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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: 90503
Folder ID Number: 90503-008

Folder Title:
Wednesday, February 22, 1989

Stack:	Row:	Section:	Shelf:	Position:
V	12	11	1	4

Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Notes	Handwritten notes by President Bush Re: his visit with Li Peng while in China [attached to a note from George Bush indicating personal] (8 pp.)	02/26/88	(b)(1), C	
02a. Note	From George Bush to Lilyan Wilder Re: USIA [redaction of personal information] (1 pp.)	02/21/89	(b)(6)	
02b. Letter	From Lilyan Wilder to President Bush Re: USIA [redaction of personal information] (1 pp.)	02/06/89	(b)(6)	
03a. Note	From George Bush to Fitzgerald (Gerry) Bemiss Re: golf cart story [redaction of personal information] (1 pp.)	02/21/89	C	
03b. Letter	From Fitzgerald (Gerry) Bemiss to President Bush Re: golf cart story [redaction of personal information] (1 pp.)	02/16/89	C	
04. Letter	From Jonathan Bush to George Bush Re: quote [redaction of personal information] (1 pp.)	02/02/89	C	
05. Letter	From George Bush to Richard N. Perle Re: op-ed piece [redaction of personal information] (1 pp.)	02/21/89	(b)(6)	
06a. Letter	From George Bush to Jonathan Bush Re: contact lenses [redaction of personal information] (1 pp.)	02/21/89	C	

Page 1 of 2

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Wednesday, February 22, 1989

Pinksheet Number: dw1245

OA/ID Number: 90503-008

Date Closed: 1/23/2009

FOIA/Sys Case #: 2009-0166-S

Re-review Case #:

P-2/P-5 Review Case #:

Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
06b. Note	From Jonathan Bush to President Bush Re: contact lenses [redaction of personal information] (1 pp.)	02/17/89	C	

Page 2 of 2

Collection:

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WHORM Cat.:
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P-2/P-5 Review Case #:

From the desk of
George Bush

from Box ~~1~~²

Bush Library Photocopy
George Bush Handwriting

THE WHITE HOUSE

WASHINGTON

TELEPHONE MEMORANDUM

SIGNAL SWITCHBOARD

February 22, 1989

	TIME		NAME	ACTION
	PLACED	DISC		
OUT	8:23 AM	8:29	Ms. Paula Rendon Residence, Washington, D.C. White House Admin x842	Tlkd-ok 8:25 AM via Secure Satellite
~~INC~~	PM			
OUT	10:31 AM	10:45	Mr. Richard A. Moore Residence, Washington, D.C. 244-8263	Tlkd-ok 10:38 AM via Secure Satellite
~~INC~~	PM			
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PRESIDENTIAL MOVEMENTS

LOCATION Washington, D.C.
Anchorage, Alaska

DATE 22 February 1989

TIME

MOVEMENTS

AST

[illegible]

THE WHITE HOUSE

WASHINGTON

E.S.T.

TELEPHONE MEMORANDUM

FEB. 22

, 19 89

PRESIDENT

	TIME		NAME	ACTION
	PLACED	DISC		
OUT	AM		NO CALLS	
INC	PM		ENROUTE TO ANCHORAGE	
OUT	AM			
INC	PM			
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News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, FEBRUARY 22, 1989 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Bush Supports Western Action Against Iran Over Book -- President Bush said Tuesday that Iran's death threat against British writer Salman Rushdie is "deeply offensive to the norms of civilized behavior" and said economic reprisals are possible. (Dallas Morning News, Washington Post, Copley, Reuter)

Bush Begins Hectic, 18,000-Mile Far East Trip -- President Bush sets out today on a hectic five-day trip to Japan, China and South Korea to demonstrate that "the United States is an Asian power." (Boston Globe, Los Angeles Times, AP, Scripps Howard)

NATIONAL NEWS

Bush Says FBI Report Clears Tower, Urges Prompt Senate Action -- President Bush said Tuesday the latest FBI investigation of Defense Secretary-designate Tower has "gunned down" all allegations of excessive drinking and other improper behavior. He urged the Senate to move swiftly to confirm the nomination. (Boston Globe, Washington Post, AP, Copley, Reuter)

NETWORK NEWS (Tuesday evening)

HIROHITO FUNERAL -- Visitors from around the world have begun to gather for the funeral of Emperor Hirohito.

PRESIDENT'S NEWS CONFERENCE -- President Bush held a wide-ranging news conference, giving another strong pitch for John Tower and denouncing Iran's death threat against author Salman Rushdie.

ECONOMY -- Fed Chairman Greenspan said he may have to raise interest rates to bring down inflation.

INTERNATIONAL...A-3

NATIONAL NEWS...A-8

NETWORK NEWS....B-1

INTERNATIONAL NEWS

BUSH DENOUNCES IRAN'S THREATS President Calls Novelist's Treatment 'Deeply Offensive'

President Bush yesterday condemned Iran's death threat against novelist Salman Rushdie as "deeply offensive" and said he strongly supports the decision by European governments to withdraw their chief diplomats from Iran as a protest....

As he prepared to leave today for the Far East, a trip during which he will meet with more than a dozen world leaders, Bush rejected suggestions that his administration has been slow in formulating policies in a number of regions, including the Middle East, Central America and the Soviet Union. He said he did not want to be "stampeded" into quick actions, including a decision on how far to go on SDI.

Bush, asked for his reaction to the death threats against Rushdie, acknowledged that Rushdie's book may be "offensive" to Moslems, but warned that if Iran's "incitement" results in actions against "American interests, the government of Iran can expect to be held accountable."

Bush said he expects to discuss the Rushdie situation with European leaders who will also be attending the funeral of Emperor Hirohito in Tokyo later this week.... But he offered no suggestions on what the U.S., which has no diplomatic relations with Iran and still imposes some economic sanctions on that country, could do further....

(Ann Devroy, Washington Post, A1)

Bush Denounces Iran, Calls Threats To Rushdie Reprehensible

President Bush on Tuesday denounced Iranian death threats against author Salman Rushdie as "deeply offensive to the norms of civilized behavior" and warned the Tehran government that it would be held accountable for any action "against American interests."

The President also strongly backed the move by European nations to withdraw their envoys from Tehran in protest. But he said he didn't know whether the U.S. would join in applying new sanctions against the [Iranian] government....

"They will be discussing that, I'm sure, but I don't know where we go from here," Bush said, adding that he expected the subject to come up in his meetings later this week in Tokyo with French President Mitterrand and other allied leaders.

(Carl Leubsdorf, Dallas Morning News)

Bush Supports Western Action Against Iran Over Book

President Bush said Tuesday that Iran's death threat against British writer Salman Rushdie is "deeply offensive to the norms of civilized behavior" and said economic reprisals are possible.

In his first public comments on the call by Iran's Ayatollah Khomeini for the killing of the author..., Bush also said the recalling of ambassadors from Iran Monday by the 12-nation EC was the "right thing."

...Bush declined to say whether the U.S. planned any unilateral action against Iran if Americans who sell Rushdie's book or defend the Indian-born Moslem are harmed.

"My view is that we are an open society," Bush said. "None of us like everything that's written."

But, Bush added, "Certainly people should have protection of the law if they decide to go ahead and sell a book of this nature."

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(Benjamin Shore, Copley)

Bush Warns Iran, Defiant Amid Growing Isolation, On Rushdie

President Bush warned Tehran it would be held accountable for any attacks on U.S. interests arising from death threats on Salman Rushdie as an Iranian minister said his country would pay any price to punish the author of "The Satanic Verses." ...

"I strongly support the EC 12 declaration in response to the Iranian threats against Rushdie," Bush told a White House news conference....

U.N. Secretary General Perez de Cuellar also joined the chorus of protest over the Rushdie affair....

Perez de Cuellar, while stressing the importance of respect for all religions, appealed to Iran to revoke death threats against Rushdie....

Tehran Radio quoted Prime Minister Mir-Hossein Mousavi as saying Khomeini's edict "will undoubtedly be carried out.... The person who has become a tool of Zionists against Islam...will be punished."

"We do not fear any such (EC) threats and we are prepared to follow our own path at any costs," declared Parliamentary Speaker Ali Akbar Rafsanjani....

Three U.S. book industry trade associations, in a full-page advertisement in Wednesday's New York Times, proclaimed their support for the publication of "The Satanic Verses" on its official publication date of February 22. (Reuter)

PUNISHING RUSHDIE WORTH ANY PRICE, IRAN MINISTER SAYS

LONDON -- Iran will pay any price to defend the reputation of Islam by punishing novelist Salman Rushdie, deputy foreign minister Mohammed Javad Larijani said Tuesday.

"We will pay any price -- this should be very clear," Larijani said.

"We have many capabilities and such [EC] pressures will not force us to raise out hands (and surrender)," he said in an interview with the national news agency IRNA, monitored in London.

"We will have to pay a price, but it's worth it," he said. "The West should not have any doubts. We are very determined in defending the reputation of Islam and the Prophet."

But Larijani denied Iran had dispatched death squads to carry out the order to kill Rushdie....

"We haven't sent commandos," he declared.

(Reuter)

Defiant Iran Pledges To 'Defend Islam'

MANAMA, Bahrain -- Iran vowed Wednesday to resist international pressure to rescind Ayatollah Khomeini's death sentence on author Salman Rushdie, and said Western outrage only served to make Khomeini more popular among Moslems.

State-run Tehran Radio said Iran could do without Western support and would never "surrender its right to defend Islam" against Rushdie's controversial book, "The Satanic Verses." ...

"It is pointless for the imperialist nations to condemn Iran and the leader of the Iranian revolution because this will reinforce our stance among the world's Moslems." (Lee Stokes, UPI)

CANADA WITHDRAWS DIPLOMAT FROM TEHRAN OVER RUSHDIE AFFAIR

OTTAWA -- Canada is withdrawing its charge d'affaires from Tehran for consultations to protest Iranian death threats against author Salman Rushdie, External Affairs Minister Clark said Tuesday.

However, he said Canada will still have one diplomatic representative left in Iran after Scott Mullin returns to Ottawa....

"As I've said before, the threat by the Ayatollah constitutes a fundamental breach of international law," Clark told reporters. "That threat has not been withdrawn. For that reason I'm calling home for consultations Canada's charge d'affaires in Iran." (Reuter)

BUSH TO MEET WITH A DOZEN WORLD LEADERS DURING HIROHITO FUNERAL TRIP

President Bush will meet personally with at least a dozen presidents, prime ministers and kings during his trip to Asia for Emperor Hirohito's funeral Friday....

"It will be a very, very busy time in Japan and a very useful time for the President," National Security Adviser Scowcroft said....

"It will not be a decision making (time)," he said, but meeting face-to-face "eases the sense of communication" with other countries.

The meetings will last from 15 to 30 minutes and will attempt to cover one or two major issues pending between the U.S. and each country.

(Ann McFeatters, Scripps Howard)

Bush Sets Off For Asia; Will Stress U.S. Commitment To Region

President Bush sets off Wednesday on his first overseas trip as President, a demanding five-day visit to Japan, China and South Korea for extensive consultations and an opportunity, according to the White House, to demonstrate that the U.S. remains a power in Asia.

Brent Scowcroft...acknowledged Tuesday that the whirlwind visit to Asia is unlikely to produce obvious substantive results. But he said it will afford the new President an opportunity to meet other leaders and to put "on the table a few issues for discussion."

...The trip, he said, "is mainly an opportunity to have serious discussions at the outset of his administration with such important Asian friends and allies and to reaffirm that the United States plans to play a strong and affirmative role as an Asian power."

(Walter Robinson, Boston Globe)

Bush Begins Hectic, 18,000-Mile Far East Trip

President Bush sets out today on a hectic five-day trip to Japan, China and South Korea to demonstrate that "the United States is an Asian power."

...Brent Scowcroft...on Tuesday disputed suggestions that Bush is making the journey before he has a cohesive foreign policy in place.

"The President is not trying to make quick headlines," Scowcroft said. He said Bush wants to develop policies that "will aid us in where we think we'd like to be at the end of the century...."

Scowcroft said the trip underscores the strategic importance of the three nations that Bush will visit, as well as "the growing importance of the U.S. relationship to Asia as a whole, and to point out again that the United States is an Asian power."

(Terence Hunt, AP)

Asia Trip Gives Bush Chance To Review Policies

President Bush, embarking today on a whirlwind, 100-hour visit to Japan, China and South Korea, attends the funeral this week of the emperor who reigned in Japan during World War II and greets a dozen or so leaders whose cooperation he will need as he crafts a foreign policy for what he hopes will be a period of reduced global tensions.

Bush's first major international journey as President offers mostly symbolic opportunities in the crucial Pacific Basin rather than the prospect of direction-setting initiatives. The more immediate impact may be on the home front, where Bush is fighting suggestions that his measured, deliberative approach to setting a foreign policy is allowing the nation to drift on the world stage.

"I simply don't agree with that," Bush said, with an edge to his voice, at a news conference Tuesday. "I really hadn't ever heard such a negative approach to foreign policy."

Declaring that "we have a foreign policy," Bush said that the 17,000-mile trip will advance his process of carefully reviewing East-West relations, events in South America and the U.S. role in the Middle East as specific goals and courses are plotted.

(James Gerstenzang, Los Angeles Times, A1)

BUSH HITS FEARS OF FOREIGN INVESTING Says Discouraging Japanese Would Undermine Efforts To Finance Deficit

President Bush warned Americans on Tuesday not to get "so concerned about foreign ownership" that they discourage the Japanese from buying U.S. securities -- a move he said would "undermine" U.S. efforts to finance the budget deficit.

During a press conference a day before he is to leave for a visit to Japan and the Far East, Bush tersely reminded a questioner that "we have horrendous deficits" and that "foreign capital joins domestic capital in financing those deficits."

...The President's remarks, his most blunt so far on the foreign ownership issue, reflect the increasing difficulty the administration faces in handling the nation's huge deficits while dampening fears that Japan...is "taking over" American industry and real estate by increasing its investments here.

(Art Pine, Los Angeles Times, A1)

NATO ALLIES STILL DIVIDED ON MISSILES

FRANKFURT -- British Prime Minister Thatcher and West German Chancellor Kohl today ended the most extensive Anglo-German talks since 1986 without making any apparent progress on the thorny issue of the future of the Western Alliance's short-range nuclear missiles.

At a joint news conference after two days of talks here, Thatcher and Kohl tried hard to avoid calling attention to their strong differences over the subject....

But it was clear from the two leaders' statements that they still disagree....

(Robert McCartney, Washington Post, A26)

SOVIETS MUST DO MORE TO JUSTIFY LIFTING TRADE CURBS, BAKER SAYS

Secretary Baker testified yesterday that "there's more that needs to be done" by the Soviet Union before the U.S. can justify relaxing 15-year-old congressional restrictions on trade benefits.

Baker, in a three-hour public hearing before the House Foreign Affairs Committee after a 90-minute breakfast meeting with the same lawmakers, said the Soviets have made "rather remarkable strides" in their human rights and emigration policies.

The recent changes make it appropriate for the Bush administration to restudy the 1974 Jackson-Vanik amendment denying the Soviet Union most-favored-nation trade benefits on grounds of restrictive emigration practices, Baker said under questioning by Rep. Feighan.

Baker added, however, that it is "a big step" to go from a review to an actual change in policy. "There's still a ways to go. There's more that needs to be done" before the U.S. stance is changed, he said. He was not specific.

(Don Oberdorfer, Washington Post, A20)

U.S. CITES SOUTH KOREA, EC ON TELECOMMUNICATIONS Hills Warns Countries To Lift Trade Barriers

USTR Hills yesterday singled out the 12-nation EC and South Korea for imposing barriers to the sale of American telecommunications products, targeting them for possible trade sanctions if they continue to refuse to open their markets.

Hills named the EC nations and South Korea as "priority countries" for telecommunications negotiations under provisions of the omnibus trade law passed last year....

In addition to monitoring South Korea and the EC, the trade agency will review existing telecommunications trade agreements with Japan to see if they are being honored, Hills said. Further, she said, the trade agency will continue its studies to see if other countries should be added to the list of offenders.

Yesterday's action was the first public response by the Bush administration to the new trade law's upcoming series of deadlines for specific actions. The reaction to the announcement was muted on Capitol Hill, although one Republican trade specialist expressed concern that the administration was doing only the minimum necessary to appease Congress.

(Stuart Auerbach, Washington Post, D1)

YEUTTER SAYS BUSH PLEASED WITH NEW JAMAICAN LEADER THUS FAR

KINGSTON -- Agriculture Secretary Yeutter said Tuesday the Bush administration was pleased with the signals coming from newly elected Jamaican Prime Minister Manley, a onetime socialist firebrand who now extols the benefits of free enterprise.

In Jamaica to sign a \$10 million food aid agreement, Yeutter said in an interview that Manley's statements before and after the election had been well received in Washington. "One should assume that my presence indicates a preliminary reaction in the United States to the new government that is certainly a positive one," Yeutter said.

(Reuter)

WHITE HOUSE SEEKS NEGROPONTE NOMINATION TO MEXICAN POST

The White House Tuesday formally announced it would nominate veteran diplomat John Negroponte as ambassador to Mexico, where he has been criticized for ties to the Reagan administration's Central American policies.

Diplomatic sources said the appointment of Negroponte, a high-level official with a vast background of experience, reflected the importance the Bush administration was placing on its dealings with Mexico.

(John Reichertz, Reuter)

ORTEGA TO PARDON 1,700 POLITICAL PRISONERS

MANAGUA -- President Ortega said Tuesday he will ask Nicaragua's parliament next week to approve the release of 1,700 political prisoners.

The 1,700 are members of former dictator Somoza's hated National Guard who have been in jail since Ortega's leftist Sandinistas overthrew Somoza in a 1979 revolution.

In an emotional speech, Ortega told a rally of at least 30,000 people in Managua's Revolution Square he would free members of the body which killed his brother Camilo in an attack on the guerrilla-held town of Monimbo in February 1978.

"Although our heart doesn't accept freeing the guardsmen, our head tells us we are doing what is right," he said.

"I will send a proposal to pardon 1,700 Somocista guards to the National Assembly on February 28," Ortega told the crowd.

(Adrian Croft, Reuter)

SALVADORAN GUERRILLAS BROADEN PEACE PROPOSAL

OAXTEPEC, Mexico -- Leaders of El Salvador's leftist guerrillas Tuesday broadened a month-old peace proposal by offering to end nine years of civil war in return for a reduction of the size and political power of the Salvadoran army.

The proposal dropped a longstanding demand by the guerrillas that their forces be integrated into a new national army. Instead, the rebels reiterated their offer to join in the forthcoming presidential election if the voting, scheduled for March 19, were postponed to allow their participation.

Tuesday's proposal was the second in less than a month in which the rebels have abruptly ceded previous negotiating positions. The diplomatic offensive appears intended to upstage both the U.S.-backed Salvadoran government and the Bush administration, which has yet to name its Central American policy team.

(Philip Gennett, Boston Globe)

CAMBODIAN PEACE NEGOTIATIONS END WITHOUT AGREEMENT

JAKARTA -- Cambodian peace talks ended here tonight with the four warring Khmer factions still divided on a formula for sharing power, and a Cambodian guerrilla leader said the impasse may be broken only when the Soviet Union and China hold a scheduled summit in May.

Noncommunist Cambodian guerrilla leader Prince Ranariddh, in an interview, also urged the U.S. to become more involved in the negotiations on ending the long conflict in Cambodia. He conceded that the Cambodians cannot resolve the conflict in their homeland without help from the great powers.

(Keith Richburg, Washington Post, A26)

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NATIONAL NEWS

BUSH VIGOROUSLY DEFENDS TOWER

As President Bush vigorously defended John Tower...the Senate Armed Services Committee Tuesday took steps that could lead to approval of the former Texas senator by Thursday....

Bush, in a morning news conference at the White House, lashed out at Tower's critics. "There has been a very unfair treatment of this man by rumor and innuendo, over and over again...rumors surfacing with no facts to back them up," the President said about allegations of excessive drinking and womanizing by Tower....

Bush said he had reviewed the latest FBI material on Tower and was satisfied that it contained nothing that would disqualify his nominee. "I have never wavered in my support for John Tower," Bush said.

The President said that [Sen.] Nunn, who has given no hint about how he will vote, is being fair in his painstaking approach to the nomination. Bush rejected the theory that Nunn is prolonging the investigation to weaken Tower so that he could control the defense establishment from his Senate committee post....

Nunn, meanwhile, scheduled a closed session of the committee for today to review the FBI report.... Nunn said he hoped he hoped a committee vote could come as early as tomorrow.

(John Mashek, Boston Globe)

Bush Says FBI Report Clears Tower, Urges Prompt Senate Action

President Bush said Tuesday the latest FBI investigation of Defense Secretary-designate Tower has "gunned down" all allegations of excessive drinking and other improper behavior. He urged the Senate to move swiftly to confirm the nomination.

"I'd say all of these charges that we're read about have been rumor, a lot of it vicious rumor," Bush said during a press conference....

Senate Majority Leader Mitchell said he would bring Tower's nomination to the floor for a full Senate vote promptly after the committee acts....

Bush, praising [Sen.] Nunn for his "professional manner" in overseeing the Senate committee's consideration of Tower, said the FBI report contains nothing "that would make me, if I were a senator, vote against Sen. Tower."

(Benjamin Shore & Otto Kreisher, Copley)

Senate Panel Planning Tower Vote On Thursday

Senate Armed Services Committee leaders made tentative plans yesterday for a committee vote Thursday on the embattled nomination of Defense Secretary-designate Tower as President Bush, renewing pressure for confirmation, contended that the FBI has "gunned down" every allegation against Tower.

Committee Chairman Nunn and ranking Republican Warner said the panel will meet today to discuss the nomination and added that they hope to schedule a vote Thursday, "assuming that members of the committee have read and analyzed the latest FBI report."

Neither Nunn nor Warner would discuss conclusions they have drawn from the FBI's findings....

(Helen Dewar & Ann Devroy, Washington Post, A6)

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Senate Defense Committee Meets In Private Session Over Tower

Senators considering the nomination of Defense Secretary-designate Tower are to closet themselves Wednesday under pressure from President Bush to put aside "rumor and innuendo" over Tower's private life.

The Senate Armed Services Committee called an afternoon closed session to discuss the latest FBI report on Tower and key senators said the panel hoped to schedule a long-delayed vote for Thursday on whether to recommend that the full Senate confirm Bush's controversial nominee.

Administration officials, who asked not to be identified, told Reuters they expected the committee...to vote in favor of the 63-year-old former Texas senator.

"Unless there's a smoking gun around somewhere, I don't see how the hell they can say no," one of the officials said.

(Charles Aldinger, Reuter)

Republicans Rally Behind Tower After Bush Shows Fresh Support

Senate Democrats are keeping their own counsel in advance of a committee showdown on John Tower's nomination as defense secretary, but Republicans are falling into line after a fresh show of support from President Bush.

"We ought to have a unanimous vote" for Tower, Senate Republican leader Dole said Tuesday....

Sen. McCain, a member of the panel, said he had reviewed the FBI's latest findings...and saw nothing to disqualify the former senator from the Pentagon job.

"I do not understand the problems that others have, and I hope they will be specific," McCain said.

The soundings were less clear on the Democratic side of the aisle.

Sen. Nunn...declined to say how he intends to vote. "I want to hear what other people think, too."

Sen. Wirth circulated a letter he wrote four days ago to The Denver Post in which he said he was "troubled" by some allegations against Tower. An aide said he had no further information on Wirth's views.

Sen. Levin said he had read a portion of the FBI report and was reserving judgment until he had read it all.

(David Espo, AP)

TOWER PROFITED FROM '81 DEAL WITH 2 FRIENDS Senator Recommended Son Of One For Seat On Federal Bench

As a U.S. senator from Texas, Defense Secretary-designate Tower profited from a 1981 oil drilling investment arranged with the help of two old friends about the same time Tower recommended the son of one of the men for a federal judgeship, according to Tower's longtime personal attorney.

The Wall Street Journal yesterday reported on the timing of the investment and the judicial appointment. Tower's attorney, Paul Eggers of Dallas, said in a telephone interview yesterday that he had reviewed "the deal when it came in. It had nothing to do with the judgeship."

(Charles Babcock, Washington Post, A6)

WHITE HOUSE, DEMOCRATS SKIRMISH OVER BUDGET

President Bush and his budget director yesterday urged congressional Democrats to join in budget negotiations, but Democratic leaders said the spending cuts Bush has in mind are so severe that the across-the-board cuts envisioned by the Gramm-Rudman-Hollings balanced-budget law would probably be preferable.

...Bush intensified his efforts to get negotiations under way by meeting at the White House with a bipartisan group of congressional leaders....

Shortly after the early-morning meeting, OMB Director Darman took the administration's case to Capitol Hill, where he sought to assure the Senate Budget Committee that the administration doesn't see the proposed negotiations as a way of pinning blame on Democrats for imposing tough restraint on federal programs.

But Democrats, while not rejecting the administration's overtures outright, said they intend first to pressure the White House to be more specific about where it would cut domestic programs. Several said that one thing about the Bush approach is clear: It would ultimately lead to deeper cuts in the domestic budget than would an across-the-board "sequester" under the Gramm-Rudman-Hollings law.

(Paul Blustein & Tom Kenworthy, Washington Post, A4)

Democrats Press Bush To Specify Spending Cuts

Democratic congressional leaders held their first budget meeting with President Bush on Tuesday and said they remained frustrated at what they regard as the President's unwillingness to specify spending cuts to pay for new programs.

"We've got an administration here that wants to embrace the concept of a line-item veto but won't give us a line-item budget," said Senate Budget Committee Chairman Sasser, after the session with Bush and Budget Director Darman.

"When does he (Bush) start to make the tough choices?" asked Rep. Panetta, chairman of the House Budget Committee. "That's part of the process here, to find out what the choices are."

House Speaker Wright said he and other lawmakers told Bush at a White House meeting that before they can begin negotiations on the budget, they need more details on how he plans to pay for new programs in education, the environment, child care and other areas.

(Mark Nelson, Dallas Morning News)

What Will Be Cut? Congress Asks Bush

President Bush prodded the Democratic-controlled Congress Tuesday to start negotiations on a compromise budget package, but key lawmakers demanded more details on the President's proposed cuts in domestic programs before beginning serious talks.

Budget Director Darman, appearing later before the Senate Budget Committee to echo Bush's plea, came under sharp Democratic attack but warned that a prolonged stalemate over a federal spending plan is "fraught with risk," adding, "Although the real economy remains strong, interest rates are rising and markets seem less firm than one would wish."

The Democratic chairmen of the Senate and House Budget committees, who attended a White House meeting with Bush, agreed to continue private talks with Darman but complained that they lack the information needed to negotiate.

(William Eaton, Los Angeles Times, A16)

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CEA, FED CHIEFS DIFFER ON INFLATION
Boskin 'Optimistic'; Greenspan Sees Risk

President Bush's chief economic advisor told Congress yesterday that the administration does not see signs of a serious increase in inflation and thus sees no need for the Federal Reserve to keep raising interest rates to slow the economy.

"I am cautiously optimistic about the economic outlook," said Michael Boskin, chairman of the President's Council of Economic Advisers.

But Fed Chairman Greenspan warned that the risk of accelerating inflation is real enough this year that the central bank needs to restrain economic growth.
(John Berry, Washington Post, D1)

Greenspan Says Fed Will Keep Hiking Interest Rates

Fed Chairman Greenspan said Tuesday that fears over shaky S&L firms, highly leveraged corporations and Third World debt will not deter the central bank from its policy of gradually pushing up interest rates to fight inflation.

But Greenspan disappointed traders in financial markets, where both the U.S. dollar and long-term bonds lost some of their early gains, because the Fed chairman failed to prescribe any immediate doses of anti-inflation medicine.
(Tom Redburn, Los Angeles Times, A1)

ANNUNZIO CITES FLAW IN BUSH THRIFT PLAN

The chairman of the House subcommittee that will first tackle any S&L rescue plan said Tuesday that the Bush administration's plan is flawed because the FDIC is not capable of taking over insolvent thrifts.

Rep. Annunzio (D-Ill.) charged in a speech on the House floor that the FDIC has not examined 144 of the 617 banks for which it has primary supervisory responsibility in Texas for at least two years and 86 of them for at least three years.

"The FDIC already has its hands full with the problems it faces now," said Annunzio, chairman of the Financial Institutions Subcommittee of the House Banking Committee. "It needs to concentrate on the problems it currently faces, not spread itself thin by dealing with the problems of insolvent savings and loans."

FDIC spokesman Alan Whitney said the Annunzio figures on examinations are accurate and acknowledged the role of the agency in the S&L rescue "will put a strain on our resources."

(Robert Dodge, Dallas Morning News)

ANALYSTS CALL BUSH'S PLAN FOR S&Ls OVERLY OPTIMISTIC

President Bush's plan for rescuing the S&L industry is based on overly optimistic economic assumptions and understates the program's true cost by billions of dollars, private analysts said yesterday....

"These assumptions are highly optimistic, exceedingly optimistic," said Bert Ely, a financial-institutions analyst in Alexandria. "They're just not realistic."
(Dave Skidmore, Washington Post, D3)

BUSH HAILS FLORIDA DEMOCRAT'S SWITCH Rep. Grant's Move Gives Control Of State Delegation To GOP

Rep. Bill Grant, a conservative Democrat from Florida's Panhandle, announced yesterday that he was switching parties to become a Republican, a move that will shift control of Florida's House delegation to the GOP.

Flanked by President Bush and RNC Chairman Atwater at the White House announcement, Grant, 46, who was elected to Congress in 1986, said he could best represent "the values and priorities" of northern Florida as a Republican.

Grant's switch occurred following a meeting with Bush last Thursday when the two discussed GOP priorities and ideals. Atwater said yesterday that Grant neither asked for nor was offered any inducements to join the GOP and star in the White House news conference, where his move was described by Bush as "good news for our party, not only in Florida, not only in the South, but nationally." (Ann Devroy, Washington Post, A6)

BUSH AFFIRMS PRINCIPLE OF OPPOSING DUKE

President Bush admitted Tuesday he may have antagonized Louisiana voters in opposing former KKK leader David Duke but said he felt compelled to speak out because of Duke's "record of racism and bigotry."

"Maybe there was some feeling in Metairie, La., that the President of the United States involving himself in a state legislative election was improper or overkill -- I've read that -- and I can't deny that," Bush told reporters in the White House press room.

"But what I can affirm is, I did what I did because of principle," he said. (Lori Santos, UPI)

PANEL MEMBER REASSURING REPUBLICANS WRIGHT PROBE WON'T BE 'WHITEWASH'

The ranking Republican on the House ethics committee has been reassuring fellow Republicans privately that the investigation of Speaker Wright will not be a "whitewash" as some GOP members have feared.

A final report in the eight-month investigation will be thousands of pages long, so voluminous that "you will not be able to read it in a day," Rep. Myers of Indiana reportedly told fellow House Republicans this week....

Though Myers declined to divulge the findings of the report, he said that House Republicans will be pleased with the way the investigation was handled, congressmen who attended [a Feb. 10 House Republican Policy Committee] meeting said. (Jackie Koszczuk, Fort Worth Star-Telegram)

CAVAZOS CAN'T EXPLAIN FUNDING OF BUSH INITIATIVES

Education officials indicated yesterday that they don't know where they will get \$441 million to pay for President Bush's education proposals, leading one Democratic lawmaker [Rep. Natcher] to wonder whether they are real initiatives.

Secretary Cavazos, testifying before a House Appropriations subcommittee, also said he did not know how much money Bush is proposing for his department's fiscal 1990 budget.

(AP, Washington Times, A4)

U.S. TO CONSIDER WAYS OF PROTECTING PENSION RIGHTS AS WORKERS SHIFT JOBS

BAL HARBOUR, Fla. -- Labor Secretary Dole said today that the Bush administration will consider ways to protect the retirement rights of American workers who sacrifice pension benefits when they change jobs.

"If employees are going to have two or three or four jobs in their work lives, we're going to have to figure out how they can take their pensions with them from job to job," Dole said at a news conference after meeting with the AFL-CIO executive council.

Dole said the administration did not have a specific proposal for dealing with the problem but pension "portability" is "something that we need to look at."

...In other legislative matters, Dole ducked specifics on almost every subject, but said the administration would insist on some form of training wage as part of any legislation to increase the federal minimum wage. She said administration officials would have a minimum wage proposal next week.

(Frank Swoboda, Washington Post, A2)

Labor Secretary Dole Gets Warm Reception By Union Leaders

MIAMI BEACH -- Secretary Dole was warmly received by 35 of the country's top union officials Tuesday, with AFL-CIO President Lane Kirkland saying she was well qualified and had organized labor's good will.

"She embarks on this with a lot of good will," Kirkland told a news conference after Dole met the executive council of the country's umbrella labor organization. "I think she wants to be a good secretary of labor, and we certainly wish her well."

Kirkland described Dole as well qualified for the job and a person who could "defend her own turf" in government circles. (Reuter)

INS BUILDS TENT JAIL FOR ALIENS DENIED ASYLUM

BAYVIEW, Tex. -- The INS began erecting tents inside the fence of a minimum-security prison today under a plan to speed processing of aliens and jail those denied political asylum.

The plan led the Roman Catholic bishops of Texas to say they foresee "the creation of the largest concentration camp on U.S. soil since the incarceration of Japanese Americans during World War II -- a shameful page in our history."

State Department officials began making recommendations on asylum applications here under a plan announced Monday to deal with an influx of Central American immigrants and to eliminate "frivolous" claims more quickly.

(Joel Williams, Washington Post, A5)

NORTH FLOUTED LAW, COURT TOLD

NSC Aide A 'Fall Guy,' Defense Counters As Trial Begins

Oliver North put himself "above the law" to cover up the Reagan administration's secret backing of the rebel war in Nicaragua and should not be allowed to cloak himself in patriotism to excuse the lies he told, U.S. prosecutors charged yesterday....

Brendan Sullivan, North's lead attorney, fired back with a depiction of North as an unflaggingly loyal, "can-do" officer who carried out the bidding of President Reagan and his top advisers only to be abandoned when the Iran-contra scandal unfolded in late November 1986.

(George Lardner, Washington Post, A1)

-End of A-Section-

NETWORK NEWS SUMMARY

(Tuesday Evening, February 21)

HIROHITO FUNERAL

ABC's Peter Jennings: Here in Tokyo, where it is already Wednesday morning, visitors from around the world have begun to gather for the funeral of Emperor Hirohito. President Bush will arrive tomorrow. As always, the Japanese have their wall-to-wall, street-to-street security in place well in advance. They are concerned. During one security sweep near the international airport, they found homemade weapons, including two small homemade rocket launchers. Most of the arrivals so far have been fairly low-level delegations. Some countries have deliberately sent minor political or diplomatic figures as a way of saying they have not forgotten Japanese atrocities in Emperor Hirohito's name during World War II.... (ABC-Lead)

CBS's Dan Rather: It's rare when you can mark a turning point in history. This is one. The whole world is coming here to Tokyo this week to observe the end of one era and the beginning of another.... The most watched and honored visitor will be the President of the United States.... The task for George Bush is to work out a new relationship with a friend and ally America can't afford to lose and with a competitor we can't afford to lose to. (CBS-Lead)

PRESIDENT'S NEWS CONFERENCE -- TOWER/RUSHDIE

Rather: One the eve of his journey here to Japan and then on to China and Korea, President Bush held a wide-ranging White House news conference, including another strong pitch for John Tower for defense and denouncing Iran's death threat against author Salman Rushdie.

CBS's Lesley Stahl: Emotional and insistent, President Bush said the FBI, after weeks of investigation, has "gunned down" mindless allegations and innuendo against his choice for defense secretary, John Tower.

(President Bush: "I'd say that there is no evidence of any kind of the disease alcoholism. None. None whatsoever.")

The President urged the Senate to confirm Tower quickly.

(President: "I'd say all of these charges that we've read about have been rumor and a lot of it vicious rumor. And so I am convinced that he is not only capable of doing this job, but will do it in an outstanding way.")

The President's unequivocal defense of Tower came even as a new charge was being aired -- that reportedly as a senator, Tower may have profited from a lucrative oil deal in exchange for a federal judgeship. Still, leaders of the Senate Armed Services Committee, while noncommittal on how they'll vote, said they will move promptly.

(Sen. Warner: "The Chairman and I are working around the clock endeavoring to make the necessary preparations for the committee to meet tomorrow.")

(Sen. Nunn: "I hope we will vote on it in committee and decide it in committee one way or the other on Thursday.")

-more-

Stahl continues: On another matter, the President for the first time condemned Iran's death decree against novelist Salman Rushdie and sent a warning to the Ayatollah.

(President: "In the light of Iran's incitement, should any action be taken against American interests, the government of Iran can expect to be held accountable.")

Iran recalled its ambassador from the 12 European countries who ordered their diplomats home from Tehran yesterday. And Britain expelled the Iranian charge d'affaires -- moves President Bush said he strongly supports. As for Tower, the President may find that nomination still unresolved when he gets back from his trip to the Far East a week from now. Sen. Mitchell said he has no intention of being rushed if and when Tower's name reaches the Senate floor.

(CBS-2)

TOWER NOMINATION

ABC's Barry Serafin reports John Tower is a long step closer to a confirmation vote in the Senate. Tower got another strong endorsement from President Bush.

ABC's Brit Hume: With the latest, most extensive FBI report having apparently come out in Tower's favor, the President was making sure nobody failed to get the point. At a White House news conference, the President pounced on the inevitable questions about Tower. Yes, he said, he had read parts of the FBI report.

(President Bush: "What I got from it was that there has been a very unfair treatment of this man by rumor and innuendo, over and over again. The allegations against him, have been hanging over this, simply have been gunned down in terms of fact.")

But what about Sen. Nunn's worry that Tower may have had or may have a drinking problem?

(President Bush: "There is no evidence of any kind of the disease alcoholism. None. None whatsoever. And I think the report speaks to the fact that a lot of the -- most, all, I'd say all of these charges that we've read about have been rumor, and a lot of it vicious rumor.")

Sen. Nunn, meanwhile, while agreeing to hold a vote -- possibly on Thursday -- was still not saying which way his influential vote would go.

(Sen. Nunn: "I think you have to look at the whole record and make a determination and there will be people with differing opinions.")

A senior Bush advisor said today that not having Tower confirmed has been a problem in developing foreign policy. A worse problem would be if Tower had to be withdrawn and a new choice named -- a prospect that seems more remote than ever tonight.

(ABC-2)

NBC's Tom Brokaw: ...President Bush made a ringing defense of Tower for Defense.

NBC's Andrea Mitchell: Calling upon the Senate to act quickly, the President denounced what he called the mindless allegations that have been swirling around John Tower, including reports of alcoholism.

(President Bush: "All of these charges that we've read about have been rumor, and a lot of it vicious rumor. And so I am convinced that he is not only capable of doing this job, but will do it in an outstanding way.")

Mitchell continues: But Senate leaders were not happy with what they saw as White House pressure.

(Sen. Mitchell: "It would be an abdication of responsibility for those who must act on this important nomination to simply ignore those allegations.")

And Sen. Nunn was annoyed that the White House selectively leaked favorable sections of the FBI report.

(Sen. Nunn: "It makes it extremely difficult for us to keep it confidential if other people, notably the White House, [are] quoting from it selectively.")

The report did not resolve everyone's concerns.

(Sen. Dixon: "Based on what I now know, I would argue that I would like to see more information before I come to a correct conclusion. I'm not really sure how I'll vote.")

Sen. Wirth distributed a letter saying he is troubled that Tower's personal behavior would set a bad example for the military's treatment of women. Returning to town today, several senators said that people back home are strongly against Tower by big margins. Several senators said they are leaning towards voting no. (NBC-3)

ECONOMY/BUDGET

NBC's John Cochran: They're still on speaking terms, but a honeymoon it's not.

(TV Coverage: President at Cabinet table with congressional leaders.) Democratic leaders claim the President is naive and just plain wrong in his budget, which assumes banking interest rates will be lower than they are now. And today, Fed Chairman Greenspan did say he may have to raise interest rates to bring down inflation.

(Greenspan: "Let me stress that the current rate of inflation, let alone an increase, is not acceptable, and our policies are designed to reduce inflation in coming years.")

And even the President's top economic advisor, Michael Boskin, told Congress that inflation is a real risk, adding that, "We certainly don't want inflation to drift up to finally double-digit rates." President Bush argues that if Congress would act quickly on his budget that inflation would be dampened and there would be no need for higher interest rates. The Democrats claim the Bush budget is full of holes, Speaker Wright saying politely but patronizingly that the President's problem may be inexperience.

(Speaker Wright: "Yes, it may be that the President hasn't been intimately involved with the budget process in the past and might not have been intimately familiar with the manner in which it always must work.")

The President's top budget man, Richard Darman, tried again to persuade Democrats there are no black holes in the Bush budget, but Democrats argued the President has never explained how to lower the deficit without higher taxes.

(Sen. Hollings: " -- President Bush must think this is still a CIA -- covert operation -- the budget is, or something." Laughter. "Cause we can't catch the budget.")

President Bush says no new taxes this year; Congressional Democrats say no new taxes next year, when they must run for re-election. If they all mean what they say there will be no new taxes before 1991 at the earliest. (NBC-4)

ABC's Stephen Aug reports Fed Chairman Greenspan said not only his he worried that wages and prices will go higher in the future, he says they are already rising too fast. He wants interest rates to go still higher. Greenspan said if the Bush budget is approved quickly, cuts in government spending could make its rosy forecast come true. (ABC-8)

Rather: ...President Bush held a round of budget talks with congressional leaders. When it was over, Democrats insisted the President was still refusing to be specific about federal budget cuts and trying to avoid blame and responsibility for cutting popular programs. (CBS-3)

DUKE

Serafin: Mr. Bush today tried to put more distance between the Republican Party and David Duke, the former KKK leader who was elected to the Louisiana state legislature as a Republican. The President says his decision to campaign against Duke may have been viewed by voters as improper, but he felt he had to do it because Duke's record is one of racism and bigotry. (ABC-3)

Brokaw reports on a conversation between David Duke and Rev. Avery Alexander, who wanted to find out if the former Klan leader had renounced racism.

(Alexander: "He's still the president of the National Association for the Advancement of White People. Now that's pure racism and I just can't get away from -- ")

Duke: "Reverend, no more than the NAACP is the National Association for the Advancement of Colored People."

Alexander: "When the NAACP was born in 1909, three or four blacks were being lynched every day and every week.")

Tonight, John Treen -- the man Duke defeated -- filed a lawsuit to nullify the election. He claimed Duke did not live in his district long enough to qualify for candidacy. (NBC-7)

IRAN/RUSHDIE

ABC's John McWethy reports that, increasing its isolation, Iran ordered its diplomats withdrawn from the 12 E.C. countries. Speaker Rafsanjani, normally considered a moderate, echoed the tough line put out by Ayatollah Khomeini. "We are prepared to follow our own path at any cost," he said, indicating Western moves against Iran were all just part of a conspiracy against Islam. For the first time, President Bush commented today, calling Iran's threats "deeply offensive." He also issued a mild warning.

(President Bush: "In the light of Iran's incitement, should any action be taken against American interests, the government of Iran can expect to be held accountable.")

On Capitol Hill, Secretary Baker was grilled about what the U.S. plans to do.

(Rep. Solarz: "Have we, for example, consulted with our European allies? Are we considering the possibility of seeking a resolution in the U.N.?"

Secretary Baker: "Mr. Solarz, I am not aware of any steps that we've taken in the United Nations, and I am not personally aware of consultations with our allies, although there may well have been some.")

McWethy continues: Officials of the Bush Administration bristle at the suggestion that they have no real policy for dealing with Iran's threat. The policy appears to be quite simply to let the Europeans take the lead for awhile. (ABC-5)

Brokaw: ...Today, for the first time, President Bush spoke out on this controversy.

(President Bush: "However offensive that book may be, inciting murder and offering rewards for its perpetration are deeply offensive to the norms of civilized behavior. And our position on terrorism is well known. In the light of Iran's incitement, should any action be taken against American interests, the government of Iran can expect to be held accountable.")

...Secretary-General Perez de Cuellar appealed to Iran to lift the death threat. (NBC-2)

NBC's John Chancellor comments that because the biggest bookstore chains in the country pulled Rushdie's book off the shelves, terrorism works in the U.S. The Ayatollah Khomeini is telling you what you can and cannot read. (NBC-8)

NORTH TRIAL

Brokaw: ...Today, the point man in the [Iran-contras] operation went on trial, charged with 12 felony counts: Oliver North. But North's lawyer is determined to put President Reagan on trial as well.

NBC's Carl Stern reports Brendan Sullivan said North followed the instructions of the highest elected officials of the U.S. He said President Reagan had warned: We'll all be hanging by our thumbs in front of the White House if Congress learned of the secret aid being furnished to the contras. Said Sullivan: It wasn't Ollie North's idea; it was what the President wanted. Now North has been abandoned by his government. The prosecutor ripped into North, contending it is not an excuse to say you lied because your boss wanted you to. He said North's lying to Congress shattered the very soul of our system of government. (ABC-2, CBS-4, NBC-Lead)

WINNIE MANDELA

Jennings reports two of Winnie Mandela's bodyguards have been charged with murder. Police say they were the ones who kidnapped and beat to death a 14-year-old boy. Mrs. Mandela said again she is not involved in any way, and added that the murder charges were absurd. (CBS-5, ABC-6)

DRUGS

Brokaw reports there was a victory in the war on drugs. The operation involved more than 100 FBI agents and New York City police. It was the biggest heroin bust in American history. 800 pounds of heroin -- street value \$1 billion -- was seized last night. FBI officials said the raid put out of business a Southeast Asian drug ring that has been operating U.S. for two years now. 17 arrests have already been made and 14 more are expected shortly. (NBC-9)

-more-

NBC's Brian Ross reports on Congress and the air war against drugs. A big command center in Oklahoma for the U.S. Customs' war on drugs was built not near the border where the drug war is, but in Oklahoma because Congress said so. For the past five years, Rep. Glenn English of the Sixth District of Oklahoma and his powerful ally, Sen. DeConcini of Arizona, have had together almost unchallenged say over how Congress spends money in the air war against drugs. What DeConcini and English have been spending hundreds of millions on is a U.S. Customs drug war air force, a high-tech drug war star-wars that, as elaborate as it looks, so far is not catching many drug planes. DeConcini says English's district happens to be the best place for the command center. With Congress in command of the drug war air force, big-time contractors and highly paid lobbyists are trying to cash in. And now some of the most sought-after lobbyists in town work just down the street from the Capitol: former aides to DeConcini and English. One helped push through a big Lockheed contract when he worked for English. Now as a lobbyist, one of his clients is Lockheed. Another man wrote much of the 1988 drug bill as an aide to DeConcini and then quit right after the bill passed to work as a lobbyist for some of the very companies that have big drug war contracts. According to documents filed with Congress, the former aides to DeConcini and English and the others in their firm work for Westinghouse, Cessna and a lot of the key companies which have or are trying to get big drug war contracts. The former aides continue to have close relationships with English and DeConcini. Campaign records show the lobbyists have helped raise tens of thousands in campaign money for DeConcini and English, a lot of it from drug war contractors. DeConcini says there is nothing wrong with what his former aides are doing.

(DeConcini: "Now if undue influence is used here, obviously that's wrong. If that's been used, I'm unaware of it. And I don't know that it has. I don't believe it has. I think these are respectable people who represent companies who have a right to be represented.")

Now, at a time when most cocaine is smuggled in on cargo ships, Congress continues to spend millions on the air war. There is a \$20 million radar blimp based in New Mexico. It was launched with a lot of hoopla, hometown politics and some big promises. But so far, drug smugglers haven't had much to worry about. The big radar blimps on the Mexican border, so important to the air war strategy, have been grounded almost as much as they have been in the air because of winds, storms and repairs. Customs officials say that gives a drug pilot a big edge. After six months of operation, this radar blimp has yet to pick up a single confirmed cocaine plane. Even so, this drug war air force still has the confidence of its supporters on Capitol Hill. They say all that is needed is a few more years and a few more contracts. (NBC-10)

JAPANESE BUSINESSES IN U.S.

ABC's Chris Wallace reports on Japanese businesses in the U.S. Japan now has more than 700 factories in the U.S., employing 300,000 Americans. They deliberately located their plants outside America's big cities in white rural areas to get the kind of workers they want -- the kind Japanese managers call "cooperative." One translation: no unions.

Wednesday, February 22, 1989 -- B-7

Wallace continues: Some workers complain they are being worked too hard. There is also evidence the Japanese don't want to hire minorities, viewing them as problem workers. The Japanese deny any bias, but the federal government has found racial discrimination at Toyota, Honda and Nissan and pressured the companies to make changes in hiring and promotion. Despite these and other controversies, Tennessee and other states are falling all over themselves to get still more Japanese companies to come over. Sen. Sasser worries that in the rush to get local jobs, states are undercutting American industry.

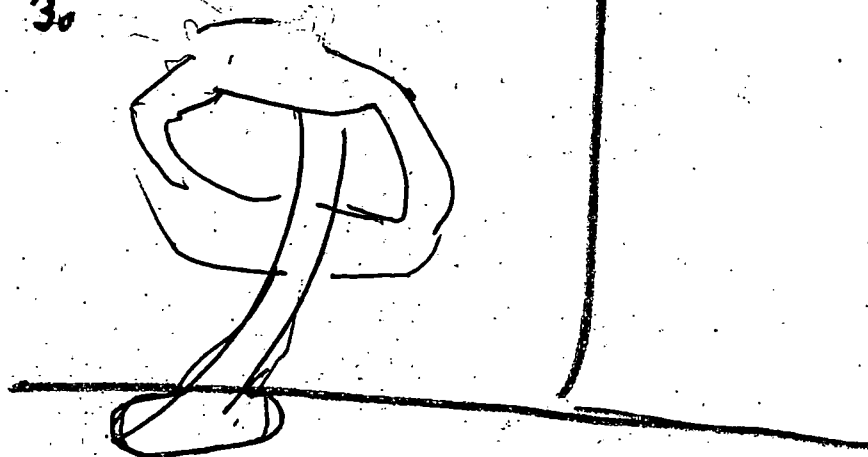
(Sen. Sasser: "I don't think American taxpayers' dollars ought to be used to subsidize Japanese industries in the United States that compete directly with U.S. firms.")

Jennings: When Mr. Bush was asked at his news conference how he would reassure Americans worried about the Japanese owning too much, as reflected in our poll this week, he pointed out that on a list of investors in the U.S., the Japanese are actually third. In fact, the British own almost three times as much and the Dutch own five percent more than the Japanese. (ABC-7)

-end of News Summary-

3

10
20
30



Miscellaneous notes
from Feb. 1989
visit to China
(same - personal
file for "library" eventually
y

Li Peng 2-26-88

①

Strategic Weapons

3 obstacles - most conditions agreed

"no alliances"

Pure to Economy Sov. might
have to cut military
priorities "more substance than change
(benefits)"

You might be concerned restore
party to party relations.

we will not emphasize party
contact. Gorb will meet Chernen

Zhao

(9)

potential for USSR
with sovs. than with you

Afghanistan -

* re supply

But sovs have been
supporting Najibullah govt.

Baluch will be furnished
to Afghan

campaches

Cambodien

some enemy troops put
on uniforms so they can step (3)

One should support Sihanouk

China not "marophy" of
power by Khmer Rouge

Must have 4 party support
or cannot participate - Pol
Pot must have all power sup
or cannot participate

Viet Nam

our relations ! ?

Chatchai onestwate ④
Phon Pun regime
I think = tracks

Korea
"Encourage Direct Dialogue"
Not US - NK
K. ISung = "great contact in self"
"more" NK isolated = worse it is"

Exercise = why irritate them?

PRC - SK contacts
Olympics =
Economics =

Not ready for
"official relations"

Tapan

(5)

revival of militarism,
military expenditure
high

M. E.

US dialogue PLO = good
Khadouni to PRC "flexible"
US Big Influence on Israel

Bi-Lateral

"pleased"

intellectual property -
work out patent law
now draft copyright law

want more US investment

Tanwar

Too relaxed its policies
~~Trend to~~ independence developing

Try to create 2 Chinas
in oppose -

US should
not support "elastic
tar policy"

understand trade
but combats must be non governmental

Most displeased with high
level contacts.

some people in U.S.
"smacks of intervention?"
in our affairs."

Missile sales
suggest exports
engage in talks -
(our aim for cooperation to
head off)

Thanks for support on reforms
but we need strong Govt in China

Travel Protection

014346

F0002



THE PRESIDENT

February 21, 1989

Dear B.B.:

Buck passed along your February 15th letter. I am dictating this just prior to leaving for Japan, and I am asking Chase Untermeyer to see what still might be available. We have moved fairly forward on most of the ambassadorships. In any event, Chase will check further.

My warmest best wishes to you B.B.,

A handwritten signature in cursive script, likely belonging to the President, George H. W. Bush.

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Mr. B. B. Andersen
2921 West 67th Street
Mission Hills, Kansas 66208

890223

All copies distributed
by bmm
(including bcc
to Prucky) —

THE WHITE HOUSE
WASHINGTON

DATE: February 21, 1989

FROM THE PRESIDENT

To: Chase Untermeyer

OS/

The attached letter from B.B. Anderson is
self explanatory.

He has been a supporter for a long time.

Please have someone get his resume and take
a hard look at what he might do.

bcc: John Sununu
Secretary James Baker

February 15, 1989

The Honorable George Bush
President of the United States
The White House
Washington, DC 20500

Dear Mr. President:

The good news is you were elected; the bad news is we don't get to see much of you any more. That's what they call progress.

I am writing on three items and I will try to be as brief as possible.

The first relates to the S&L crisis. I am on the Board of a Capital Federal Savings & Loan of Topeka, Kansas with assets of over \$3 billion. For the last several years our profit picture has been excellent and we enjoyed an almost 9% capital ratio which exceeds the proposed ratio by 3%. I support you wholeheartedly in your proposed crackdown of the S&L industry. Those of us that have been involved in the S&L industry for the last few years have watched the abuses that have thrown the whole industry in a turmoil.

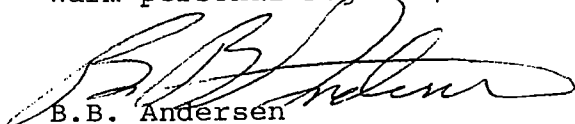
The second item deals within the manner of how we classify, store and distribute classified materials in the Intelligence area. As you may recall, I have been on the Defense Intelligence Agency Advisory Board since 1981. For the past seven years it has become evident to me that we are spending millions and probably billions of dollars on safeguarding some material that is not necessary for our national defense and we are very lackadaisical and careless in the areas that are important. I don't claim to an expert but I would suggest a total overhaul of the classification system.

The third item deals with me personally. I have let the dust settle so I could see what area I might become involved in. I respectfully request to be considered

The Honorable George Bush
February 15, 1989
Page Two

for an ambassadorship in a country of your choosing.
I have restructured my business holdings so I am
available for government service.

Warm personal regards,



B.B. Andersen

BBA:mb
AAP465

(FROM B.B. ANDERSEN)

Sir: I'll have Jan respond.
With regard to his
"third item" any
guidance for CHASE?

Dictate

P.

Bush
O'Donnell

William H. T. Bush
Chairman
314-727-4555

120 SOUTH CENTRAL / SUITE 1030 / ST. LOUIS, MO 63105



THE PRESIDENT

016310
EG-001-06
February 21, 1989

Dear Doctor Willke,

Your suggestion for a briefing is in the hands of our policy people, and they will get back to you soon.

In the meantime, thank you for your kind words about January 23. I'm glad the signals are going out clearly.

Sincerely,

bc (w/c of inc.):

J. Sununu
J. Hagin
D. Demarest

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Dr. J. C. Willke
National Right to Life
Committee, Inc., Suite 500
419 Seventh Street, N.W.
Washington, D.C. 20004

890221

✓ file copy



Suite 500, 419 7th Street, N.W.
Washington, D.C. 20004-2293 — (202) 1

Jan

quick spin
acknowledgment
E referring to
Hagin for appropriate
follow-up action.

February 9, 1989

THANKS

The President
The White House
Washington, DC 20500

POTUS will sign
cc: Sununu
Hagin
Demerest

Dear Mr. President:

The election and transition are behind us and we, with you,
look forward to a fruitful four, hopefully eight years. I feel
that it is important to meet with you in the relatively near
future.

I would hope to brief you on our strategy and campaign that
was so remarkably successful in delivering some millions of cross-
over Democrats into your column. Since most of this was independent
effort and expenditure, much of what we say will be new and confi-
dential information. I will bring my four political brains with
me; Dr. David O'Steen, NRLC Executive Director, Mrs. Darla St. Martin,
Assistant Executive Director, Mrs. Sandra Faucher, NRL PAC Director,
and Douglas Johnson, our Legislative Director. Upon this past success
we hope to build a mutual effort in 1990 and 1992.

We would also hope to discuss our thoughts on pursuing a success-
ful legislative strategy on pro-life matters and to set up channels
of communication. With your permission such a meeting, carefully
reported in the National Right to Life News, would add substantially
to the stature you already have in the pro-life community.

In the meantime, let me thank and compliment you on the clear
and welcome statement you made to the "March" on January 23rd. We
are so glad that you are where you are.

Sincerely,

J.C. Willke, M.D.
President

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02a. Note	From George Bush to Lilyan Wilder Re: USIA [redaction of personal information] (1 pp.)	02/21/89	(b)(6)	

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Wednesday, February 22, 1989

Date Closed: 1/23/2009	OA/ID Number: 90503-008
FOIA/SYS Case #: 2009-0166-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

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

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
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P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) 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)]

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(b)(9) Release would disclose geological or geophysical information

Bush Library Photocopy

014412

FB 414



THE PRESIDENT

February 21, 1989

Dear Lilyan,

I am going to be sure that Bruce Gelb knows of your interest in doing something at USIA.

Hastily, but with warm best wishes,

A handwritten signature, likely of George H.W. Bush, written in dark ink.

THE WHITE HOUSE

Ms. Lilyan Wilder

(b)(6)

890223

THE WHITE HOUSE
WASHINGTON

DATE: February 21, 1989

FROM THE PRESIDENT

TO: BRUCE GELB

All Yours !!

g

A NOTE FROM
LILYAN WILDER

Dear President George,
Thank you very
much.
Lilyan

2/15/89

Sir:

GUIDANCE for Chase.

(I'll copy Governor Sununu)

P.

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02b. Letter	From Lilyan Wilder to President Bush Re: USIA [redaction of personal information] (1 pp.)	02/06/89	(b)(6)	

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Wednesday, February 22, 1989

Date Closed: 1/23/2009	OA/ID Number: 90503-008
FOIA/SYS Case #: 2009-0166-S	Appeal Case #:
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Bush Library Photocopy

February 6, 1989

LILYAN WILDER

(b)(6)

THE PRESIDENT HAS OFFER

The Honorable George Bush
President of the United States
The White House
Washington D.C. 20500

Dear Mr. President:

Your quick note written before the Inauguration arrived just a few days ago. I tried hard to push my way up to the rim of the stage at the New York Ball so I could wave to you. Couldn't. But I was there, and I hope my spirit soared over the crowd to reach you and Barbara.

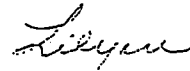
Thank you for sharing my January 5th letter with Governor Sununu. I will be in Washington on February 21st and 22nd. Perhaps I can meet with him then.

I also want to point out something else that I find very exciting. Enclosed is an item from Newsweek Magazine. I am very excited about Bruce Gelb's appointment as Head of the U.S. Information Agency. Our paths have crossed in the past. He has recommended people to me from Bristol Meyers to hone their communication skills.

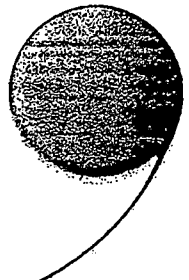
My thought is that the U.S. Information Agency is a place where I could be of great assistance to people who broadcast on the network. You know my experience with broadcasters goes back 20 years, and as a matter of fact, I have been a colleague of Dorrance Smith at ABC for many years. May we look into that?

It tickled me to hear Leslie Stahl on Sunday, February 5th say of you that "Before the debate, his mind and tongue got a divorce. After the election, there was a reconciliation." Well, I knew all along the stature, the command and the charm of George Bush. Didn't everybody?

Sincerely,



Lilyan Wilder





RALPH DOMINGUEZ—GLOBE PHOTOS



ROBERT MAASS—PHOTOREPORTERS

An agreement that cost him his job—and bonus: Milken, Giuliani

Will Mike Milken Sue?

Officials at Drexel Burnham Lambert, the embattled investment-banking firm, and aides to U.S. Attorney Rudolph Giuliani in New York expect "junk-bond king" Michael Milken to sue them over a plea-bargain agreement that cost him his job and a huge bonus. As part of the deal signed last week, Drexel agreed to plead guilty to six felony counts of securities fraud, including stock manipulation and insider trading. The firm also agreed to pay a \$650 million fine and dismiss Milken and freeze his 1988

bonus—at least a hundred million dollars—though he had not yet been indicted.

Milken's lawyers refuse to comment, but a friend says he feels "betrayed" and "will take some action" against Drexel and perhaps the government. Because Milken was not a party to the agreement, his right to due process may well have been trampled, explains Harvard constitutional-law expert Laurence Tribe. Giuliani's position is that Milken's firing was not the result of a "state action" but Drexel's own management decision. But attorneys for Drexel maintain that the government insisted on including the firing and bonus freeze in the plea agreement.

Alumni Tie

State Department sources say Deputy Secretary-designate Lawrence Eagleburger, a top Kissinger aide in the Nixon-Ford era and president of Kissinger Associates, favors another Kissinger alumnus, Winston Lord, as assistant secretary for East Asian and Pacific Affairs. Lord is now ambassador to China. James Lilley, ambassador to South Korea and a longtime George Bush friend, was widely expected to get the Asian job, but Lilley has "too much respect for the chain of command" to appeal to Bush, associates believe. GOP conservatives unhappy over Kissinger protégé Brent Scowcroft as national-security adviser may take up Lilley's cause.

Paper Control

Could U.S. chemical companies be selling chemical-warfare technology illegally? After disclosure of West German links to a Libyan chemical-weapons plant, the Senate Governmental Affairs Committee will hold hearings next month on enforcement of U.S. export controls. The Commerce Department and Customs Service depend on voluntary reporting by chemical companies, not inspections, so no one can be sure curbs are not being violated. "We're relying on paper control," warns a Hill source.

Desperately Seeking Diane

CBS News star Diane Sawyer is seriously considering a jump to ABC, presumably exploiting a loophole in the five-year, \$6 million contract she signed two years ago to remain a "60 Minutes" correspondent, industry sources say. The ABC offer reportedly includes co-anchoring a prime-time news show, perhaps with former White House correspondent Sam Donaldson. The main lure is "the opportunity to do another kind of television," says a source close to Sawyer. Recently married to movie director Mike Nichols, Sawyer also wants to cut back on the nonstop travel required by "60 Minutes." ABC News president Roone Arledge first approached Sawyer last fall; serious negotiations resumed last week.

George Bush and James Baker want ABC News producer—and fellow Texan—Dorance Smith as No. 2 at the U.S. Information Agency, to create a state-of-the-art TV operation.

Smith's been developing a prime-time show for Donaldson. "It would really screw up ABC," laughs a rival network staffer, hoping Smith accepts.

Glove Affair

Barbara Bush may do more for white gloves than Michael Jackson and Minnie Mouse combined. Since the First Lady waved a white-clad hand at the Inauguration, Washingtonians have been watching for an echo on the capital fashion scene. "There is going to be a return to old-fashioned values, and white gloves are very much a part of that," says Val Cook of the chic Saks-Jandel shop. Mrs. Bush is a "style setter," agrees fashion doyenne Susan Mary Alsop. Stores in Washington report no surge in sales, and New York manufacturers' orders haven't increased. But well-bred Washingtonians don't need to buy white gloves. Like Judith Martin, a.k.a. columnist Miss Manners, they already own them.

Lucy HOWARD with bureau reports

ROUNDUP

Conventional-Wisdom Watch

The CW on the budget deficit has a case of the hiccups. For months, the deficit has been seen by the CW as ready to wreck the economy at any moment. Then last week there was a brief flurry of do-deficits-real-

ly-matter stories in CW organs like The New York Times and The Atlantic. But soon, with the S&L crisis exploding, it was back to a new fear—that the deficit would sap the savings rate. So, it matters after all.

HOT TOPICS

Conventional Wisdom

George Bush



S&L's, abortion, mixed speech reviews. The honeymoon is shaky.

Nicholas Brady



"Boneheaded" deposit-insurance-fee idea. Back to the country club?

William Bennett



Seating-chart symbolism: drug czar absent from first cabinet meeting

The Electric Chair



Who wasn't ready to see Ted take his seat?

Georgette Mosbacher



From social lioness to glitzy interloper in one week.

Reagan's heirs



The old man gets \$5 million for memoirs and \$40,000 per speech.

014438

F0002

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

The Honorable Julian Niemczyk
United States Ambassador
AM CON GEN (PRG)
APO, New York 09213



THE PRESIDENT

February 21, 1989

Dear Jay,

Many thanks for your letter about Frank Stella. Though another outstanding individual has been chosen for the post in Italy, I do share your high regard for Frank.

Best wishes to you, with appreciation for your input and concern.

Sincerely,

Jbc: Rose Zamaria
C. Untermeyer

890223



EMBASSY OF THE
UNITED STATES OF AMERICA
PRAGUE

February 1, 1989

OFFICE OF THE AMBASSADOR

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

Dear Mr. President:

I am writing this letter to express my strong endorsement of Mr. Frank Stella to be considered for selection and appointment as the U.S. Ambassador to Italy.

Frank needs no introduction to you or to other senior Republican Party leaders. They are well aware of his loyalty and support to the Party.

As you know, Frank Stella served as Chairman of the National Republican Heritage Groups Council and is currently President of the National Italian American Foundation (NIAF). He has been a key official in Michigan state fundraisers which tremendously benefitted the Party and its candidates.

I have the highest regard for Mr. Stella and feel confident the best interests of the United States would be served by his appointment as Ambassador to Italy.

Your support for Frank would be greatly appreciated.

Warm regards,

A handwritten signature in cursive script, appearing to read "Jay", written over a horizontal line.

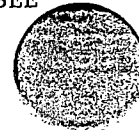
Julian M. Niemczyk
Ambassador

bc: Rose Zamaria
C. Untermeyer

Frank's great
any 4 2 x

Jan -- recd 2/15/89
we need a nice acknowledgment
Stella will NOT be
Ambassador to Italy
....check w/ Chase on how
to respond Many thanks

P.
POTUS WILL WANT TO SEE
INCOMING AND SIGN





EMBASSY OF THE
UNITED STATES OF AMERICA

February 2, 1989

Mrs. Rose Zamaria
Office of the Chief of Staff
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

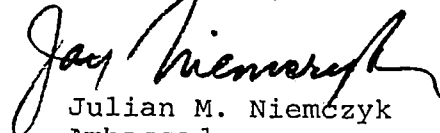
Dear Rose:

It was good talking with you by phone last week while I was in Washington to attend the Inauguration.

It is great to have President Bush as our leader.

Would you be kind enough to insure that this gets to the President? It would be greatly appreciated.

Best wishes,


Julian M. Niemczyk
Ambassador

Enclosure

Patty,

2/14/89

Jay asked that I send
this on to the President. He
worked with Mr. Bush at
the RNC and is now Ambassador
to Czechoslovakia. Thanks,
rose

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03a. Note	From George Bush to Fitzgerald (Gerry) Bemiss Re: golf cart story [redaction of personal information] (1 pp.)	02/21/89	C	

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Office: Office of the President
Series: Daily Files
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WHORM Cat.:
File Location: Wednesday, February 22, 1989

Date Closed: 1/23/2009	OA/ID Number: 90503-008
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THE PRESIDENT

PP010

February 21, 1989

Dear Gerry:

I've known that about Fitch all along. I loved the story about the golf cart. A real keeper.

Warmest best wishes,

Love to M.

THE WHITE HOUSE

Mr. FitzGerald Bemiss

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Mr. Fitzgerald Bemiss

C

090283

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03b. Letter	From Fitzgerald (Gerry) Bemiss to President Bush Re: golf cart story [redaction of personal information] (1 pp.)	02/16/89	C	

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Wednesday, February 22, 1989

Date Closed: 1/23/2009	OA/ID Number: 90503-008
FOIA/SYS Case #: 2009-0166-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
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Bush Library Photocopy

THE PRESIDENT HAS SEEN

FITZGERALD BEMISS

C

Pickard

February 16, 1989

The President
The White House
Washington, DC 20500

Dear Mr President,

Let me tell you what Fitch did to me. We were playing on this fancy course in Florida. In the middle of the course is a well-shielded sewerage treatment plant and throughout the course there are various ponds used to receive the effluent and to water and beautify the course.

My ball was near one of these ponds, so Fitch, driving the cart, unloaded me and then took the cart, parked it, and walked off. The only trouble was that he had parked it on the sloping bank and not put the brakes on. I looked up from careful consideration of my approach shot just in time to see, to my horror, the cart start its inevitable run to the very depths of this septic pond. It was just deep enough to submerge the clubs, sweaters, wallets, keys - the whole damn business - not unlike the Titanic and just about as difficult to recover.

✓ We had to put up with no end of smart remarks from golfers going through us and to wait until a piece of heavy machinery and a diver came to recover the stuff. We did recover it, dried it out, got a new cart and went on with the game.

The remarkable thing about Fitch's performance was that he had done exactly the same thing to some nice old retired Admiral in Houston just two weeks earlier.

Beware of Fitch!

As was

Gerry

cc Mr. John C. Fitch

014552

FB 037



THE PRESIDENT

February 21, 1989

Dear Charlie,

Thanks for your most encouraging and supportive letter of February 11. I am going to stand with Tower all the way, and I am confident he will make it. I have never seen such a campaign of innuendo, vicious rumor and gossip in my entire life. I agree that Bill Simon would be a strong choice, but I am not considering alternatives.

Thanks for the notes of the Coleman-Bartlett seminar.

Warm regards,

A handwritten signature in dark ink, appearing to be "G. H. W. Bush", written in a cursive style.

THE WHITE HOUSE

Honorable Charles L. Bartlett
1529 18th Street, N.W.
Washington, D.C. 20036

890223

CHARLES L. BARTLETT THE PRESIDENT HAS SEEN
1529 18TH ST., N.W.
WASHINGTON, D.C. 20036

2/11/89

Memor. to the President -

You are doing great. That speech was
a stand-up home run.

These notes of the Coleman-Bartlett
seminar may give you perspective on the scene. We
had 17 speakers, mostly from Congress, and
they talked pretty frankly. It will be best if
you throw them away when you finish with them.

I know you are going all the way with Troer
and I admire you for it. But if something turns up
to make another choice unavoidable, give thought to
Bill Simon. Tough, upfront, clean as a whistle, strong
conservative base, no party for the bureaucracy and, if
you make the deal ahead of time, a solid team player.
I really believe you would enjoy working with him as



Colman (Bartlett)

Seminar 2/7-8/89- Notes on Relations between Bush and Congress:

- "We have a genuine desire for compromise, an end to the ideological split" (Rep. Jones, freshman Democrat from Georgia);

- Bush plan is to try to keep control for five or six months. he means to deal with the key problems (deficits, thrifts, and nuclear waste) quickly and directly and then go on to his own initiatives.

First he must allocate \$82 billion in increased revenues for 1990; he must launch economic initiatives to compete in the world; and finally go to work on his domestic initiatives. The aim will be to try to avoid a "bet-and-raise" pattern of dealings with Congress. He is ready to defer pressing on some of his promises.

The White ^{House} knows the Dems can react by being cooperative, by setting out to beat Bush proposals, or by taking everything he proposes and raising it. The strategy is to try to negotiate compromise agreements. The understanding is that he will veto any tax raise this year. The Senate Dems are perceived ready to negotiate; the House Dems more ready to fight although the Speaker's problems are likely to soften him up.

Trade can be a bone of contention. The protectionist instincts are very much alive. (all the above from Robert Teeter, key Bush adviser).

- On the Senate side a new generation of leadership; 32 Senators under 51 years; they are not ideologues and they are pleased to hear from Bush that he is not locked in concrete, that he wants give-and-take with Congress. (Don Riegle, Chairman of Senate Banking and an old Bush friend)

- Low morale in the House in the wake of the pay raise debacle probably redounds to Bush advantage. Speaker is now eager to find ways to cooperate. The House leadership appears eager to be perceived as working with the administration. Bush is making a tremendous effort over Congress and people like Strom Thurmond, who said he has never been on second floor of the White House, are having a chance to bounce on Lincoln's bed. Bush is gaining leverage from his heavy courtship of Congress. They particularly appreciate the pleasure their wives get from being invited to the White House. (all above Dick Cheney)

- We have the possibility of "a whole change in the way the federal system works". For 12 years it has been confrontation, lines in the sand. "There is nobody more partisan than I am but our system has problems, my business is in trouble and we've got to stop petty bickering and using commissions to make the big decisions."

Our agenda depends on what Bush does and we will get the signal Thursday night. If signal is communication and conciliation, we are ready. Only if he chooses to fight will we set up our own agenda. The problem is the Republican right wing - they want confrontation to whip the legislature into line. We see that Bush is taking them on.

Bush's basic emphasis is on the foreign side; the Democrats' emphasis will be on the domestic side. "We can deal if Bush is ready to compromise. (all the above Tony Coelho, Majority Whip of the House).

- "I am almost startled by the actions George Bush has taken. He has decided

②

he wants to be a different person than he appeared in the campaign. he is bending over backwards to seek out all those whom he vanquished in the election."...never been invited to a small social event at the White House.. I have had two social occasions with the Bushes. My colleagues were delighted. We toured even the kitchen and wound up singing around the piano. "Does It help - you bet it does." (Rep. John LaFalce (Dem - N.Y.)

-Bush is at 51% approval; Barbara Bush at 60%. Problem for Bush - no base in public opinion, no base of people who will be with him when he is in trouble. He doesn't have bedrock conservative support.

In 1980-81, concern with inflation was counted a major concern by 75% of the people - since March 1984 no single problem has been cited as a major concern by 20% of the people. SDome 56% favor the direction in which the country is headed and the outlook on personal life is the brightest since Gallup took these soundings. there is however a subterranean pessimism about the future, about the rich getting richer, about the prospects for the next generation, etc. But now 90% of older Americans are satisfied or relatively satisfied with their economic situation. (Keene, Public Opinion Magazine)

Seminar 2/7-8/89 - Notes on Budget Prospects:

-Popular attitudes on taxes shift but Ronald Reagan left the country with a strong set of anti-tax attitudes and there has been no wavering on that. Bush will veto a tax bill. There will be no tax increase this year. (Teeter)

-Polls have been telling us that a majority of the people want more spending on education, poverty, homeless etc. What they are really saying, the pollsters are now finding, is that they want the government to do more with the money it is already spending. Only 29% think the deficit is serious enough to raise taxes. A majority agrees with Reagan/Bush that if taxes are raised, the government will only spend more. (Keene)

-We will not get a budget agreement until the end of the year. Taking \$5 billion out of Medicare will be tough for Congress. But there will be agreement - there cannot be a sequester; defense could not take it. A tax bill could be part of the final reconciliation. (Cheney)

-Credit markets will be the silent partners at the negotiating table. They will focus on Bush year II because getting to the G-R-H target for 1991 (\$74 billion deficit) will be tougher than it will be to get to the \$100 billion in 1990. We're not going to get to \$100 billion realistically but credit markets will count \$120-125 as a success. We need to show a longterm glide path to lower deficits and a two-year agreement will be an important signal; a one-year agreement will be a warning signal. Bush is under a special pressure because the timetable calls for balance by 1993 which will be the end of his first term.

No anxiety among House Democrats to bring Bush into summit talks on budget resolution. Legally the President is not involved. But Bush has offered his hand and the Democrats won't do well if they try to get there themselves. It will be no easy task.

③ No tax increase in 1990; perhaps in 1991. There is reluctance to open the tax reform act of 1986 - fear it will unravel.

Deficit has seemed to public less threatening than the alternatives. Nobody gets beaten because he doesn't deal with the deficit. (Rep. Bill Gradison (Rep.- O.))

-The Democrats on Ways and Means want George Bush to succeed. He has a unique relationship with Danny. We all want him to succeed; We have urged him to be more honest than Reagan in his economic assumptions - we will be forced to take his assumptions... All the members want to balance the budget. the American people won't let you do what you ought to do. (Rep. Marty Russo (D-III.))

"-Bush can't do revenues this year." So we will stumble through the budget process without any broad-based revenues and next year we will start to address some of the concerns. We will hang to G-R-H course. But we have to get into infrastructure repair. "It doesn't do any good to bring our deficit down if we are going to let the quality of our structure deteriorate. .

I predict that the new revenue source will be VAT within five years. there is no other possibility of broadbased taxes and there is no prospect of raising rates. (Coelho)

Seminar on 2/7-8/89 - Notes on financial issues:

-President does not feel LBOs have been good for the country but he has not so far found a solution, a way to slow down LBOs. (Teeter)

-Senate Banking committee won't do anything else until S&L problem is taken care of. We'll stay with it until its done - the nation will be losing \$33 million a day. Then we'll take up financial deregulation, LBOs; Third World debt; and the Defesne Production Act.... Reaction on Hill to Bush proposal on S&Ls is reserved. The scope of it hasn't settled in. The tone is generally positive. I can move it along pretty well in the Banking Committee I want to get it through in 30-40 days if no snags develop.. not clear what the operating charter of the S&Ls will be in the future. I am not certain they will wind up looking like banks. I have asked the GAO to go back and look at deals made in December.(Riegle)

-Reaction from the bankers has been unbelievable. I haven't had a complaint all day. "It tends to make you feel we didn't get what we should." The S&L guys are unhappy. The FDIC won't deal with the private sector until the legislation is approved and we have weapons. We cannot use our own money and we cannot obligate the U.S. government without authority from Congress. In future dealings, the insurance fund will be able to lift the insurance coverage when the states don't conform to the federal guidelines. (William Seidman, Chairman FDIC)

-Congress probably won't do anything on LBOs. Tax changes are difficult. The consensus is that there is no sense of crisis... Nick Brady is not a heavyweight. Darman will be the key player in economic policy...Minimum wage was on the track but it will be a victim to the failure of the Congressional pay raise. (Cheney)

-Bush should put a time certain on Congressional action on the FSLIC rescue. (Gradison)

-On capital gains tax: there may be some chance it will come through as part of a package. Bush believes it is a revenue gainer and his view will be supported by Treasury. (Teeter)

-Ways and Means won't accept Bush's contention on capital gains. Pressure to get it through will trigger discussion on how to tax upper income people to pay for it. I doubt if it will happen. Rosty sees it as a loser and if it were to prevail, he would move up the upper rate. The trade-off would be a 33% flat rate. The business community is split on it. (Russo)

Seminar on 2/7-8; Notes on Economic Observations:

-We are entering a danger zone. Wage rates are accelerating. Production costs are rising. Consumer prices have been rising since 1987. If you are sitting at the Fed, this kind of thing worries you. They are having a hard time finding that their restraints are working. The restraint is not holding back the home buyer.

But there are signs that economy is going to slow to a sustainable pace. The one-shot improvement in our world export position is largely exhausted. Exports will continue to grow but slower. Economy shows signs of slowing down. The vendor performance and delivery delay records, which Greenspan watches, reflect this trend. Inflation will continue to drift up - probable 5-5 1/4 % in 1989. Fed is not going to rush to ease policy at first whiff of a slowdown. Fed will be constrained by downward pressures on the dollar. It will be limited by prospects of a modest deficit reduction. I am very optimistic there will be no recession in 1989. (Lyle Gramley)

-Sidney Jones basically agreed with Gramley's assessment. Said he will be sanguine until he sees strong signs of an inflationary revival.

Seminar on 2/7-8/89 - Notes on Central America and other Foreign issues:

-This is a tough time for Jim Baker - none of his people confirmed. We are shifting from cold war competition to economic competition. There should be an international economic coordinator in the White House to work as the NSC adviser does on political issues. The White House did a poor job in handling the truck import issue with Germany because there was no coordination. (Sen. Richard Lugar (R-Ind.))

-Press has overlooked bipartisan negotiations on Central American issues. A ten-member group seeking a consensus with Baker, who does not intend to follow the Reagan policy - no military aid for contras. We're willing to work out something but Dems will insist on working with the Central American leaders. Baker wants multilateral negotiations. We may be able to make a deal. (Coelho)

-If the Democratic majority insists on a containment of Sandinistas, the question will be: can it work? and the answer will be: no. The Soviets have a continuing commitment to destabilization and it may be that the Bush administration can make the deal that will stop it. If not, the Contras are positioned to come back and play a strong role. (Cord Meyer)



THE PRESIDENT

February 21, 1989

Dear Aunt Marge,

I will keep my eyes open for Zhang Zhongjing or her brother, Zhang Zhongning, when in China. I will be seeing people other than government officials.

Both Barbara and I are looking forward to going back.

Warmest regards,

Love you!

THE WHITE HOUSE

Mrs. Stuart H. Clement
200 Leeder Hill Drive, Apt. 438
Hamden, Connecticut 06517

00256

MRS. STUART H. CLEMENT
200 LEEDER HILL DRIVE, APT. 438
HAMDEN, CONNECTICUT 06517

Dear George
Reluctantly, but on
advice of those smarter
than I, I send the name
and address of the Chinese
woman who was my house
guest for 2 years - she came
(as a physicist) to study
the history of physics with
Professor Klein -
I remember when
I was in Beijing in '74
we were ~~not~~ able to contact

THE PRESIDENT HAS SEEN

Chinese people who had
friends & relatives in the
US.

I simply give you the
name & address as a
identification in case
you meet - Her brother
visited me twice and I
attach his name -
You were marvelous
last night and
I'm shining bright in
reflected glory -

Lots a love

Aunt Marge

Feb 10 - 1989

Zhongjing's information :

full name : Zhang Zhongjing

her mother's name : Tong Junha

her husband's name : Cui Hongchao

her daughter's name : Cui Zhiwei

one of her brother's name : Zhang Zhongning

her address :

1 Institute of History of Natural Science,
Academia Sinica.

1 Gong Yuan Xie Jie,
Beijing, China.

Her brother's name
Zhang Zhongning
Institute of Zoology
Academia Sinica
1 Zhongguancun, Haidian
Beijing



THE PRESIDENT

February 21, 1989

016302

TR007

Dear Armand,

Your input is timely and appreciated. Though in more generic terms, a discussion of industrial and trade activities is on the agenda.

Thank you for your good wishes for the trip. My hopes are high for strengthening ties and planning new bridges.

Sincerely,

bc (w/c of inc.):

B. Scowcroft

bc: D. Paal (NSC)
493 OEOB

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Dr. Armand Hammer
Occidental Petroleum Corporation
10889 Wilshire Boulevard, S. 1500
Los Angeles, California 90024

✓ FILE COPY

890221

OCCIDENTAL PETROLEUM CORPORATION

10889 WILSHIRE BOULEVARD, SUITE 1500

LOS ANGELES, CALIFORNIA 90024

(213) 208-8800

ARMAND HAMMER
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER

9 February 1989

The President
The White House
Washington, D.C.

Dear Mr. President:

Your working visit to China after you attend the funeral of the Emperor of Japan will certainly strengthen relations between our two nations. I am sure that you will be enthusiastically welcomed by the Chinese leaders and people as both an old friend and new President.

I would like to take this opportunity to report to you about Occidental Petroleum Corporation's involvement and interests in China. We started our projects in China 1979 when then Vice Premier Deng Xiao Ping made his historic visit to the U.S. During this ten-year period, through the close cooperation between China and Occidental and with personal attention given to our projects (particularly the An Tai Bao surface coal mine in Shanxi Province) by Chairman Deng, and other Chinese leaders and myself, we are proud to say that Occidental Petroleum stands at the forefront of major foreign investments in China.

Our An Tai Bao coal joint venture is the largest Sino-foreign joint venture to date. Starting this year, with the completion of plant modifications and expected improvement in rail service to the mine, the full design capacity of 15 million metric tons of raw coal per year should be achieved and continue to produce for the next 27 years. Occidental has invested \$300 million in this venture to date. Forty-two international banks extended a loan of \$455 million to Occidental and its partner, the Bank of China Trust and Consultancy Company. The total cost of this project including the investment from the Chinese side for its contribution to the joint venture and the infrastructure has been well over \$1 billion. Fully 80% of the coal produced will be sold in the world market, which will provide all of the foreign currency for the project participants including Occidental.

A big venture like this has certain start-up problems, such as assurance of adequate rail transportation, fuel supply and security which we are addressing with the Chinese authorities. We have confidence that these will be resolved. We have

The President
9 February 1989
page 2

proposed to the Chinese a second phase of the project which would double the present design capacity, which the Chinese are evaluating.

In addition to our major coal venture, Occidental has made a modest oil discovery in the South China Sea and will enter into development of that oil field this year with China National Offshore Oil Corporation. We have made technology transfers of our polyvinyl chlorides (PVC) and caustic soda processes to China's chemical industry and we are examining potential chemical joint ventures with China.

As an industrialist, I firmly believe that the cornerstone of the lasting Sino-American relationship is the ever increasing industrial and trade activities between our two countries. Occidental as a corporate citizen is doing its share to reinforce this relationship. As a Californian, I look with particular interest at the Pacific Rim which holds such economic promise for the future. China and the United States hold the keys to that success, which your early visit to Beijing will underscore. In light of the broad range of Occidental's activities in China, should you find an appropriate moment, I think mention by you of our involvement in China would underscore America's commitment to economic cooperation through free enterprise.

On the eve of your first trip to the Pacific region as President, may I extend my sincere wish to you for a very pleasant, successful and fruitful journey.

Respectfully,

Hermand Hammer

FEB 21 '89 16:13 OCCIDENTAL

P.1

OCCIDENTAL PETROLEUM CORPORATION
10889 WILSHIRE BOULEVARD
LOS ANGELES, CA 90024 U.S.A.

016302
TR007

FAX NO. 456 - 2397

REF. #: 1486

MACHINE TYPE: _____

MACHINE PHONE #: _____

DATE: Feb. 21, 1989

SWITCHBOARD #: _____

TO: President George Bush - The White House

LOCATION: Washington, D.C.
(COMPANY NAME, CITY & STATE / OXY DIVISION, CITY & STATE)

FROM: Dr. Armand Hammer

NUMBER OF PAGES 1 + COVER

RAPICOM 230	- 213/208-5701
RAPICOM 230	- 213/443-6689
RAPICOM 230	- 213/443-6688
RAPICOM 230	- 213/443-6684

TELEX NUMBERS: WUT 673389 OXYPETE LSA
TRT 188588 OXYPETE LA

PROBLEMS OR QUESTIONS CALL: TONY/NELSON/JOYCE
213/443 -6494

MESSAGES/INSTRUCTIONS MAY BE WRITTEN IN THE SPACE BELOW

(If a P.S. is desired, it
could refer to Armand Hammer's
endorsement of Louis Sullivan
in December--copy attached)

Jan B.

2/15/89

hand delivered
by Marvin Bush

needs personal
acknowledgment but
coordinated w/ NSC

POTUS WILL WANT TO SEE
but routine handling....
Thanks

Patty



approved
D. Baal

Jan,

~~Armand Hammer~~ ^{enclosure} 1/16

Per our conversation this morning, a copy of the letter has been sent to Helen and the original is being placed in Dr. Sullivan's file. We will not respond to this letter with our generic letter, the response will come from you or Helen (if I understand).

If questions please call:

DIANE LANDIS
RESUME MANAGEMENT
673-2850

Thanks,
Diane

OCCIDENTAL PETROLEUM CORPORATION

10889 WILSHIRE BOULEVARD, SUITE 1500
LOS ANGELES, CALIFORNIA 90024
(213) 208-8800

ARMAND HAMMER
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER

DEC 23 1988

attach
208-8800 Corp
RESUME MANAGEMENT
Adm

December 20, 1988

The Honorable George Bush
President-Elect
The Vice President's House
Washington, D.C. 20501

Dear Mr. President-Elect:

I understand that you are considering Dr. Louis W. Sullivan, President and Dean, The Morehouse School of Medicine, as a potential candidate for the post of Secretary of Human Services in your Administration. In my position as Chairman of the President's Cancer Panel, I am acquainted with Dr. Sullivan through his membership on the National Cancer Advisory Board, which is itself a Presidential appointment.

I would like to go on record as strongly supporting Dr. Sullivan for this important position. As I am sure you are aware, Dr. Sullivan has a long and distinguished record in medicine and in teaching, having served as Instructor in Medicine at the Harvard Medical School, Associate Professor of Medicine at the Boston University School of Medicine, and Director of Hematology, Boston City Hospitals, to name only a few of the positions he had held. He has performed his current duties as President and Dean of the Morehouse School of Medicine in a most exemplary manner, and the School of Medicine owes much of its present high scientific standing to Dr. Sullivan's leadership since 1981.

Dr. Sullivan has served on many scientific boards and committees for the NIH and other government agencies and has made valuable contributions to these organizations. He is a very active and knowledgeable member of the National Cancer Advisory Board.

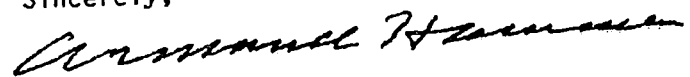
The Secretary of Health and Human Services will have an important role to play in your Administration, I am sure, knowing as I do your commitment to improving the health services in this country, as well as your support of the government's programs in cancer, AIDS, and other diseases afflicting our citizens. I am sure Dr. Sullivan would be of great assistance to you as Secretary of Health and Human Services and would carry out your policies efficiently and effectively, yet with the human touch which is so characteristic of your own approach to leadership.

The Honorable George Bush
December 20, 1988
Page 2

I know that the scientific community, and particularly the cancer community, would welcome the appointment of so distinguished a scientist and administrator as Dr. Sullivan as Secretary of Health and Human Services.

With warmest good wishes,

Sincerely,



AH:ec

014430

SP

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Ms. Janelle McArthur
The McArthur Company
5680 Prue Road
San Antonio, Texas 78240



THE PRESIDENT

February 21, 1989



Dear Janelle,

Thanks for your good luck note. I was pleased with the reception on the Hill and sense a growing spirit of cooperation among the leadership. That gives great possibility to the challenges this Administration will face.

Bob Estrada will steer you in the right direction. In the meantime, best wishes to you, with appreciation for your friendship.

Sincerely,

Con A. A. A. A.

bc: David Bates

THE WHITE HOUSE
WASHINGTON

bc: David Bates

Date: 02/15/89

TO: SHIRLEY GREEN

FROM: JAMES W. CICCONI
Assistant to the President and
Deputy to the Chief of Staff

☐ Information

☒ Action

☐ Let's Discuss

Please prepare a short response
for the President -- quick
turnaround -- then back to me.

Thanks.

*Janelle
McArthur*

*best to
Bobby*

*Jan -
Can you do a
quick reply - Patey
will type up - and
will send to JC
rev*

THE WHITE HOUSE
WASHINGTON

TO: JIM CICCONI 1255 FEB 13 2:11:03
FROM: DAVID Q. BATES

A friend of the President
- he should sign the outgoing.

Thanks.

The President

2:45 pm - Bob Estrada's

The
McArthur
Company

Office -

Mr. President -
Have had
several meetings
"interviews" for
positions in D.C.
Everyone has been
wonderful -

Appreciate
your support!

Good luck to
everyone in the
firm. You will
do well.

2-8-89 *James*

The
McArthur
Company

Dave -

Please pass
on to the President!
Look forward to
hearing from do-
morrow morn.

Thanks for all
your help - have
had some good morn
thanks to Bob

Extra -
I hope to see
you next time you
are here - *James*

C13757
PP

THE WHITE HOUSE

WASHINGTON

February 21, 1989

Dear George,

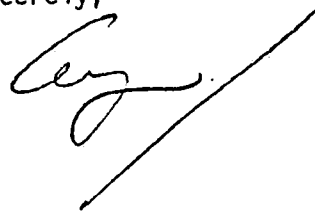
Brother John sent along your wonderful letter of January 25. First, let me say I fully accept your explanation. I did see the quote, but I wasn't even mildly disturbed by it because I know you and you are my friend. When I screw things up real bad, I expect I will hear from you directly -- at least I hope that is the case.

Your letter of explanation was interesting in regards to Michael Kramer. I have known Michael for a long time; but he has jabbed me a couple of times in the last year, and I am not sure exactly what his problem is.

In any event, please put out of your head any concerns on this matter that you might have had. Brother John and I value your friendship and support, and we have great respect for all you have done for the Party.

Bottom line: No problem at all -- none whatsoever.

Sincerely,



Mr. George L. Clark, Jr.
3950 Bedford Avenue
Brooklyn, New York 11229

✓ bcc: Jonathan Bush

890223

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
04. Letter	From Jonathan Bush to George Bush Re: quote [redaction] (1 pp.)	02/02/89	C	

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Wednesday, February 22, 1989

Date Closed: 1/23/2009	OA/ID Number: 90503-008
FOIA/SYS Case #: 2009-0166-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

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

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

JONATHAN BUSH

C

THE PRESIDENT HAS SEEN

February 2, 1989

Dear George,

George L. Clark, Jr. called me the other morning wildly upset over a quote in Time magazine. The quote of course was completely 100% off the wall. I enclose a copy of his letter.

George did a tremendous job for us in the general election. There is no doubt as to his loyalty and his strong support. I know you know this.

Warm regards.

Sincerely,



bcc: Jonathan Bush

Photocopy from George Bush Presidential Library



the President checks out the desk in the Oval Office

"kids' rooms," said Bush. But not the one that really matters. "I couldn't wait to get in here."

... in all formula-ver's too: es above it Bush's more in sage. Aff-lued vic-; himself nge. But ves that that the e incon-

re faced pick the one and ural was at an in-cts at a Jimmy a leader t nation 'arter in use, but country try that No. 1, is

not disposed to countenance slippage on what Bush called "democracy's big day." From the political master he served loyally for eight years, Bush has come to appreciate the value of symbolism. By now it is innate: telegraphing decay is not the way to lead the free world. So it was that last Friday the new President said, "We know how to secure a more just and prosperous life for man on earth," the accuracy of his certitude being irrelevant to the occasion. He even looked good doing it. "I can't explain it," Barbara Bush once said, "but ... the camera shrinks him and makes him seem small." Not last week. Perhaps it was only the trappings, but George Bush finally looked presidential.

The perception has already taken hold: Bush is more sensitive and caring than Ronald Reagan, more of a hands-on administrator (could anyone be less?), a more accessible leader who will conduct spontaneous press conferences (if only to prove he is on top of his game), a pragmatic moderate willing to accommodate reality rather than rail against it. Already his excessive jingoism has been

banished, out of sync with the style he seeks to project. (Was it really George Bush who said, after the Vincennes disaster last July, "I will never apologize for the United States of America. I don't care what the facts are"? Already forgotten as well is the promise of "wholesale change" and "fresh faces." In the Bush Administration, the experienced and credentialed are welcome—and everywhere. More than 80% of the top White House staffers appointed so far have served there previously.

Almost heretically, given the Republican Party's current center of gravity, National Security Adviser Brent Scowcroft has moved his boss to the center by calling him a "Rockefeller Republican." To the Republican right, those are fighting words. So repugnant was Nelson Rockefeller's pragmatic moderation that they forced him from Gerald Ford's ticket in 1976. "Look at most of the [Bush] Cabinet and White House staff," says George Clark, the former New York State Republican leader who supported Reagan in 1980 against the preferences of the state party's dominant Rockefeller wing. "The more I see and read—and I

hope I'll come to think I'm just joking—the more I think we should get ready to primary [i.e. challenge] Bush in '92."

Before then, Bush will have four years to entrench himself, and the significant difference between the new President and his predecessor was actually highlighted months ago. In his Inaugural, Reagan reiterated the basic tenet of his political philosophy: "Government is not the solution to our problem; government is the problem." In accepting the presidential nomination last August, Bush stated in view, sublimated for eight years, in five words: "I do not hate government."

Bush's "liberation" (as he put it in an interview with *TIME*) was on full display as the transition played out. The entire week, not merely the Inaugural, was carefully choreographed. "This is the week said White House chief of staff John Sununu, "designed to set the tone for governing." The difference in tone was immediately apparent. On the Sunday-night television program *60 Minutes*, Reagan once again disparaged civil rights leaders for "doing very well [by] keeping alive the feeling that they're victims of prejudice." The next day Bush attended a prayer breakfast honoring Martin Luther King Jr. Bush opposed the 1964 Civil Rights Act and once called King a "militant" but now he hailed the civil rights champion as a "great gift from God."

From there, Bush "shared" the disabled's "dreams of full participation" society, and then promised a group of schoolteachers that "education will be my desk and on my mind from the start every day." At yet another gathering, he said the country should "work together to bring light to shine on all of God's children," a notion revisited movingly in the Inaugural when he charged the nation to help "the homeless," the "children who have nothing and those who cannot free themselves of enslavement to white addiction—drugs, welfare, demoralization—that rules the slums."

Symbols all. But something else is going on last week, something of substance and paramount importance: the beginning of what may be an exquisitely orchestrated retreat. The flip side of "kinder, gentler" is embodied in Bush's famous campaign pledge, "Read my lips: no new taxes," a politically expedient stance that helped him win election but now threatens his ability to govern successfully. "Backing off that promise could destroy his presidency," says a senior administration official. "But we'll probably have to do just that. How we do it will make the President out to be a liar or an incompetent weakling is going to be all of George Bush's skills. The shift required to get out of that box is going to make everything he's done to get in seem like child's play."

The money game, or more precisely the lack-of-money game, began its

00.



THE PRESIDENT

Feb. 21, 1989

013131

PR 005

Your Eminence,

This leaf picture
is just about my favorite;
and I wanted you to have
it. Warmest Personal Regards
and My Respect, always,

George Bush

THE WHITE HOUSE

His Eminence
John Cardinal Krol
5700 City Avenue
Philadelphia, Pennsylvania 19131

bcc: Steve Studdert
Jan Burmeister

890222

25

013131
PR005

Archdiocese of Philadelphia
222 N. 17th Street
Philadelphia, Pa. 19103

Office of the Cardinal

March 1, 1989

Jan Burneato

The President
The White House
Washington, D.C.

Dear Mr. President:

I received the beautiful picture of you, Mrs. Bush and myself today and am overwhelmed by your thoughtfulness and kindness. I have hung the picture in a prominent place in my office and have already received many favorable comments on it. It is a reminder of a very enjoyable meeting and one I will always treasure.

Please be assured of my prayers as you carry out the heavy responsibilities of your Office. May God give you strength and wisdom as you go about your daily activities.

Sincerely yours,

John Cardinal Krol
John Cardinal Krol
Archbishop-Emeritus of
Philadelphia

Patty:

Reading File . . .

Just arrived in office 3/24

(Handwritten signature/initials in a circle)



012483

2-21-89 PP010



THE PRESIDENT

Dear Kathleen -

Such a nice note!
Good Luck in the big
old private sector; but we
miss the Shanahan touch.
Thanks for your note. Sincerely
E. B.

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Ms. Kathleen Shanahan
4356 Lee Highway, #201
Arlington, Virginia 22207

890223

KATHLEEN M. SHEPHERD

Mr. President -
It was an honor and privilege of a lifetime to
serve on your staff for 3 1/2 yrs. From
setting up the "system" to the FUND, to the Convention,
to the Campaign, to the Transition and Inaugural -
what a challenging and exhilarating Road we all
traveled. I cannot express how satisfying it is
to have you in the Oval Office running the
United States of America. A more perfect fit
there will never be -
I went with Craig to try the private
sector. It's different out here - very enjoyable. I

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
05. Letter	From George Bush to Richard N. Perle Re: op-ed piece [redaction of personal information] (1 pp.)	02/21/89	(b)(6)	

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Wednesday, February 22, 1989

Date Closed: 1/23/2009	OA/ID Number: 90503-008
FOIA/SYS Case #: 2009-0166-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

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(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information



THE PRESIDENT

2-21-89

PU

Dear Richard,

I was delighted to see
your op-ed piece on John Tower.
I am sure it will bring great
joy to his heart. I + did to mine.
John has taken from this

wild press speculation an
horrible pounding. Along
the way no one has
questioned his ability.

Your supportive comments
will help a lot.

So my thanks,

As Bill

The Honorable Richard N. Perle

(b)(6)

cc: John Sununu
Boyden Gray
Jan Burmeister

89 0221

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
06a. Letter	From George Bush to Jonathan Bush Re: contact lenses [redaction of personal information] (1 pp.)	02/21/89	C	

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Wednesday, February 22, 1989

Date Closed:	1/23/2009	OA/ID Number:	90503-008
FOIA/SYS Case #:	2009-0166-S	Appeal Case #:	
Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

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

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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



THE PRESIDENT

2-21-89

D10351
PP01204

Dear John,

My square eyeballs
keep me from wearing
contacts; but thank
Pat Barnett for the

booklet appropriately
entitled "Contact Lenses".

The second volume
was written by me after
trying my 5th separate
model. It's called
"P.O'd at Contact Lenses".
Devotedly Ay

Mr. Jonathan Bush

C

bcc: Jan Barnett

000221

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
06b. Note	From Jonathan Bush to President Bush Re: contact lenses [redaction of personal information] (1 pp.)	02/17/89	C	

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Wednesday, February 22, 1989

Date Closed: 1/23/2009	OA/ID Number: 90503-008
FOIA/SYS Case #: 2009-0166-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

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

P-1 National Security Classified Information [(a)(1) of the PRA]
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(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

JONATHAN BUSH

February 17, 1989

C

Dear Mr. President,

I enclose a copy of a letter from Dr. Spencer E. Sherman together with his book on contact lenses. Pat Barrett suggested that I pass this on to you.

If you want to reconsider contact lenses Sherman is the man to do the job.

Kind regards.

Sincerely,





THE PRESIDENT

February 21, 1989

Dear John,

Thanks for asking me to help open the Astros' season on April 4. You know it would be great fun for me and, even though the official calendar is filling rapidly, I'll let the scheduling office check and get back to you.

It's not too soon to wish you a fantastic season, so Barbara and I are doing just that.

Sincerely,

bc (w/c of inc.):

J. Hagin
George W.

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Mr. John J. McMullen
Houston Sports Association, Inc.
Post Office Box 288
Houston, Texas 77001

✓ file copy

010349
FI 004

THE WHITE HOUSE

WASHINGTON

February 21, 1989

Dear Bob:

David showed me the press clips from your trip to Houston and Chicago. I just wanted you to know that I appreciate your strong support of our budget.

I look forward to seeing you soon and, again, I appreciate your loyal support.

Sincerely,



The Honorable Robert Mosbacher
Secretary of Commerce
Department of Commerce
14th & Constitution Avenue
Washington, D.C. 20230

*P.S. Off to Japan !!
See you next week.*



UNITED STATES DEPARTMENT OF COMMERCE
Office of the Secretary
Washington, D.C. 20230

February 17, 1989

MEMORANDUM FOR DAVID Q. BATES

FROM: JOSEPH S. CASPER *JSC*

RE: Secretary's Efforts to Push the
President's Budget.

Attached please find news clippings on the Secretary's trip to Houston to promote the President's Budget (unfortunately, we do not have press clippings from the Secretary's trip to Chicago).

Also attached is today's press release on the nation's trade figures. In it the Secretary re-iterated his support for the President's Budget goals.

Finally, for your information, this week the Secretary spoke to five groups of business executives, granted four interviews to major newspapers, and had numerous interviews with local television and radio affiliates in pushing the President's budget priorities.



UNITED STATES DEPARTMENT OF
COMMERCE
NEWS

WASHINGTON, D.C. 20230

OFFICE
OF THE
SECRETARY

STATEMENT BY SECRETARY OF COMMERCE ROBERT A. MOSBACHER

Capitalizing on positive global conditions and increased competitiveness, American exporters led the improvement in the U.S. trade balance in 1988. Exports soared 27 percent, the trade deficit was slashed by \$33 billion for 1988, and import growth was held to a three year low.

Although our trade balance improved to \$137 billion in 1988 from \$170 billion in 1987, it is imperative to further reduce our overall trade deficit. It is our challenge, however, to reaffirm our commitment to exporting through improving our quality and competitiveness.

President Bush's budget priorities provide the tools to advance these goals. Reducing the cost of capital, increasing personal saving and promoting research and development will go a long way to ensure that America wins at home and in the global marketplace.

The president shirks a short-sighted approach to budgeting and calls for realistic, long-term thinking. The proposal for federal biennial budgeting will not only take the politics out of the process, it will enable businesses to develop strategies for the future.

In 1988, record-breaking exports represented some 40 percent of America's GNP growth. Continued export growth and economic expansion depend on government and business looking forward together and adhering to the fiscal priorities outlined by President Bush.

###

2/17/89

BUSINESS

Finance & Markets

Recruiting



By DANIEL BENEDICT
Houston Chronicle

Mosbacher outlines plan to assist exports

The U.S. Commerce Department has begun recruiting firms with goods and services to sell abroad, and many Texas companies can expect a visit, U.S. Commerce Secretary Robert W. Mosbacher Jr. said Monday.

Mosbacher told business and political leaders attending a meeting of the Greater Houston Partnership, the holding company that oversees the Houston Economic Development Council and the Greater Houston Chamber of Commerce, that the Commerce Department plans to be more aggressive in promoting American exports by attracting more companies.

About 10 of the 100 people attending Monday indicated they had been

contacted by Commerce's export-promotion arm, the U.S. and Foreign Commercial Service. Mosbacher said that if he were to ask that question in a year, he would hope to see that more than half have been approached.

Formerly, Commerce depended on customers interested in exporting to request help. Now Commerce will look for customers, encouraging them to enter the global marketplace and offering assistance, Mosbacher said. He noted that 10 percent of what Americans produce is for sale abroad, while in other nations exports may reach 75 percent. He said Commerce will target small and middle-sized businesses.

There have been recent reports that the U.S. and Foreign Commercial Service is cutting staff at a time when export promotion is a key

government goal. Mosbacher said at a news conference following the speech that he is reviewing the personnel situation to determine whether the agency has enough people and whether their assignments should be changed. He said many workers are currently spending more time on statistical analysis than with business people.

Raising a host of other issues, Mosbacher said fellow Texan John Tower is being treated unfairly as he seeks confirmation as Secretary of Defense.

He also said Bush wants to stimulate the domestic oil and gas industry with tax credits for exploration and production and tertiary recovery, the decontrol of natural gas prices, and by encouraging production in all offshore areas except for two environmentally sensitive areas in California and one in Florida.

President Bush's budget proposals offer the best opportunity to reduce the federal budget deficit to \$80 billion from the current \$150 billion level, he said. For example, he said, the line-item veto would allow the president to line out pork barrel projects that waste government money, and the flexible freeze would allow him to control spending increases.

Mosbacher defended Bush's proposal to lower the capital gains tax, saying that doing so would increase savings and help alleviate the nation's problem in capital formation. More available capital would bring down interest rates, he said.

He also suggested making the research and development tax credit permanent because the United States must bring products to market faster.

The U.S. Commerce Department is looking for firms with goods and services to sell abroad, U.S. Commerce Secretary Robert W. Mosbacher said Monday. Page 2C.

about in his budget speech to Congress last Thursday.

Mosbacher said the nation overall is enjoying unprecedented prosperity, with unemployment at a 14-year low. He called on Houston leaders to contact their congressional representatives to urge quick passage of the budget.

If the budget isn't adopted quickly and pretty much as the president proposes, cuts could have to be made under the Gramm-Rudman act. Across the board cuts, he said, "are usually the least effective way to do it."

He defended the proposed budget against accusations that revenue predictions are too high. "The growth that has been projected that is claimed to be optimistic is approximately the average growth that has taken place year by year since 1947, which is about 3 1/4 percent."

He echoed the president's call for reduction in the capital gains tax, saying it would encourage capital formation. He noted that U.S. savings rates are less than 4 percent, while those in Japan are about 14 percent. That makes more capital available at less cost to Japanese business.

Mosbacher, a Houston oilman, talked about tax incentives and other measures to increase domestic petroleum production, but only in general terms.

He said he had discovered two laws since arriving in Washington. One is that "if you have a lot of background in a particular area, you're precluded from being a part of the solution."

The other says "you're always innocent unless you've been nominated by the president of the United States to fulfill a national job." That was a reference to delays in confirmation of John Tower's nomination as secretary of defense.

"I think it's been dragged out an awfully long time," he said at the press conference. "As I understand it, the FBI has been asked to go out several times and re-evaluate, look further. I have not heard nor have I read of anything new that they have found."

Mosbacher seconded Bush's call for passage of a line-item veto. He said political expediency in Congress prevented killing of some obviously "pork barrel" spending measures, and that the line-item veto was the expedient way of dealing with such problems. He also talked about the advantages of two-year budgets.

Mosbacher denied there was any "turf fight" between him, Secretary of State James Baker and Treasury Secretary Nicholas Brady on reducing the trade deficit. "There are," he said, "enough problems for all of us."

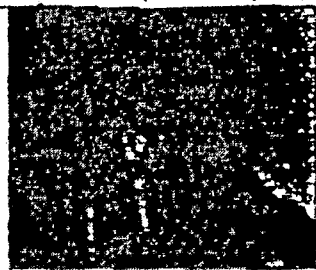
The Houston Post

TUESDAY, February 14, 1989

Exporters get vow of more help

Mosbacher addresses
city's business leaders

TUESDAY, February 14, 1989



Mosbacher brings agenda to Houston

In his first return to Houston as Commerce secretary, Robert Mosbacher told a group of area business and civic leaders that the United States must reduce its trade deficit. He also promised more help to small and medium-sized companies wanting to export goods or services.

Date in Business Day/C-1.

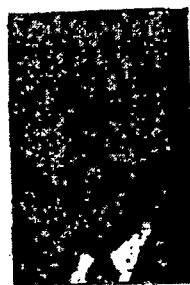
By John Ira Petty
OF THE HOUSTON POST STAFF

Commerce Secretary Robert Mosbacher said Monday the United States must reduce its trade deficit, and promised more help to small- and medium-sized companies wanting to export goods or services.

He also said he believes the Senate has been unfair to John Tower, the Bush nominee as secretary of defense whose confirmation has been stalled in the upper house.

Speaking to Houston business and civic leaders at a Hyatt Regency breakfast meeting, Mosbacher promised a "major push" through the Commerce Department's U.S. and Foreign Commercial Services to provide much more assistance, in the form of information, contacts and similar aid, to such businesses.

"It's a tough, cold world out there in this competitive game," he said.



MOSBACHER:
In Houston

U.S. exports have increased some, he noted. But with the value of the dollar at more realistic levels, "we think that if we help educate, coordinate the private sector ... we can do a tremendous amount to increase exports over the next few years."

Exports from this country, he said, still amount to less than 10 percent of its commerce. In most other countries, the figure is 25 percent, or even as high as 75 percent.

"We've never had to do it before," he said, but the U.S. has to learn to export now.

He said he believes a substantial increase in exports will be an important aspect of Houston's recovery, especially through the impact on the Port of Houston.

Later at a press conference, he was asked whether stronger laws against unfair trade practices are needed.

"I think we may have enough laws on the books. We need to enforce them vigorously, fairly, but very strongly. I think if we do that we'll make the Japanese and others realize that trade has to be truly a two-way street."

Mosbacher's speech, his first public appearance in Houston since his unanimous confirmation by the Senate, focused on policies of the new administration. He reiterated

Please see MOSBACHER C-2

energy policy. The forum was founded in 1974 by Mrs. Bush and Anne Armstrong to provide Republican women in the Washington area an opportunity to meet and discuss issues with policymakers. Members of the forum include Cabinet, Senate and Congressional wives and Administration appointees, Congressional staff and Republican Party activists.

The General Accounting Office has initiated an evaluation of the effectiveness of the Department's programs in adequately protecting workers from exposure to radiation at nuclear facilities. Senator John Glenn requested the evaluation, which is expected to attract media attention and additional Congressional interest. GAO staff will visit Department laboratories and interview personnel throughout the nation in evaluating the existing programs.

The U.S. natural gas market is in excellent condition to meet anticipated increases in demand during the upcoming Winter months. Natural gas supplies are high -- domestic production is at a five-year high, imports from Canada continue to increase and the volume of gas in storage is at record levels. Prices are stable and have decreased in some markets. The mild weather in the eastern U.S. over the first six weeks of the Winter season has depressed the demand for natural gas heating and allowed supplies to grow.

HEALTH AND HUMAN SERVICES

January 6-21. Secretary Sullivan continues his travel in Africa with Director Roskens to assess child welfare and AIDS programs on the continent. During the course of the week, Sullivan and Roskens will meet with government leaders, health officials, researchers, doctors and teachers in Cote D'Ivoire, Uganda and Malawi.

January 7-8. The National Vaccine Advisory Committee will meet to develop an effective response to the measles epidemic now underway in the United States. The incidence of measles among preschool children surged throughout 1989 and the first six months of 1990. Currently 20 states report outbreaks of measles -- particularly large outbreaks have been reported among nonvaccinated preschoolers in Los Angeles, Chicago and Houston.

January 12-15. The National Institute on Drug Abuse will sponsor a national conference in Washington on drug abuse research. This will be the first conference sponsored by the Department that focuses on the role of research in drug abuse demand reduction and on how new research-based methods of curbing drug use can be given more widespread application.

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: P00787-22A, P00791-04

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:

4

Folder Title:

Wednesday, February 22, 1989

OA/ID Number:

90503-008

Transferred by:

Deborah Wheeler

Date of Transfer:

1/23/2009

Received by:

Mary Finch

Date Received:

1/23/2009

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American
Eskimo Indians
in Anchorage

Photocopy from George Bush Presidential Library



First Stop on
Asian Trip in
Anchorage, Alaska

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