of that coast.")

Sources say the President is trying to keep his public promises and handle the problems his backers wanted solved. But he also knows he doesn't have all the money in the world to do it all. (ABC-2)

NBC's Tom Brokaw: Tonight President Bush shares with Congress and the nation his vision of America as defined by the federal budget.... The President proposes spending just over one trillion, which would leave a deficit of about \$91 billion. But all this is based on a lot of political and financial assumptions that the President may not be able to deliver.

NBC's John Cochran: The President is very much aware of his campaign promises, so he's come up with some more money for social programs, not much more, but more than Ronald Reagan wanted to spend. And some of that money will come from funds that Reagan wanted to give the Pentagon. The President told Cabinet members and would-be members he's counting on them to help sell his budget to Congress. If John Tower ever gets confirmed as defense secretary, it will be his job to persuade congressional hawks that Mr. Bush is not cutting essential programs.... [The President will increase budgets for education, the environment, the homeless, AIDS research, the war on drugs.] How to pay for all this? Not with new taxes.

(President Bush, in earlier remarks: "It will be my fundamental commitment made to the American people in terms of not going out there are raising taxes.")

Instead, Bush will rely on what sounds like classic Reaganomics: more tax revenue through tax cuts. The President would reduce by about half the capital gains tax.... Bush will also offer tax breaks for oil and gas exploration, for child-care expenses, for expenses in adopting a child, for companies that move into economically-depressed areas, and for companies that spend more on research and development.... President Bush will say that he'd like to spend more on a lot of things but that he can't until there's more progress on reducing the budget deficit.

NBC's Andrea Mitchell reports on likely reaction to the President's budget from Congress. Unlike nearly every Reagan budget, the Bush budget is not dead on arrival. The Democrats don't think the President is kind and gentle enough, but they say at least he has made a start. After Budget Director Darman gave Democrats their first glimpse at the budget, they liked the fact that the President is holding down defense to inflation. They also liked increases in domestic programs. But Democrats say Bush still hasn't explain how he'll pay for his campaign promises.

(Rep. Rostenkowski: "Plans I heard before the election was the fiscal version of 'Dream-away' -- the pill you take to lose weight while you sleep.")

But congressional leaders complain that the new budget is based on smoke and mirrors, phony assumptions about how fast the economy will grow, phony predictions that interest rates will fall, inflated revenue estimates, and hidden taxes.

(Sen. Sasser: "The revenue projections, I think, of the administration are openly optimistic. And make no mistake about it, this budget of President Bush's does include new revenues, whether you call them user fees or taxes.")

Still, before they can confront Bush, Democratic leaders have to get their own act together. Jim Wright and Lloyd Bentsen, enemies from the pay raise fight, are now trying to coordinate the Democratic televised response to the President's speech. New House Budget Chairman Panetta says Congress is on trial as well as the President.

(Rep. Panetta: "If we say we're going to reduce programs, or we're going to reduce certain programs, we've got to deliver on that. People are sick and tired of hearing us talk about the deficit issue and not delivering on the deficit issue.")

The Congress will be under enormous pressure to save social programs from being cut so no one here thinks it's going to be very easy to agree on a budget without using that key word -- taxes.

Brokaw discusses the budget with Mitchell and Cochran:

Brokaw: What taxes are the Democrats talking about raising in the course of the next year or so?

Mitchell: The Democrats are not agreed on this, but Rep. Rostenkowski is talking about the gasoline tax. That's the only tax that he says is possibly going to be raised to help reach this budget agreement.

Brokaw: Does President Bush really believe that he can get away with cutting the capital gains tax?

Cochran: Oh, probably not, [but] they feel they've got to put something on the table. They say that the Democrats realize you've got to get Americans to invest more of their savings, and that the best way to do that is through a capital gains tax. If the Democrats have a better idea, OK, fine. But do something, and do it quick.

(NBC-1)

NBC COMMENTARY/BUSH V. REAGAN COMPARISON

NBC's John Chancellor comments on the differences between the Presidents Bush and Reagan. The Reagan team was asleep at the switch when the S&L crisis hit; George Bush, formally of the Reagan administration, has a plan to fix it and he wants \$50 million for cops to catch the crooks involved in it. Ronald Reagan's people had a terrible problem with ethics; Mr. Bush, formally of the Reagan administration, is moving to make his administration squeaky-clean. Mr. Reagan dreamt expensive dreams about "Star Wars"; George Bush, formally of the Reagan administration, will spend less on it and less on defense in general. Reagan fought the Congress; Bush has congressional leaders up to the White House family quarters. Reagan avoided the press; Bush talks to reporters all the time. Reagan was a relaxed manager; Bush gets in early and works late. It hasn't all gone smoothly, the Tower mess is just one of several problems, but what is striking is how little remains of the Reagan style and doctrine of government. In 21 days, the new President has altered, changed and sometimes reversed many policies of the Reagan White House, and he's done it without saying one bad word about his predecessor. All in all, skillfully done. And something of a surprise from a former member of the Reagan administration.

(NBC-9)

TOWER NOMINATION

ABC's Peter Jennings: It didn't get any better for John Tower today, despite the President's best efforts to get his nominee for secretary of defense closer to the finish line. There is no sign that Mr. Bush wants to stay out of the line of fire. Almost every time the two men take another step forward, there's another hurdle -- in other words, another allegation about the former senator's behavior.

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ABC's Jim Wooten reports that even though Sen. Dixon (D-Ill.) would not say what they were and wouldn't characterize them, he said the new allegations against Tower were very, very serious.

(Sen. Dixon: "I think it's more damaging than anything I've seen to date in the files or heard in the testimony that we have accumulated in the hearings.")

He disclosed that the latest charge had been raised by an individual prominent in Washington whom he declined to identify. There has been no substantiation of any allegation against Tower, but the continuing barrage of charges has nevertheless taken its toll on his bid for Cabinet confirmation. The FBI is still investigating his drinking habits and has only just begun a separate inquiry into questionable contributions to his Senate campaign fund several years ago from the Sperry Corporation. But Tower, as dapper as always, seemed in fine fettle today as he left his hotel for a Cabinet meeting at the White House, where President Bush seated him in the secretary's chair, even if he doesn't yet hold the title.

(TV COVERAGE: President Bush, Sen. Tower seated at Cabinet table.)

Mr. Bush wasn't talking today, but a senior Administration official described him as absolutely committed to Tower, absolutely determined not to withdraw his nomination no matter what. Meanwhile, on Capitol Hill, Sen. Nunn was still uncertain about Tower's qualifications. "There are questions that still haven't been answered to my satisfaction," he said. "I don't foreclose the possibility that there may be satisfactory answers, but I haven't received them yet." Which suggests that his lengthy meeting with Tower last night changed absolutely nothing. When Nunn asked Tower about his drinking during that session, Tower, according to a senior White House official, suggested that he ask those who have known him and worked with him over the years if they think he has a problem with alcohol. Although Chairman Nunn and some of his committee staffers are said to have been aware of the charges already, for Sen. Dixon and other members of the committee they were strikingly new. And a committee source said tonight they want either a new public hearing on Tower, or a private session, or both.

ABC's John Martin examines the Tower case and the reporting on it during the time since his nomination. (ABC-1)

Rather: Supporters of the John Tower for defense nomination, from President Bush right on down, today were trying to demonstrate resolve. Resolve that Tower and they intend to hang in, hang on, fight to the finish, never give in. They did so amid indications that an up-or-down confirmation vote by the Senate is still possibly weeks away.

CBS's Bob Schieffer: In an obvious show of support, the President seated John Tower at the Cabinet table today just as if he'd already been confirmed.

(UPI's Helen Thomas: "Does the presence of Sen. Tower mean that you think he will be confirmed, Mr. President?"

President Bush: "The ground rules of this -- this is a photo opportunity.")

Schieffer continues:

But while Bush was standing by his embattled nominee, it is a set of allegations discovered by White House lawyers that has caused the latest snag in getting Tower confirmed. White House counsel Boyden Gray went to the Capitol last night. He told senators it might take two weeks to check out new questions about Tower's past associations with defense contractors, some of whom are being probed as part of the Pentagon bribery investigation. Tower's relationship with the contractors got extensive attention during his confirmation hearings, but some senators seemed unsure then whether they were getting the full story. In one case, Tower was asked why he hadn't informed the committee of his considerable earnings from one foreign contractor.

(Sen. Levin, Jan. 26: "I don't believe you gave us the figure for British Aerospace.")

Sen. Tower: "I didn't because they are not -- British Aerospace, Inc. is not a defense contractor.")

In the months before he was being considered for defense secretary, Tower took a different line. Records show that when he registered as a lobbyist for British Aerospace he listed his business as just that: defense contracting. And indeed the company did \$110 million in Pentagon business over the last two years. Storm warnings also went up on another front as Armed Services Chairman Nunn expressed increasing frustration with the way the White House is handling the nomination. Nunn said at the same moment White House lawyers were telling him they wanted more time to check the latest allegations, other White House officials were criticizing the Armed Services Committee for dragging out the investigation. (CBS-3)

Brokaw: Even though John Tower is taking his place at Cabinet meetings, the Armed Services Committee vote on his nomination as defense secretary has been postponed now for ten days to two weeks while the FBI completes its investigation. Tonight it was learned that Sen. Helms has written the Armed Services Committee raising questions about Tower reportedly involving Tower's conduct in Geneva during disarmament talks. Tonight Tower, however, will be seated with other administration officials when the President delivers his speech. (NBC-2)

NORTH TRIAL

Rather: Bush administration court actions again put a stop today to the Oliver North...trial, just as the jury was seated. Under Attorney General Thornburgh, Justice Department lawyers are trying to impose still more last-minute restrictions on what evidence the jury can hear in the weapons-for-Iran-what-happened-to-the-money case. Refusal by the Reagan-Bush administration weeks ago to supply certain documents has already forced the dropping of some of the most serious charges against North.

CBS's Rita Braver reports the Bush administration's last-minute attempts to severely restrict Oliver North's use of classified information in his defense were rejected by two federal courts today. It happened this way: Over the objections of independent counsel attorneys, Justice Department lawyers asked Judge Gesell to order North not to disclose any secret information without specific permission from the administration. But the judge, the independent counsel, and North's attorneys all warned that plan would cause the trial to hopelessly bog down and perhaps even force dismissal of the case. Still, the Justice Department objected.

(Edward Dennis, assistant attorney general: "We would not have assurance that there would be a controlled and authorized disclosure of very sensitive classified information. It would be a complete crap shoot.")

But Judge Gesell has already put strict limits on what classified material North could use, and he refused to go along with the Justice Department's extra demand. In fact, the judge said the administration had no right to interfere in the independent counsel's prosecution of North. The judge called the administration's efforts "belated" "wholly misplaced" and "frivolous." Late today a federal appeals court panel agreed.

(Kenneth Bass, former Justice Department official: "In national security cases, you always have the intelligence community trying to protect the information. That's their job, that's their appropriate role. There's always a tension between that role and prosecuting the case and using the information.")

Judge Gesell sent the newly-selected jury of nine men and three women home until Monday, when he hopes to begin the trial. But the shouting's not over yet. The Justice Department tonight says it will keep appealing even all the way to the Supreme Court.

Rather: What happens if the Supreme Court finally turns down their appeal?

Braver: The only thing really that the attorney general will be able to do at that point is to ask for the charges to be dropped before the trial even starts. And there's some people in the independent counsel's office who believe that may in fact happen.

(CBS-2, ABC-3, NBC-3)

FIRST LADY/ARMENIAN EARTHQUAKE VICTIMS

Jennings: First Lady Barbara Bush was at Andrews Air Force Base to greet a plane full of Armenian children, all victims of the earthquake who have been brought to this country for medical treatment. Mrs. Bush told the children that she and the President feel this is very important, an important part of the country, giving and caring about other people.

(ABC-7, NBC-8)

PRESIDENT/HORSESHOE PIT

Brokaw reports President Bush has ordered the National Park Service to build a 40-foot horseshoe pit on the South Grounds of the White House between the fountain and the tennis courts.

(NBC-10)

REAGAN PICTURES

Jennings: Ronald Reagan is back in the White House. When President Bush moved in last month, his aides took down all the pictures of Mr. Reagan that had been hanging in the West Wing. They now say that was not a sleight; it was an oversight. And two large photographs showing the Reagans and the Bushes together on Inauguration Day have been hung. (ABC-6)

AFGHANISTAN/SOVIET WITHDRAWAL

Rather: Moscow said today one Soviet soldier was killed when Afghan rebels shelled a convoy retreating from Kabul.

CBS's Anthony Mason reports on the reception Soviet soldiers are getting after their retreat from Afghanistan. (CBS-6, ABC-7, NBC-7)

SOVIET ANTI-SEMITISM

Jennings reports the newspaper Soviet Culture suggested that official anti-Semitism might be a reason why tens of thousands of Jews have sought to leave the Soviet Union. The paper called anti-Semitism a practice that has led to the moral damage of all society. (ABC-10)

LIBYA/CHEMICAL WEAPONS

Brokaw: There are new American allegations tonight about that disputed Libyan chemical plant. CIA Director Webster told Congress the plant is expected soon to begin large-scale production of mustard and nerve gas. He said the plant is capable of producing far more than Libya could use for its own military purposes, suggesting that Libya could supply chemical weapons to terrorists. (NBC-6)

SOUTH AFRICA

Jennings reports officials have ordered an investigation of the so-called "Football Club," whose members act as bodyguards for Winnie Mandela. They are accused of kidnapping and beating four teenagers, one of whom has vanished and is feared dead. And the South African government said it would not give in to what it called blackmail by political prisoners who are on a hunger strike demanding their freedom. (ABC-8)

JAMAICAN ELECTION

Rather reports on the violence-tainted Jamaican election. Opposition leader Michael Manley got into a scuffle when he went out to check the voting in a stronghold of his opponent, Prime Minister Edward Seaga. No one was hurt in that incident, but elsewhere at least one person was killed bringing the toll to 12 since the election campaign began. Manley, a sometime friend of Fidel Castro, was leading in pre-election polls. First returns are expected later tonight. (CBS-5)

ELDERLY CARE

ABC's Rebecca Chase reports on the nightmares of declining health and declining resources that are facing the elderly. The government spends more than \$90 billion a year on health care for the elderly, and yet millions of older Americans, average Americans, still need help. One million Americans each year are sinking into poverty paying for long term care. For all the talk in Congress, it's just that: talk. Talk about government expenditures, private insurance, tax incentives.

(ABC-11)

CBS POLL/ROLE OF GOVERNMENT

CBS's Eric Engberg reports on a CBS poll of Americans' views on the proper role of the government in improving their standard of living. The poll conducted between Feb. 2nd and 5th found that in about half [57%] the marriages today both spouses are working. Significantly, two-thirds [64% to 22%] of those polled say the reason both work is because they have to, not because they want to. The new American family has new-style problems, new demands of its government. Fifty-five percent of the people polled say the government should help people who can't afford day care. Seventy-one percent say the federal government should help cover nursing home costs. Sixty-five percent want the federal government to assist the poor in gaining access to a college education. Overall, the poll found Americans want the government to help working people. Federal help for middle-class workers is a popular idea, even though most of the people polled did not think the poverty programs of the '60s worked [didn't work: 58%, worked: 30%]. As George Bush presents his priorities tonight, there's evidence in this poll and elsewhere that the nation will respond to a very American idea: That their government, by the people, sometimes must act boldly for the people.

(CBS-7)

VOLUNTEERISM

Brokaw looks at volunteerism in the city of Atlanta. President Bush likes to refer to what he calls 1,000 points of light -- volunteer efforts across America. He sees that as a part of the solution to the federal deficit -- volunteers doing more, government programs doing less. But in many cities volunteer efforts are already operating at close to maximum capacity.

(NBC-11)

IRS REFUNDS

Jennings reports the IRS says 450,000 refund checks have been delayed for a week because of a computer error.

(ABC-4)

-End of News Summary-

2/10



ABOARD AIR FORCE ONE

THE PRESIDENT HAS SEEN

Mr. President,

Patty called about this.

She said that she spoke to Chase this morning about Grunwald, and Chase called him this morning to reassure him about his post.

1c

ERAL PAGE

THE NEW REGIME

Top Bush Backers Convert IOUs Into Ambassadorships

GOP sources say the White House is beginning to pay its political IOUs, deciding this week on a handful of ambassadorships and making preliminary decisions on several more chosen from among longtime Bush supporters, particularly major contributors.

Sources said among those approved for posts are Joseph Zappala, a Florida Republican who gave his party at least \$100,000 and is slated for Spain, and Mel Sembler, another big giver, marked up for Austria. Both are Florida developers who were finance cochairmen for George Bush in that state in 1988. They also were early supporters who raised significant money for Bush in 1978-1979, when Bush wasn't considered a front-runner for the nomination and the task was far more difficult.

The ambassadorship in Luxembourg is expected to go to Fred Bush, who was a key member of Bush's finance team for both presidential runs and served in his vice presidential operation before starting a consulting firm.

For ambassador to Venezuela, sources said Eric Javits, Bush's New York finance cochairman and nephew of the late senator Jacob Javits, is a leading contender. Congressional sources said Senate Foreign Relations Committee Chairman Claiborne Pell (D-R.I.) is pushing for Javits.

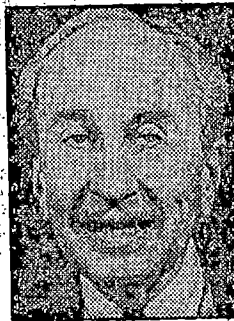
On the career front, two career ambassadors are expected to shift in the coming weeks. John Monjo, ambassador to Malaysia, is slated to move to Indonesia to replace Paul Wolfowitz, who is expected to take a senior Pentagon post. Paul Cleveland, now in New Zealand, will move to Malaysia to take Monjo's place, sources said.

Wisner Bid in Trouble

The leading candidate for the post of assistant secretary of state for African affairs, Frank G. Wis-



McARTOR



KAMPELMAN



DERWINSKI

ner, has run into trouble on the Hill, where supporters of Angolan rebel leader Jonas Savimbi are determined to kill the nomination.

Some opponents say Wisner's nomination is "dead." If it isn't, they say they will fight to block it in the Senate Foreign Relations Committee.

More likely to get the job now are either Herman J. Cohen, former National Security Council specialist for Africa and now back at state, or Richard E. Bissell, assistant administrator for programs and policy at the Agency for International Development.

Wisner, ambassador to Egypt, was formerly a top aide to Assistant Secretary of State Chester A. Crocker and deeply involved in the negotiations over the Cuban troop withdrawal from Angola. In that post, he earned a reputation among Savimbi's congressional supporters as an opponent to the U.S. decision in early 1986 to begin sending military aid to his rebel movement.

A Pair of Contenders

Two labor-relations experts have emerged as the leading candidates to become the top labor mediator for the Bush administration.

John Stepp, deputy secretary of labor for labor-management relations in the Reagan administration, and Malcolm Lovell, assistant secretary of labor for manpower in the Nixon administration, are under active consideration to become director of the Federal Mediation and Conciliation Service.

The Transition Out

Max M. Kampelman, former chief of the U.S. delegation to the

Geneva arms negotiations that crafted the Intermediate-Range Nuclear Forces Treaty, has rejoined Fried, Frank, Harris, Shriver & Jacobson, the law firm he left for government service in 1985. The firm has offices here, in New York, Los Angeles and London.

Allan McArtor, head of the Federal Aviation Administration since July 1987, is resigning. Transportation Secretary Samuel Skinner said at a news conference this week that McArtor told him he wants to return to private life. An FAA spokesman said McArtor, a former senior vice president of Federal Express, has not decided when he will leave or what he will do.

A Conflict Interred

Secretary of Veterans Affairs-designate Edward J. Derwinski has pledged to recuse himself from any issues involving the VA and a Chicago funeral home.

The former House member from Chicago disclosed in materials filed with the Senate Committee on Veterans Affairs that his wife, Bonita, is a registered mortician in Illinois "doing business as J.J. Hickey," her maiden name.

Derwinski said his wife "has an arrangement with the Blake and Lamb Funeral Home under which, on infrequent occasions, she uses their facilities to direct funerals." Therefore, he said, he will have nothing to do with issues involving the funeral home or "funerals conducted by my wife."

The committee has set Derwinski's confirmation hearing for Feb. 23.

—Maralee Schwartz, Ann Devroy and David B. Ottaway

The Washington Post

AN INDEPENDENT NEWSPAPER

The Tower Mystery

IN THE MATTER of John Tower, it has been a little like sitting in the congregation at a wedding that just keeps not quite starting. The organist has now struck up yet another diversionary hymn. The guests, who long since began to fidget, have now begun to whisper among themselves: what's going on here, anyhow . . . you don't suppose, do you . . . ? President Bush, as bridal parent, has just stepped out to say we shouldn't worry—a little hitch, that's all, the thing will go forward presently. But all that goes forward is another hymn still, and you can begin to hear voices arguing in the vestry behind closed doors.

But you can't hear what they're saying, and that, concerning Mr. Tower's nomination, is the bizarre, unsettling point. Remember, this odd, privately rumored, but publicly unexplained drama has actually been going on since about the day after the election. There was all that now nearly forgotten to-ing and fro-ing which preceded the nomination: John Tower was going to be secretary of defense, but of course there did have to be an investigation first, a number of questions had to be answered . . . oops, more questions, and so on. It continues thus to this day.

No one wants a nominee to be rejected on the strength of rumor; no one wants such a possibility to exist. Think what one may of the policies he has espoused. Mr. Tower has had a substantial career in public life; he became chairman of the Senate Armed Services Committee, served as this country's arms negotiator, served in other respects, including as chairman of a committee that tried to restore a degree of balance and confidence in the wake of the Iran-contra affair. One can always find another anonymous accuser in this village; there is no such thing as negative proof. There are certain things in a public person's private life that may be disabling, but a lot else is, or should be, out of bounds. The Defense Department will always be run in part by people with prior connections with defense contractors. Who else knows how the system works? At some point, given full disclosure and absent proof of self-dealing, the business of recusal can be transformed into silliness.

We know all that. But it's also true that no one wants a man with a drinking problem not just in the chain of command but in daily command of so large a public enterprise as national defense. We should add if it is a drinking problem we are talking about, since, again, the evidence comes to the public in a muffle of overheard senatorial argument. It is true as well that Mr. Tower, given his brief and lucrative career as a defense consultant after leaving government, could have trouble functioning as secretary while extricating himself from those past associations. No less a figure than Sam Nunn, Mr. Tower's successor as Armed Services chairman, is worried about these things and has gone so far as to say so publicly. No one who has followed Mr. Nunn's own career is likely to believe he is acting as a cheap-shot partisan in this, or that he is acting out of pique because a White House staff failed to follow protocol in briefing him. His disposition, particularly in the case of a former fellow senator, would be to bend over backward in the other, favorable direction. Mr. Nunn is no dove on the matters on which Mr. Tower is a hawk; the Democrat is desperately anxious to have a new secretary who can put the Pentagon on a steady path after the roller-coaster budgets of the last eight years. In all probability he is not playing games; he is being asked to go bail for Mr. Tower, and his word, having seen and heard at least part of the evidence, that he isn't sure he can must carry great weight.

We don't think the nomination should be withdrawn at this stage on these grounds; there is an open debate to be had on John Tower's fitness for the office, in terms of both his personal character and his public policy outlook. But, like Mr. Nunn, we're not persuaded that John Tower should be secretary of defense. Not even the president was persuaded for a while; why else did the nomination take so long? His background apparently is such that Mr. Tower as nominee and, if confirmed, as secretary, has a higher burden of proof to meet than other officials. The Senate didn't nominate him. In acting on the nomination, it is both entitled and obligated to take its time.

Mayor Barry: 'Doing Just Fine'

JUST IN case there might be any doubters out there, Marion Barry has spent two high-profile days declaring that both he and his budget for fiscal 1990 are trim and suited to address the years ahead. "Before I report on the State of the District," he said Tuesday to an invitation-only crowd of 1,300 city hall employees, friends and recipients of city services, "I want to report on the state of your mayor. . . . How are we doing? We are doing just

fine. . . . tax surcharge, he must have sensed the opposition it would encounter in the council and decided not to be out front alone on this issue. The result is a generally austere budget, with a combination of cuts in services aimed at addressing a projected deficit in the current year. Though dollar amounts for spending show increases in certain areas to reflect rising costs, the budget does contain reductions in personnel and programs aimed at balancing the books.

Mayor Barry surely must realize that . . .



February 10, 1988

PRE ELECTION

Dear Mrs. Earle:

We have been on the road all the time and, amazing as it may seem, we just saw your Christmas card. It was good to hear from you and we appreciated your very gracious offer to visit with you in Arizona. Your home sounds wonderful!

With warmest best wishes from all the Bushes,

Sincerely,

THE VICE PRESIDENT
WASHINGTON, D. C. 20501

Mrs. Lucille Blessing Earle
Rancho Arroyo
6737 North 20th Street
Phoenix, Arizona 85016

bcc: David Bates
John Keller

(FYI)

February 10, 1989

and ask for ext. 307
Attn: Bob Still, Room 1027

GB:DM:TD:SMG:ItD PM1
cc: P. Presock/Pres. Msgs. Rm. 18/J. Burmeister/
D. Mackinnon/CF
EVENT: Feb 13 89
DUE: Feb 13 89
Chi Chi Rodriguez

Dear Chi Chi:

It gives me great pleasure to add my warmest congratulations to the many coming your way on receiving the 1989 "Old Tom Morris Award." I know this is quite an honor for you, but I also know that you are most deserving.

The Old Tom Morris Award is the highest award presented by the Golf Course Superintendents Association of America. Traditionally, it goes to the individual who, "through a continuing lifetime commitment to the game of golf, has helped mold the welfare of the game in a manner and style exemplified by Old Tom Morris." Needless to say, this description fits you to a tee.

I also want to commend you for all you have done for disadvantaged and abused children through the Chi Chi Rodriguez Youth Foundation. You give these youngsters a chance to enjoy the great game of golf and, at the same time, teach them lessons about faith, perseverance, and success. With 18 of your foundation graduates currently attending college, you can take great pride in your achievements.

Barbara joins me in sending best wishes for a most enjoyable banquet. God bless you.

Sincerely,

GEORGE BUSH

Mr. Juan Rodriguez
Anaheim, California

SENT EXPRESS MAIL TO:

Mr. Bob Still

Media Relations Manager

Golf Course Superintendents

Association of America

c/o Anaheim Marriott

Room 1027

700 West Convention Way

Anaheim, California 92802

or FAX TO: Call Anaheim Marriott Hotel (714) 750-8000

February 10, 1989

Dear Mr. Paulson:

Happy Birthday! Barbara and I are delighted to add our best wishes to those you are receiving for your special day.

We hope you'll be blessed with every happiness in the coming year.

Sincerely,

GEORGE BUSH

Mr. Charles Paulson
54 Hamilton Street
Allendale, New Jersey 07401

GB/ES/KC/JB/JDeC/JC/2PF dss
P-02

✓ WHcc:
Ms. Jill Kirser
7854 Colonial Village Row
Annandale, Virginia 22003

✓ cc: Jan Burmeister, #94-OEOB

890213

THE WHITE HOUSE
WASHINGTON

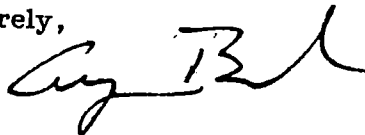
February 10, 1989

Dear Len:

It is my hope that you will continue to represent the United States of America as Ambassador to Rwanda. I would be pleased to hear that you share that desire and that your circumstances will permit you to remain as our nation's representative.

Barbara and I are grateful, not only for your past commitment and outstanding service, but especially for your friendship.

Sincerely,



The Honorable Leonard H. O. Spearman, Sr.
American Ambassador
Kigali, Rwanda
c/o Department of State
Washington, D.C. 20520

014136
MEDDI

February 9, 1989

Dear Henry:

It is my hope that you will continue to represent the United States of America as Ambassador to Austria. I would be pleased to hear that you share that desire and that your circumstances will permit you to remain as our nation's representative.

Barbara and I are grateful, not only for your past commitment and outstanding service, but especially for your friendship.

Sincerely,

GEORGE BUSH

The Honorable Henry A. Grunwald
American Ambassador
Vienna, Austria
c/o Department of State
Washington, D.C. 20520

GB/CU/JB/efr (2GBB)

CLEAR THRU JIM CICCONI

890216

THE WHITE HOUSE
WASHINGTON
THE PRESIDENT HAS SEEN

February 13, 1989

MR. PRESIDENT:

The attached letters were forwarded by Chase Untermeyer pursuant to your meeting on the subject.

Note that the Grunwald letter is dated February 9 deliberately so it would be clear your decision was made before the erroneous Post story.

Thank you.

Jim
Do we need a 4 year period
"serve to fill out years
in your term"
James W. Cicconi
mostly etc. if not well

THE PRESIDENT HAS SEEN
THE WHITE HOUSE
WASHINGTON

February 13, 1989

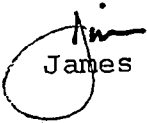
MR. PRESIDENT:

Regarding your question on the attached note, I assume you are referring to the policy decision that your ambassadors will be limited to a three year term in their posts.

General Scowcroft and I have discussed the question, and agree that it is best that you not mention any sort of term in your letters. It should be left to Chase to reach an understanding with each prospective ambassador regarding their tenure. He is doing so with newly-named ambassadors, and will do so with those retained, such as Grunwald and Spearman.

You will, of course, have the option of "stretching" your policy whenever you choose since ambassadors serve officially until the President appoints their successor.

Hope the above answers your question.


James W. Cicconi

*Jim
cc Brent
good!
CP
2.14*

George Bush Presidential Library Transfer Sheet

COLLECTION:

Bush Presidential Records
Office of the President

ACCESSION NUMBER:

1993.0001

FOIA/SYSTEMATIC
PROCESSING CASE
NUMBER (if app.):

☐ Transferred During Accessioning

☒ Transferred During Processing

2009-0166-S

The following material was transferred to:

☒ **Audiovisual Collection** ☐ **Book Collection** ☐ **Museum Collection** ☐ **Other**

Other (Specify):

DESCRIPTION:

White House Photographs: P00553-08, P000585-07 [First foreign visit, Prime Minister & Mrs. Mulroney, Canada]

When transferring
material to the
museum
collection,
complete the
following.

Donor:

Donor Org.:

Address:

Telephone:

Book Location:

Row:

Section:

Shelf:

Position:

Map Case Location:**Series:**

Daily Files

Box Number:

3

Folder Title:

Friday, February 10, 1989

OA/ID Number:

90502-006

Transferred by:

Deborah Wheeler

Date of Transfer:

1/12/2009

Received by:

Mary Finch

Date Received:

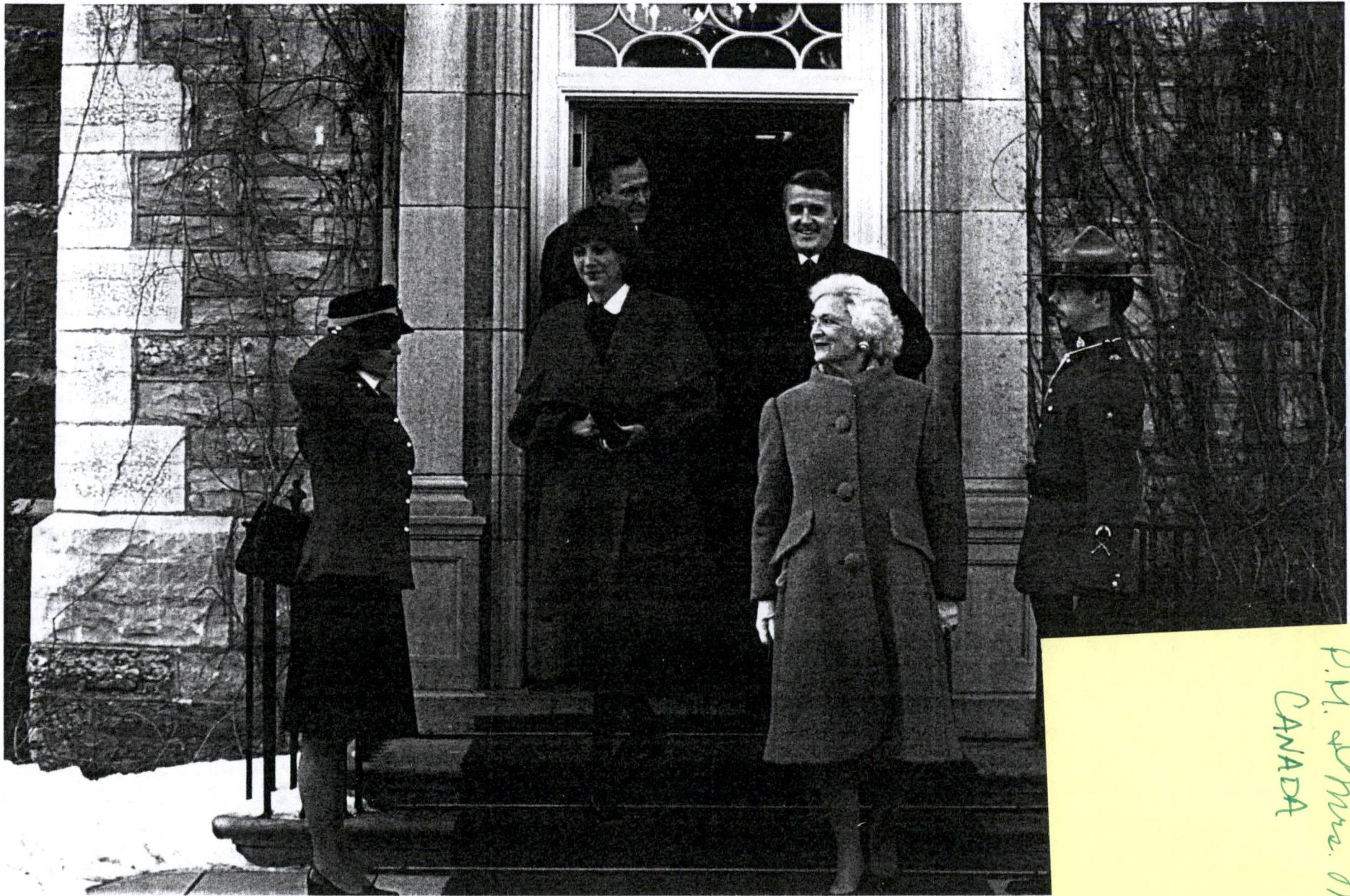
1/12/2009

Go to Database
Navigator

Go to Accession
Register

Go to Withdrawal Sheet

Print Record



First foreign visit -
P.M. Mrs. Mulroney
CANADA

Photocopy from George Bush Presidential Library

OFFICIAL WHITE HOUSE PHOTOGRAPH 10 FEB 89 P00553-08 CP



Photocopy from George Bush Presidential Library

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OFFICIAL WHITE HOUSE PHOTOGRAPH 10 FEB 89 P000585-07 DV