

Originally Processed With FOIA(s):  
2009-0166-S

FOIA Number:  
2009-0166-S

# FOIA MARKER

**This is not a textual record. This is used as an  
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Library Staff.**

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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:**

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**OA/ID Number:** 90525  
**Folder ID Number:** 90525-007

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**Folder Title:**  
Tuesday, October 31, 1989

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| Stack: | Row: | Section: | Shelf: | Position: |
|--------|------|----------|--------|-----------|
| V      | 12   | 11       | 4      | 5         |

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# Withdrawal/Redaction Sheet

## (George Bush Library)

| Doc. No. / Type | Subject/Title                                                                                                                                   | Date     | Restriction    | Classification |
|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------------|----------------|
| 01. Schedule    | Schedule of the President [redaction] (1 pp.)                                                                                                   | 10/31/89 | (b)(3), (b)(6) |                |
| 02. Log         | White House Telephone Log [Daylight Saving Time President Bush] [redaction of personal information] (2 pp.)                                     | 10/31/89 | (b)(6)         |                |
| 03. Memo        | Recommended Telephone Call to Roy Huffington Re: Appointment as United States Ambassador to Austria [redaction of personal information] (1 pp.) | 10/30/89 | (b)(6)         |                |

Page 1 of 1

**Collection:**

**Record Group:** Bush Presidential Records

**Office:** Office of the President

**Series:** Daily Files

**Subseries:**

**WHORM Cat.:**

**File Location:** Tuesday, October 31, 1989

**Pinksheet Number:** dw1493

**OA/ID Number:** 90525-007

**Date Closed:** 10/7/2009

**FOIA/Sys Case #:** 2009-0166-S

**Re-review Case #:**

**P-2/P-5 Review Case #:**

[Originally located on front folder flap]

Box 10

# Withdrawal/Redaction Sheet

## (George Bush Library)

| Document No.<br>and Type | Subject/Title of Document                     | Date     | Restriction    | Class. |
|--------------------------|-----------------------------------------------|----------|----------------|--------|
| 01. Schedule             | Schedule of the President [redaction] (1 pp.) | 10/31/89 | (b)(3), (b)(6) |        |

**Collection:**

**Record Group:** Bush Presidential Records  
**Office:** Office of the President  
**Series:** Daily Files  
**Subseries:**  
**WHORM Cat.:**  
**File Location:** Tuesday, October 31, 1989

|                                     |                                |
|-------------------------------------|--------------------------------|
| <b>Date Closed:</b> 10/7/2009       | <b>OA/ID Number:</b> 90525-007 |
| <b>FOIA/SYS Case #:</b> 2009-0166-S | <b>Appeal Case #:</b>          |
| <b>Re-review Case #:</b>            | <b>Appeal Disposition:</b>     |
| <b>P-2/P-5 Review Case #:</b>       | <b>Disposition Date:</b>       |
| <b>AR Case #:</b>                   | <b>MR Case #:</b>              |
| <b>AR Disposition:</b>              | <b>MR Disposition:</b>         |
| <b>AR Disposition Date:</b>         | <b>MR Disposition Date:</b>    |

### 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



# SCHEDULE OF THE PRESIDENT

Tuesday, October 31, 1989

|                                              |                                                                          |                                               |
|----------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------------|
| 8:00 am<br>(15 min)                          | <u>Intelligence Briefing</u><br>(Scowcroft/Sununu)                       | Oval Office                                   |
| 8:15 am<br>(30 min)                          | <u>National Security Briefing</u><br>(Scowcroft/Sununu)                  | Oval Office                                   |
| 8:45 am<br>(30 min)                          | <u>Meeting with Governor Sununu</u>                                      | Oval Office                                   |
| 9:15 am<br>(15 min)                          | <u>Personal Staff Time</u>                                               | Oval Office                                   |
| 9:30 am<br>(30 min)                          | <u>Meeting with Bipartisan<br/>Congressional Leadership</u><br>(McClure) | Cabinet Room                                  |
| 10:00 am<br>(30 min)                         | <u>Staff Time</u> <i>Press Conference</i><br>(Fitzwater)                 | Oval Office                                   |
| 10:30 am<br>(30 min)                         | <u>Administrative Time</u>                                               | Oval Office                                   |
| 11:00 am<br>(60 min)                         | <u>Personal Staff Time</u>                                               | Oval Office.                                  |
| 12:00 pm<br>(60 min)                         | <u>Lunch</u>                                                             | Oval Office                                   |
| 1:00 pm<br>(30 min)                          | B <u>Host White House<br/>Halloween Spectacular</u><br>(Rogich)          | South Lawn                                    |
| 1:30 pm<br>(60 min)                          | <u>Personal Staff Time</u>                                               | Oval Office                                   |
| <i>2:00 - Haircut</i><br>2:30 pm<br>(60 min) | <u>Staff Time - Budget Mtg</u><br>(Sununu)                               | Oval Office                                   |
| 3:30 pm<br>(15 min)                          | <u>Personal Staff Time</u>                                               | Oval Office                                   |
| 3:45 pm<br>(45 min)                          | <del>Haircut</del> <i>Cong. Leadership</i>                               | <del>W. Bushmont</del><br><i>Cabinet Room</i> |

UNP 10/30/89  
5:00 pm

617 862-5009

4:30 pm  
(30 min)

## Meeting with Governor Sununu

Oval Office

7:15 add Fitzwater 7:21 Fitzwater out 7:58 add Date Acowcroft (b)(3) DCI  
7:58 add Sumner 8:18 (b)(3) out 8:19 add V.P. 8:28 DCI out  
8:41 add Fitzwater 9:03 add Gates, Acowcroft + Fitzwater out  
9:24 add Gates, Acowcroft, Fitzwater 9:32 add Baker  
9:35 Fitzwater out 9:37 Poles, others to Cabinet Rm 10:02 Poles to Oval w/ Sumner  
Baker, Acowcroft, Gates,  
10:04 announced into Press Briefing room 10:41 dpt Briefing Rm to Oval  
w/ Poles, Gates, Acowcroft, Fitzwater  
+ Sumner  
10:43 all out 11:25 add Fitzwater  
11:32 Fitzwater out.  
12:00 add Sumner, 12:02 add Attorney General 12:03 add Bites  
12:05 dpt Oval 12:06 arr WH mess 12:54 dpt mess 12:55 arr Acowcroft. 12:57 arr  
12:59 dpt Oval 1:00 arr Dep Rm - join Mrs. Bush, Mrs. Quayle, others  
1:03 announced out to S. Lawn 1:04 Poles remarks ~~will not~~  
1:10 conclude remarks - pass out bags to children 1:17 dpt S. Lawn ~~1:18~~ 1:18 arr Oval  
1:21 add Sumner, McClure + Dorman  
1:36 all out 1:57 add Fitzwater 2:01 Fitzwater out 2:04 dpt Oval  
2:05 arr Barbershop 2:35 dpt Barbershop 2:38 arr Oval - add Cicconi +  
Vera Murray (old friend who works  
in Bob Strauss office)  
2:42 add Margaret Bush + Marshall 2:43 all out; add Brady, Acowcroft  
Sumner, Fitzwater, McClure + Dorman  
2:47 add V.P. 3:02 Porter out 3:05 Porter in 3:06 Sumner + Porter out  
3:09 Porter + Sumner into Oval 3:10 Sumner out 3:20 Sumner in  
3:42 Sumner out 3:43 Sumner in  
3:47 McClure out 3:50 all to Cabinet Rm  
5:01 Poles to Oval w/ Sumner 5:06 Sumner out  
5:18 add L. Firestone 5:36 add Card 5: ? Poles  
dpt to Res.

# Withdrawal/Redaction Sheet

## (George Bush Library)

| Document No.<br>and Type                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Subject/Title of Document                                                                                   | Date                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Restriction | Class. |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------|
| 02. Log                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | White House Telephone Log [Daylight Saving Time President Bush] [redaction of personal information] (2 pp.) | 10/31/89                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | (b)(6)      |        |
| <b>Collection:</b><br><br><b>Record Group:</b> Bush Presidential Records<br><b>Office:</b> Office of the President<br><b>Series:</b> Daily Files<br><b>Subseries:</b><br><b>WHORM Cat.:</b><br><b>File Location:</b> Tuesday, October 31, 1989                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |             |        |
| <b>Date Closed:</b> 10/7/2009                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                             | <b>OA/ID Number:</b> 90525-007                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |             |        |
| <b>FOIA/SYS Case #:</b> 2009-0166-S                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                             | <b>Appeal Case #:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |             |        |
| <b>Re-review Case #:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                             | <b>Appeal Disposition:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |             |        |
| <b>P-2/P-5 Review Case #:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                             | <b>Disposition Date:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |             |        |
| <b>AR Case #:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                             | <b>MR Case #:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |             |        |
| <b>AR Disposition:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                             | <b>MR Disposition:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |             |        |
| <b>AR Disposition Date:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                             | <b>MR Disposition Date:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |             |        |
| <b>RESTRICTION CODES</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |             |        |
| Presidential Records Act - [44 U.S.C. 2204(a)]<br><br>P-1 National Security Classified Information [(a)(1) of the PRA]<br>P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]<br>P-3 Release would violate a Federal statute [(a)(3) of the PRA]<br>P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]<br>P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]<br>P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]<br><br>C. Closed in accordance with restrictions contained in donor's deed of gift.<br><br>PRM. Removed as a personal record misfile. |                                                                                                             | Freedom of Information Act - [5 U.S.C. 552(b)]<br><br>(b)(1) National security classified information [(b)(1) of the FOIA]<br>(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]<br>(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]<br>(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]<br>(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]<br>(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]<br>(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]<br>(b)(9) Release would disclose geological or geophysical information |             |        |

**THE WHITE HOUSE**  
**WASHINGTON**

**TELEPHONE MEMORANDUM**

DAYLIGHT SAVING TIME PRESIDENT BUSH

OCTOBER 31st

, 19<sup>89</sup>

|                | TIME   |               | DISC  | NAME                                                 | ACTION                                     |
|----------------|--------|---------------|-------|------------------------------------------------------|--------------------------------------------|
|                | PLACED |               |       |                                                      |                                            |
| OUT            |        | AM            |       | MR. ROGER AILES                                      |                                            |
| <del>INC</del> | 7:45   | <del>PM</del> | 7:52  | (b)(6)                                               | TLKD-OK 7:47 AM.                           |
| OUT            |        | AM            |       |                                                      |                                            |
| INC            |        | PM            |       |                                                      |                                            |
| OUT            |        | AM            |       | MR. ROY HUFFINGTON                                   | ENROUTE TO AIRPORT                         |
| <del>INC</del> | 10:48  | <del>PM</del> | 11:14 | OFC: HOUSTON, TX.<br>713 443-3435                    | TOLD PATTY PRESOCK<br>LW TLKD-OK 11:12 AM. |
| OUT            |        | AM            |       |                                                      |                                            |
| INC            |        | PM            |       |                                                      |                                            |
| OUT            |        | AM            |       | MR. ROBERT B. HOLT                                   |                                            |
| <del>INC</del> | 10:52  | <del>PM</del> | 11:00 | OFC: MIDLAND, TX.<br>915 682-4422                    | TLKD-OK 10:53 AM                           |
| OUT            |        | AM            |       |                                                      |                                            |
| INC            |        | PM            |       |                                                      |                                            |
| OUT            |        | AM            |       | SECRETARY JAMES A. BAKER                             | OUT OF OFC. EXPECTED                       |
| <del>INC</del> | 11:56  | <del>PM</del> | 12:57 | OFC: WASHINGTON, D.C.<br>WHITE HOUSE ADMIN. EXT. 420 | 12:45 PM. TOLD MS.<br>PRESOCK, LW 12:53P.  |
| OUT            |        | AM            |       |                                                      | RETURNED CALL, TOLD<br>PATTY PRESOCK.      |
| INC            |        | PM            |       |                                                      | TLKD-OK 12:56 PM.                          |
| OUT            | 5:58   | <del>AM</del> | 6:02  | GOVERNOR JOHN SUNUNU                                 |                                            |
| <del>INC</del> |        | <del>PM</del> |       | OFC: WASHINGTON, D.C.<br>WHITE HOUSE ADMIN. EXT. 686 | TLKD-OK                                    |
| OUT            |        | AM            |       |                                                      |                                            |
| INC            |        | PM            |       |                                                      |                                            |
| OUT            |        | <del>AM</del> |       | NEIL BUSH                                            |                                            |
| <del>INC</del> | 6:09   | <del>PM</del> | 6:15  | (b)(6)                                               | TLKD-OK 6:10 PM.                           |

**THE WHITE HOUSE**  
**WASHINGTON**

**TELEPHONE MEMORANDUM**

DAYLIGHT SAVING TIME PRESIDENT BUSH

OCTOBER 31st

, 19<sup>89</sup>

|     | TIME           |      | NAME                                                                          | ACTION                                                               |
|-----|----------------|------|-------------------------------------------------------------------------------|----------------------------------------------------------------------|
|     | PLACED         | DISC |                                                                               |                                                                      |
| OUT | XXX<br>6:17 PM |      | MR. JEB BUSH<br>(b)(6)                                                        | OUT LOCALLY LW RES.<br>TRIED # AGAIN 8:00P.<br>DA PRESUS CA 8:32 PM. |
| OUT | AM             |      |                                                                               |                                                                      |
| INC | PM             |      |                                                                               |                                                                      |
| OUT | 6:20 XXX       | 6:23 | SECRETARY JAMES BAKER<br>OFC: WASHINGTON, D.C.<br>WHITE HOUSE ADMIN. EXT. 420 | TLKD-OK 6:21 PM.                                                     |
| INC | PM             |      |                                                                               |                                                                      |
| OUT | AM             |      |                                                                               |                                                                      |
| INC | PM             |      |                                                                               |                                                                      |
| OUT | 6:44 XXX       | 6:47 | MR. MARLIN FITZWATER<br>OFC: WASHINGTON, D.C.<br>WHITE HOUSE ADMIN. EXT. 704  | TLKD-OK 6:45 PM.                                                     |
| INC | PM             |      |                                                                               |                                                                      |
| OUT | AM             |      |                                                                               |                                                                      |
| INC | PM             |      |                                                                               |                                                                      |
| OUT | AM             |      |                                                                               |                                                                      |
| INC | PM             |      |                                                                               |                                                                      |
| OUT | AM             |      |                                                                               |                                                                      |
| INC | PM             |      |                                                                               |                                                                      |
| OUT | AM             |      |                                                                               |                                                                      |
| INC | PM             |      |                                                                               |                                                                      |
| OUT | AM             |      |                                                                               |                                                                      |
| INC | PM             |      |                                                                               |                                                                      |
| OUT | AM             |      |                                                                               |                                                                      |
| INC | PM             |      |                                                                               |                                                                      |

## WASHINGTON

# SIGNAL SWITCHBOARD

October 31 , 1989

[illegible]

## PRESIDENTIAL MOVEMENTS

**LOCATION** Washington, D.C.

**DATE** 31 October 1989

## TIME

## MOVEMENTS

[illegible]



# News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, OCTOBER 31, 1989 -- 6 a.m. EST EDITION

## TODAY'S HEADLINES

### INTERNATIONAL NEWS

U.S. Urges Nicaragua To Preserve Electoral Process -- The Bush Administration warned Monday that world opinion would view renunciation of the Nicaraguan government's cease-fire with the Contra rebels as a pretext to cancel the elections scheduled for next February and called on both sides in the civil war not to endanger the electoral process.

(Washington Post)

An Early Summit Discussed -- The U.S. and the Soviet Union, accelerating the timetable for superpower summitry, have been discussing a meeting as early as December between President Bush and Soviet President Gorbachev, according to an Administration official.

(Washington Post)

### NATIONAL NEWS

Bush Seeks Accord On Wage Issue -- Warned that its allies are weary of battle, the White House was actively seeking a compromise with congressional Democrats Monday night on the minimum wage legislation that President Bush vetoed with a flourish four months ago.

(Baltimore Sun)

### NETWORK NEWS (Monday evening)

NICARAGUA/ORTEGA -- President Ortega is expected to extend the cease-fire, according to Latin diplomats.

EAST GERMANY -- 300,000 people marched through Leipzig demanding free elections and legalized opposition groups.

CZECHOSLOVAKIA -- The State Department protested the treatment of Czech protesters by police, who arrested 350 over the weekend.

INTERNATIONAL...A-1

NATIONAL NEWS...A-8

NETWORK NEWS....B-1

EDITORIALS.....C-1

## **INTERNATIONAL NEWS**

---

### **U.S. URGES NICARAGUA TO PRESERVE ELECTORAL PROCESS**

The Bush Administration warned Monday that world opinion would view renunciation of the Nicaraguan government's cease-fire with the Contra rebels as a pretext to cancel the elections scheduled for next February and called on both sides in the civil war not to endanger the electoral process.

Using tough and cajoling rhetoric, White House and State Department officials urged Nicaraguan President Ortega not to go ahead with the threat he made last Friday at a hemispheric summit meeting in San Jose, Costa Rica attended by President Bush. A strongly hostile reaction from Latin American leaders subsequently caused Ortega to modify his position and say he will make a decision Monday....

State Department Spokeswoman Tutwiler said: "The fundamental question is this: Is Mr. Ortega for the electoral process or a resumption of violence?... We hope, as (President Bush) said in San Jose, that the Nicaraguan government will not take this backward step that would be so destructive to the democratization and peace process in Central America."

(John Goshko, Washington Post, A18)

### **SECRETARY WORRIED ORTEGA MAY CANCEL ELECTIONS**

Secretary of State Baker says threats by Nicaraguan President Ortega to suspend a truce with the Contra rebels may be a prelude to Sandinista cancellation of national elections set for February.

"I worry that they (the Sandinistas) may be trying to lay a predicate to walk away from their commitment to hold elections," Baker said in an interview Monday with AP.

However, Ortega insisted Monday the elections will be held.

"The elections are taking place in Nicaragua, period," Ortega said, speaking through an interpreter in an interview with NBC News. "With Contra or without Contra they are going to take place, definitely. With war or no war, that is, elections are taking place."

(George Gedda, AP)

### **U.S. ACCUSES ORTEGA OF TRYING TO UNDERMINE DEMOCRATIC ELECTIONS**

The Bush Administration Monday escalated its verbal assault on Nicaraguan President Ortega, accusing him of threatening to scrap a cease-fire with the Contra rebels to undermine planned voting in February.

"If you're looking for an excuse not to hold a free and fair election...that would be a good pretext," said a senior Administration official, who spoke on condition he not be identified. He said the intent of the Sandinistas, who run the government, seemed to be to intimidate political opponents and peasants, or perhaps to use alleged Contra attacks as a rationale for calling off the balloting altogether.

This official also questioned whether Managua had fabricated episodes in which it said U.S.-backed insurgents had resumed military activity against civilians and government troops. He said it was Nicaragua that was undertaking search-and-destroy missions against the rebels, in violation of the cease-fire.

(Adam Pertman, Boston Globe)

### U.S. EXPECTS ORTEGA TO BACK OFF THREAT

The Bush Administration "hopes and expects" that Nicaraguan President Ortega will back down from his threat to end the cease-fire with the Contra rebels because of strong condemnation from other Latin American leaders, a senior State Department official said Monday.

The official, briefing reporters on the understanding that he would not be identified by name, accused the Nicaraguan army of repeated small-scale violations of the cease-fire in which at least 105 Contras were killed in the first five months after the truce took effect last May. But he said Ortega is unlikely to go through with a unilateral resumption of full-scale fighting, although he admitted that the Administration has no firm intelligence information to that effect.

(Norman Kempster, Los Angeles Times)

### ORTEGA MAY BE SOFTENING THREAT TO END CEASE-FIRE

Nicaraguan government sources hinted Monday that President Ortega may extend the cease-fire with the Nicaraguan resistance until Dec. 5, the deadline for the anti-Marxist rebels to demobilize in a recently signed peace plan.

But the State Department and the Nicaraguan insurgents insisted once again that the resistance stay intact until presidential elections are held Feb. 25.

"It doesn't matter if there is a cease-fire or not, nothing will change," said rebel political adviser Xavier Arguello. He said he expected no big military push after Tuesday, just a continuation of Sandinista military sweeps that he said kept the war boiling at a low level for the past 18 months.

(Lauren Weiner, Washington Times, A7)

### TREASURY HOPES TO STOP LAUNDERING BY BANK WIRE

In an effort to crack down on the billions of dollars laundered by drug traffickers through the international banking system, the U.S. Treasury Department on Tuesday will direct banks to propose ways of tracking the transfers of money through wire orders.

The recommendation, which has been opposed in the past by the banking industry as burdensome and impractical, could result in the monitoring of the nearly half-million wire transfers involving \$1 trillion that take place on a daily basis to determine if the customers involved are engaged in criminal activity.

"Currently, illegal funds are being transferred from or to the United States and 'cycled' through intricate money laundering schemes involving international payments, particularly wire transfers," Treasury's directive to the banking industry stated. The department said that drug traffickers launder approximately \$110 billion a year in profits through a variety of financial methods, including wire transfers.

(Stephen Kurkjian, Boston Globe)

#### AN EARLY SUMMIT DISCUSSED

##### Neutral Site Weighed; Later Meeting In U.S. Would Also Be Held

The U.S. and the Soviet Union, accelerating the timetable for superpower summitry, have been discussing a meeting as early as December between President Bush and Soviet President Gorbachev, according to an Administration official.

The meeting, which would be Bush's first as President with the Soviet leader, may be held on neutral territory and would not interfere with plans for a summit next spring or summer in the U.S., as was agreed earlier by Secretary of State Baker and Soviet Foreign Minister Shevardnadze, the official said.

The Administration official said it was possible the meeting could be held on board a ship in the Mediterranean....

Administration officials said the contacts about a possible summit were being held at the highest levels and a decision would be made soon.

(David Hoffman, Washington Post, A1)

#### PRESIDENTIAL ECONOMIC MISSION TO VISIT POLAND

President Bush, promising sustained support for reforms under way in Poland, said Monday he is dispatching a Cabinet-level mission to examine Polish economic needs.

At a Rose Garden ceremony marking the end of Polish-American Heritage month, Bush said he was sending to Warsaw a bipartisan group of officials, business and labor leaders and economic experts "to help ensure Poland's economic recovery becomes a reality."

The group "will look at Poland's overall economic situation and at the structural changes needed to make Poland prosper," Bush said, declaring that "Poland's struggle has always been America's struggle."

(Helen Thomas, UPI)

#### U.S. Delegation To Visit Warsaw And Plan Aid

President Bush took another step Monday toward beefing up U.S. aid to the new non-Communist government in Poland by announcing that a special committee headed by three Cabinet members will visit Warsaw to determine how the U.S. can best provide agricultural assistance to Poland.

Under continuing pressure from Congress to increase its \$427-million assistance package for Poland, the Bush Administration is hopeful that it can cultivate private sector investments and joint ventures from the U.S. business community that would help Poland make the difficult adjustment to a market economy.

The President announced the formation of the committee at a ceremony in the White House Rose Garden at which he saluted the political reforms in Poland.

"Historic political changes are leading to dramatic economic reforms, building new foundations of hope and prosperity, opening new boundaries of market and mind," Bush said.

(James Gerstenzang & Art Pine, Los Angeles Times, A9)

Tuesday, October 31, 1989 -- A-4

### EAST BLOC MOVES LEAD WHITE HOUSE TO STOP ENCOURAGING DIVISION

Reflecting its approval of the Kremlin's political and economic reforms, the Bush Administration has dropped past White House attempts to divide the Soviet bloc and is encouraging East European regimes to follow Moscow's lead.

White House officials said Monday that President Bush has scrapped previous policies of rewarding East bloc nations for stepping away from the Soviet Union. They said the policy change is due in large part to Kremlin reforms.

The new policy, seen in the Administration's economic support of Hungary and Poland, now focuses on encouraging reforms in individual East bloc nations with no demands that ties to the Soviet Union be cut -- although that may be the result -- the officials said.

Explaining the emerging Bush doctrine, National Security Adviser Scowcroft said, "Our policy has been to encourage differentiation in Eastern Europe, not...on the basis of their distance from the Soviet Union...but on the basis of their interest in political pluralism and in opening up their economic systems."

(Paul Bedard, Washington Times, A4)

### POLISH COMMUNISTS CALL FOR CREATING NEW PARTY

WARSAW -- Communist Party members of Parliament Monday called for creation of a new party to meet the needs of a more democratic Poland, while the legislature passed an austere budget aimed at slashing the deficit.

Vice Premier Leszek Balcerowicz said that budget bill will lower the deficit to 13.7 percent of the entire 1989 spending, compared with 30.5 percent of spending for the first half of the year. The savings were achieved by abandoning virtually all subsidies on agricultural products.

"This requires a tough budgetary discipline and essential savings, as well as measures aimed at increasing revenues," Balcerowicz said....

Marian Orzechowski, chairman of the 173-member caucus in the Polish legislature known as the Sejm, said the next Communist Party congress in January should launch a new party "following the principles of democratic, pluralistic socialism."

(Patricia Koza, UPI)

### SOVIET POLICE CHARGE, CLUB PROTESTERS Moscow Vigil Turns Into Riot

MOSCOW -- Helmeted riot police, in the harshest crackdown on protesters in more than 1½ years, repeatedly charged and clubbed demonstrators outside KGB headquarters Monday night after a candlelight vigil in memory of Josef Stalin's victims.

Scores of protesters were knocked to the ground, beaten and dragged into police busses. About 40 people were detained, the official Tass news agency said.

The protesters were "trying to create as much disruption as possible, to display anti-Soviet posters and shout anti-Soviet slogans," Tass said.

(From combined dispatches, Washington Times, A1)

## EAST GERMANS DEMONSTRATE IN 8 CITIES Hundreds Of Thousands Rebuff Official Effort To Channel Protests

BONN -- Several hundred thousand East Germans demonstrated peacefully for democracy in at least eight cities this evening in the most widespread protests of the current wave of unrest.

The demonstration represented a strong rebuff to recent efforts by the Communist leadership to persuade citizens to express their complaints in "town meetings" with the authorities, and other official forums, rather than taking to the streets.

"Free elections -- people's government!" said a banner carried at the largest demonstration, in the southern city of Leipzig, where the official news agency ADN estimated the crowd at 200,000.

Marchers there chanted demands for legalization of the pro-reform group New Forum and for tearing down the Berlin Wall, the West German news agency DPA said. Leaflets urged workers to join an independent union called Reform, which was formed at an East Berlin factory a week ago.

About 50,000 demonstrated in Halle, 40,000 in Schwerin and 20,000 each in Cottbus and Karl-Marx-Stadt, ADN said, adding that protest marchers also took place in Magdeburg, Pössneck and East Berlin.

(Robert McCartney, Washington Post, A1)

## U.S. PLANS TALKS WITH ISRAEL ON PROJECT WITH S. AFRICA

The U.S. plans to hold fresh meetings with Israel to discuss reports the latter helped South Africa develop a medium-range missile capable of carrying nuclear warheads, a senior State Department official said Monday.

The remark by Richard Clarke, assistant secretary of state for politico-military affairs, followed a House Foreign Affairs Committee hearing at which he and other Bush Administration officials vigorously opposed new legislation that would mandate sanctions against firms that violate a seven-nation pact restricting the transfer of missile technology.

While neither Israel nor South Africa is a member of the Missile Technology Control Regime, Clarke said some legislative proposals could affect U.S. cooperation with Israel if reports of the missile deal are borne out.

Clarke, who did not directly confirm the deal, said the U.S. does not believe Israel has illegally transferred any U.S.-supplied technology to a third country.

(Warren Strobel, Washington Times, A7)

## BUSH AIDES SAY SANCTIONS COULD END ISRAELI PROGRAMS

The Bush Administration Monday expressed strong opposition to proposed mandatory sanctions against companies transferring ballistic missile technology to Third World nations, warning Congress that such legislation could end a number of U.S. programs with Israel.

Outlining Administration policy on missile proliferation, Assistant Secretary of State Richard Clarke told a House panel that "no new legislative authority" is necessary and that a bill requiring the President to impose at least one sanction "could hinder rather than enhance" U.S. ability to combat the problem.

"We are concerned that legislation could damage essential international cooperative efforts to deal with (missile) proliferation," Clarke said. "The United States cannot achieve its missile non-proliferation objectives without such cooperation."

(David Ottaway, Washington Post, A10)

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### MISSILE ANTI-PROLIFERATION BILL CALLED HEAVY-HANDED

Administration officials Monday opposed a bill imposing sanctions on companies that help nations gain missile technology, with one calling it heavy-handed.

The officials told a congressional hearing that the bill, sponsored by Rep. Berman, would cause frictions that could threaten the effectiveness of a seven-nation accord to prevent missile proliferation.

"The proposed legislation is heavy-handed," James LeMunyon, a deputy assistant secretary of commerce, said.

The hearing was held by two House Foreign Affairs subcommittees as press reports quoted U.S. officials as saying there were indications from intelligence reports that Israel had helped South Africa develop a medium-range missile. (Reuter)

### SHAMIR HINTS HE MAY CANCEL U.S. VISIT IF BUSH REFUSES MEETING

JERUSALEM -- Prime Minister Shamir has hinted he might cancel a planned visit to the U.S. next month if President Bush refuses to meet him.

Relations between the Jewish state and its closest ally have been strained in recent weeks over a proposed U.S. formula for Palestinian-Israeli talks which Israel has declined to accept.

Asked if he would make his mid-November visit even if Bush declined to meet him, Shamir told Israel Television Monday: "It depends."

He said Washington still had not informed him of a definite time for a meeting with Bush, but told the television he still had not decided to cancel his trip.

The authoritative Israeli newspaper Haaretz reported that Shamir was likely to cancel his trip within a few days if the White House failed to respond to the right-wing leader's request for a meeting.

(Jack Redden, Reuter)

### BUSH EXTENDS MEASURES AGAINST IRAN

President Bush told Congress on Monday that he has determined it is necessary to continue the national emergency measures originally taken toward Iran in 1979.

"Because our relations with Iran have not yet returned to normal...the national emergency declared on Nov. 14, 1979, must continue in effect beyond Nov. 14, 1989," Bush said.

He said the crisis between the two countries "has not been fully resolved." ...

"In these circumstances I have determined it necessary to maintain in force the broad authorities" accorded the President under an executive order, he added. (UPI)

### JAPANESE TO SEND TROOPS ABROAD AGAIN

TOKYO -- For the first time since World War II, Japan is preparing to authorize deployment of its troops overseas, according to officials here.

The use of troops abroad would be limited to rescue missions for Japanese nationals and possibly for anti-terrorist operations, specifically in protecting plutonium en route to Japan, defense and transportation officials said.

(Didier Fauqueux, Washington Times, A1)

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## KAIFU RE-ELECTED AS RULING PARTY HEAD

TOKYO -- Prime Minister Kaifu was elected Tuesday to a new two-year term as president of the ruling Liberal Democratic Party and vowed to launch diplomacy to contribute to world peace and prosperity.

(Mark Kuramitsu, UPI)

## JAPANESE COMPANY BUYS CONTROL OF ROCKEFELLER CENTER

NEW YORK -- The Rockefeller Group, the owner of Rockefeller Center, Radio City Music Hall and other high-profile mid-Manhattan office buildings, said Monday it had sold control of the company to Japan's Mitsubishi Estate Company, one of the world's largest real estate developers.

Richard Voell, president and chief executive officer of The Rockefeller Group, said Mitsubishi Estate would pay \$846 million for a 51 percent stake in The Rockefeller Group.

The cash transaction will buy approximately 627,000 shares of Rockefeller Group common stock now held by various Rockefeller family trusts, the two companies said.

(Ellen Freilich, Reuter)

## NIXON CALLS FOR U.S.-SINO COOPERATION

Former President Speaks Of 'Huge' Differences Between Countries

BEIJING -- Former President Nixon Monday night called for a resumption of cooperation between the U.S. and China despite what he termed "huge and unbridgeable" differences between the countries over Beijing's violent suppression of a student-led democracy movement last June.

Nixon, the most prominent American to visit since the communist government's crackdown on dissent, also protested to Premier Li about the intimidating presence of large numbers of armed police around the U.S. embassy in Beijing.

"I don't want to see any guns when I go into that embassy," Nixon bluntly told Li, according to an American who was present at a banquet given by the premier for the former president.

In a related development, Li told Nixon at the banquet at the Great Hall of the People that the number of martial law troops in Beijing is being reduced, with police replacing troops at some locations.

(Daniel Southerland, Washington Post, A14)

EDITOR'S NOTES: "One High-Tech Race Where U.S. Leads: Personal Computers," by Jacob Schlesinger, appears in the Wall Street Journal, A1.

"Palestinian Link In Pan Am Attack," by Stephen Engelberg, appears in the New York Times, A1.

"Malta Link Seen In Bombing," by Robert McCartney, appears in the Washington Post, A1.

"U.N. Funds Sought By President Again Facing Cuts In Congress," by Paul Lewis, appears in the New York Times, A12.

"As Oratory Fades, Obstacles To Chemical Arms Pact Multiply," by Michael Gordon, appears in the New York Times, A13.

## **NATIONAL NEWS**

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### **BUSH PUSHES ANTI-CRIME LEGISLATION**

President Bush urged Congress Monday to act on his stalled anti-crime package and was applauded by law officers as he called for legal guarantees that gun-wielding criminals face prison and cop-killers "pay the ultimate price."

At groundbreaking ceremonies for a \$7 million National Law Enforcement Officers Memorial, Bush lamented delays in winning approval of a law-and-order plan he touted as "a new national strategy to take back the streets by taking criminals off the streets."

Speaking at the downtown site where names of some 30,000 law officers killed in the line of duty will be etched on granite walls, Bush said his proposals are needed "to help protect the pure blue light of law enforcement."

"Congress has had our crime package since May," he said. "It is time to act, because these improvements are a vital part of our national drug strategy and because before any more names are added to that wall, the protection you deserve should be added to the books."

Bush, standing behind bulletproof glass, spoke to an audience that included uniformed law officers and relatives of those killed and wounded in "the battle against lawlessness." A similar shield was used to protect Bush in May when he unveiled his anti-crime proposals to a large gathering of law officers on the steps of the Capitol.

(Norman Sandler, UPI)

### **Bush Uses Police Ceremony To Push Anti-Crime Package**

President Bush urged Congress Monday to pass the Administration's anti-crime package "before any more names are added" to a memorial commemorating slain police officers.

"Each loss represents a hometown hero, a city of flags at half-mast, a somber procession of white gloves and black armbands, the bagpipe strains of 'Amazing Grace' rising in the wind," Bush said before breaking ground for the first national police memorial.

In a speech to 1,000 police officers and relatives of slain policemen, Bush said, "For all who have lost their lives protecting the public, this memorial will stand as a tribute to their courage and their sacrifice."

Bush used the ceremony at the site just 200 yards from Metropolitan Police headquarters to urge Congress to complete work on the crime package he proposed last spring. Among the provisions is the death penalty for killing a police officer.

"It is time to act because these improvements are a vital part of our national drug strategy, and because, before any more names are added to that wall, the protection you deserve should be added to the books," Bush told the crowd at Judiciary Square.

(Paul Bedard, Washington Times, A3)

**BUSH SEEKS ACCORD ON WAGE ISSUE**  
**Deal May Come Today On Increase To \$4.25**

Warned that its allies are weary of battle, the White House was actively seeking a compromise with congressional Democrats Monday night on the minimum wage legislation that President Bush vetoed with a flourish four months ago.

Administration and congressional sources said they expected a deal as early as Tuesday that would provide an increase in the minimum wage rate from the current \$3.35 to \$4.25, the amount beyond which Bush has always said he would not go. But the compromise proposal would increase the rate within two years, rather than three as Bush earlier had insisted, sources said.

The President also was expected to yield significantly on the provision for a lower "training wage" to be paid to newly hired workers on their first jobs, sources said.

(Karen Hosler & Peter Osterlund, Baltimore Sun, A1)

**PRESIDENT TAKES TO ROAD TO HELP GOP HOPEFULS**

President Bush tests his political muscle in Virginia and New Jersey Friday as he tries to rescue two underdog Republican candidates for governor....

He has no plans for another visit to New York City, where former U.S. attorney Rudolph Giuliani needs help in a tough battle for mayor with Democrat David Dinkins.

"It's still a possibility Bush will come," Giuliani spokeswoman Debbie Sack said Monday. "He can give us the momentum we need to win." ...

On Friday, Bush will campaign in Richmond and Norfolk, Va., for Marshall Coleman, and then fly to a rally in Bloomfield, N.J., for Rep. Jim Courter.

(Richard Benedetto, USA Today, A4)

**FOLEY WANTS BIPARTISAN TALKS ON TAX INCREASE**

House Speaker Foley accused the Bush Administration Monday of blocking any chance for progress on the federal budget deficit by refusing to put tax increases on the bargaining table.

The Administration has signaled it "doesn't put a high priority" on deficit reduction, and "I think that's sad," Foley told a conference sponsored by the American Stock Exchange.

The Washington Democrat said he favored raising the federal gasoline tax to help fund needed bridge and road repairs but said Congress would never act on such a proposal unless it won the President's backing first.

(Karen Riley, Washington Times, C10)

## FDA CONSIDERING NEW RULES TO CURB FOOD-LABEL CLAIMS

The FDA is preparing new rules to help stop the unchecked growth of health claims that have begun to appear on cereals, juices, food supplements and other products, Administration officials said Monday.

The action would end a period of regulatory confusion that began two years ago when the Reagan Administration abandoned an 81-year-old ban against making specific health claims on packaged foods but was unable to agree on regulations that would insure the validity of such claims.

A result has been a proliferation of claims that various cereals and other products can reduce the risk of heart disease, cancer and other illnesses, without the rigorous scientific proof that would be required if such claims were made for drugs....

The FDA is drafting an interim regulation that it hopes will be ready for presentation at an agency hearing in December. It is expected that agency officials will announce details of the regulation at a congressional hearing set for Tuesday before the House Government Operations subcommittee on human resources.

(Stephen Engelberg, New York Times, A1)

## FEMA AIDE VACATIONED DURING QUAKE

Disaster-Coordinating Agency Strained To Limit, Critics Say

FEMA's top medical-disaster coordinator went on vacation, with his supervisor's permission, the day after the earthquake struck California, FEMA officials acknowledged Monday.

The departure of Lt. Col. Jerry Brown before the casualties were counted occurred as FEMA officials were admitting that they were "stressed" by the demands of dealing with Hurricane Hugo and the Loma Prieta earthquake.

Critics of the disaster-coordinating agency have said FEMA has been strained to the limit while its top eight positions are vacant or filled with temporary holdovers from the Reagan Administration. President Bush has named one official to a FEMA position, but he has not yet been confirmed by the Senate.

(Judith Havemann, Washington Post, A8)

## THRIFT REGULATOR SHOULD QUIT, BUSH TOLD

The House Banking Committee chairman has told President Bush that thrift regulator Danny Wall should step aside, prompting charges from Wall's defenders that the panel is trying to make the regulator a scapegoat.

Rep. Gonzalez told Bush that his committee, in its investigation of the collapse of Lincoln Savings and Loan Association of Irvine, Calif., has heard "startling evidence" that Wall blocked efforts by field examiners to collect evidence of misconduct by Lincoln officials.

(David Skidmore, Washington Post, D3)

Tuesday, October 31, 1989 -- A-11

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EDITOR'S NOTES: "Ban On Mandatory AIDS Tests Allowed; Supreme Court Declines To Review Nebraska Blood Screening Plan," by Al Kamen, appears in the Washington Post A6.

"Disaster Relief By Numbers: Behind The Varying Bottom Line," by Don Phillips, appears in the Washington Post, A21.

"SHORT TAKES -- '3 In Cabinet To Lead Group To Poland,' and 'Bush Demurs On Dole's Gas Tax Idea,'" appears in the Washington Post, A21.

"Bush Bends On Minimum Wage," by Jessica Lee, appears in USA Today, A4.

"Bush's Health Chiefs Must To Abortion Line," by Joyce Price, appears in the Washington Times, A3.

"Drug Test Procedure Under Fire," by Enrique Gonzales, appears in the Washington Times, B5.

"Quayle Emerges As Active, Outspoken Vice President," by Marshall Ingwerson, appears in the Christian Science Monitor, A1.

"GOP Women Raise Voices For The Right To An Abortion," by Robin Toner, appears in the New York Times, A1.

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## **NETWORK NEWS SUMMARY**

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(Monday Evening, October 30)

### **NICARAGUA/ORTEGA**

NBC's Tom Brokaw: The White House said today it is waiting and watching for the next move by Nicaragua's President Daniel Ortega. That move is expected tomorrow when Ortega announces whether he'll make good on his threat to return to war with the U.S.-backed Contras.

NBC's Ed Rabel reports from Managua that President Ortega is expected to extend the cease-fire, according to Latin diplomats here. But, they say, the renewed cease-fire will end if there is no progress in demobilizing the U.S.-backed Contras. Ortega apparently decided to reverse his decision on the cease-fire after coming under heavy pressure from other Latin presidents. Argentine President Carlos Menem made a special trip here last night to try to sway the Marxist leader. But in the aftermath of a Contra attack in which at least 17 Sandinista reservists were killed last week, Ortega is facing angry Nicaraguans who want him to strike back. Sandinista army commanders believe they could wipe out the Contras once and for all in a sustained offensive; without U.S. logistical help, they say, the 2,000 or so Contras operating inside Nicaragua are sitting ducks. Meantime, it seems to be open season on Ortega's political opposition, which has been gaining ground in the campaign. Sandinista supporters confronted opponents at a rally yesterday. By threatening open warfare again, Ortega is setting an ugly, combative tone for the rest of the presidential campaign.

Brokaw interviewed Daniel Ortega earlier: I asked him if, in fact, he will resume the war against the Contras or extend the cease-fire.

Ortega, through translator: I talked about that with Jesse Jackson today, and I talked about that with President Menem of Argentina last night as well as with President Arias and with President Perez of Venezuela, and all of them want to bring about certain actions, use their good offices, so that the U.S. government will really get behind the Contra demobilization plan. And so, if that takes place, my decision tomorrow will be a flexible one.

Brokaw: Can you tonight assure your people and the people of the United States -- indeed, throughout the western hemisphere -- that elections will take place in Nicaragua in February however the Contra issue is resolved?

Ortega: The elections are taking place in Nicaragua, period. With the Contras or without [the] Contras, they are going to take place -- definitively. With war or no war, those elections are taking place.

Brokaw: You do understand, Mr. President, don't you, that if you do resume the war against the Contras after the December 5 deadline that you could very likely lose what supporters you have in the U.S. Congress?

Ortega: I believe that we have to take into account that the war is inimical to the electoral process -- undermines the electoral process -- and U.S. congressmen should take that into account. They should never forget [for] one second that young children, women, are dying in Nicaragua and that they should support peace instead of financing war. (NBC-6)

CBS's Dan Rather: According to a spokesman for President Bush, the ball is now in Daniel Ortega's court. The spokesman for President Bush says Mr. Bush is waiting for the next move from the Nicaraguan-Sandinista leader after a weekend in which the two exchanged a volley of threats and insults -- the President and Ortega. Ortega now says he will decide tomorrow whether to end the current cease-fire in Nicaragua; that is what blew up the meeting in Costa Rica over the weekend. Ortega says the U.S.-backed Contras have violated the truce. U.S. officials strongly deny it and, in effect, accuse Ortega of making a hot-dog move.

CBS's Wyatt Andrews: The Administration's actions amount to a campaign to discredit Daniel Ortega and his claim that he's been threatened again by the Contras. First, a senior State Department official called it unlikely that the Contras killed 17 Sandinista soldiers in an ambush earlier this month, raising the suggestion that the Sandinistas killed their own troops and then blamed it on the Contras to create the impression of a threat. The White House charged the Sandinistas have done this before, with Press Secretary Marlin Fitzwater saying we encourage the Sandinistas to quit dressing up as Contras and luring people in villages into assassination attempts. That charge drew an immediate denial from the Sandinista's Washington attorney.

(Paul Reichler, Nicaraguan government attorney: "I think Mr. Fitzwater has Halloween on the brain. I think he's making a joke out of something that's very serious.")

The Administration is hoping to pressure Ortega not to cancel his 19-month-old cease-fire with the Contras and to proceed with elections in February.

(Margaret Tutwiler, State Department spokeswoman: "The fundamental question is this: Is Mr. Ortega for the electoral process or a resumption of violence?")

Official Washington has been remarkably unified in denouncing Ortega's renewed threat of war as a sham.

(Sen. Dodd: "I sense that...they may be sensing some trouble in the elections and trying to create an issue.")

(Elliot Abrams, former Assistant Secretary of State: "This business about the Contras is ludicrous. There aren't that many Contras in Nicaragua and they have no ammunition.")

Despite the effort to denigrate Ortega, Mr. Bush has backed away from one of the insults he aimed at Ortega on Saturday. In Costa Rica, Mr. Bush repeatedly called Ortega "that little man." Today, he said he meant Ortega's small-mindedness, not his size. (CBS-2)

## SOVIET REFORM

Brokaw reports that the new editor of Pravda said that the Communist Party newspaper must be honest, truthful, and dedicated to reform. Today he held an unprecedented news conference. (NBC-4)

## SOVIET PROTESTS

ABC's Jim Laurie reports from Moscow that more than 1,000 demonstrators gathered peacefully to commemorate victims of Stalinist purges. It became a confrontation as several hundred members of a radical democratic union refused to end the protest and tried to march to the city. The crowd shouted "Freedom" and "Down with the fascists." Helmeted riot police responded with clubs, dispersing the crowd; they arrested 40 people. (NBC-3, ABC-5)

Rather reports that the response was, according to witnesses, the toughest police action against demonstrators in more than a year. (CBS-7)

## SOVIET ECONOMY

CBS's Barry Peterson reports from Moscow that the Soviet government will, on Wednesday, devalue the ruble for Soviets going abroad and foreigners coming into the country. It is the latest effort to keep the nation's currency from collapsing. It's also part of Gorbachev's push to have the ruble accepted outside Soviet borders. There has been a rush to convert cash into various commodities as a hedge against the devaluation. (CBS-8)

## EAST GERMAN REFORM

Brokaw: This is a time we'll all want to remember: when 40 years of hardline communist rule in Eastern Europe began to unravel with such breathtaking speed it's hard to keep pace with the developments. Tonight, once again, it is East Germany. Almost a half million East Germans demonstrating in five cities tonight sending a message to their new communist leader on the eve of his trip to Moscow.

NBC's Mike Boettcher reports from Leipzig that the communist leadership is going town to town trying to sell itself as a new, improved party. A police chief apologized for breaking up a demonstration and the editor of state-run television promised to report more about the new debate. (NBC-Lead)

ABC's Sam Donaldson reports that 300,000 people marched through Leipzig demanding free elections and legalized opposition groups. (CBS-6, ABC-6)

## CHINESE-U.S. RELATIONS/NIXON VISIT

Donaldson reports that Richard Nixon said that China and the United States may never agree on the wisdom of the Chinese crackdown on dissident students last June, but, said Nixon, the two countries must take steps to improve their relationship nonetheless. Chinese officials announced today that the remaining troops will be pulled out of Tienanmen Square this week as a prelude to the eventual ending of martial law in Beijing. (CBS-9, ABC-8)

Brokaw reports that the Chinese government said today it would remove all troops from Tienanmen Square in Beijing. There was no mention, however, of lifting martial law. (NBC-5)

## CZECH REFORM

ABC's Jerry King reports from Prague that the prospects for an immediate easing of the Communist Party's tight control is gloomy. Czech riot police broke up a protest over the weekend; more than 350 were arrested. Czech television blamed foreign news organizations for the protest and claimed that demonstrators attacked the police. (ABC-7)

Brokaw reports that the State Department today protested the treatment of protesters by Czech police.

NBC's Arthur Kent reports from Prague that Czechoslovakia's hardline communist leadership has managed to suppress demands for reform. While police break the momentum of protest, the attitude of Czechs themselves prevents rapid change; many Czechs admit that life here is comfortable enough that protest poses too great a risk. (NBC-2)

Rather reports that the official press said 150 people will be prosecuted for taking part in the rally. (CBS-5)

## THATCHER/GREAT BRITAIN

Brokaw reports that Prime Minister Thatcher's popularity is at a low point. In a new poll, only 24% said they were satisfied with Thatcher's performance. Fifty-two percent said she should resign immediately. (NBC-7)

## ISRAEL/SENATOR GLENN

Brokaw reports that Senator John Glenn raised questions today about whether this country should let Israel buy an American super-computer -- one which could be used in developing a hydrogen bomb. Glenn said he could not support the sale because Israel has refused to sign the nuclear non-proliferation treaty. (NBC-10)

## FLAG BURNING

Donaldson reports that four people set fire to three American flags today in an effort to force a court test on the Constitutionality of a new federal law prohibiting flag burning. The four were charged under the new law. (NBC-11, CBS-11, ABC-10)

## ESPIONAGE

ABC's Sam Donaldson: ABC News has learned that the FBI is now investigating a spy case that could be as big and as damaging to the West as any espionage case of recent years. The focal point is retired U.S. Army Sergeant Clyde Lee Conrad, whose arrest last year on suspicion of spying for the Soviet bloc has been widely publicized. But what has not been publicly known is that Conrad appears to have been only one part of a three-layer spy network that may have stolen secrets from the U.S. and NATO over a 20 year period.

ABC's John McWethy reports that Zoltan Szabo may have been the master of the spy ring. According to a member of the spy ring, Conrad would stuff suitcases full of classified documents from the Eight Army Division's vault of secret papers.

McWethy continues: According to various sources, Conrad stole and passed on to Szabo's couriers NATO's plans for fighting a war against the Soviets and Warsaw Pact. There were detailed descriptions of nuclear weapons plus documents stamped 'Cosmic Top Secret.' Said one admitted participant, the only thing we did not get were the nuclear go-codes [to enable launch]. Conrad eventually sold secrets not only to Hungary, but also to Czechoslovakia and once to the CIA. Conrad tricked the CIA into paying at least \$70,000 for portions of a top secret U.S. document that he had already stolen and sold to Hungary. There was a promise of more information to come, but the CIA never heard from Conrad again. Conrad's arrest in 1988 prompted one of the largest investigations the FBI has ever handled. Sources say the government is keeping track of more than a dozen additional suspects. Szabo, however, lives comfortably in Austria on his retirement pay from the U.S. Army and, presumably, from what he made as a spy. Unless he willingly travels to the U.S. on his own, he will never be tried in this country. (ABC-Lead)

#### PAN AM 103 BOMBING

ABC's Pierre Salinger reports from London that investigators now believe the suitcase carrying the bomb that brought down Pan Am Flight 103 started its journey in Malta. The suitcase was transferred to Flight 103 in Frankfurt without an accompanying passenger. This connection adds evidence to the case that the group responsible for the attack is the Popular Front for the Liberation of Palestine General Command, probably working for Iran. According to newspaper reports, German authorities held this information for six months before handing it over to Scottish investigators. (ABC-2)

#### SCHOOL DESEGREGATION/TAXATION

ABC's Tim O'Brien reports that the Supreme Court today heard arguments on a tax increase imposed on homeowners in certain school districts of Missouri. It was done five years ago by a federal judge in order to finance so-called magnet schools to attract students and promote integration. Opponents of the tax claim that the imposition of the tax is a usurpation of legislative power by a court. Defendants believe that federal courts have always had broad power to remedy Constitutional violations. Bond issues to support Kansas City schools had consistently failed and, parents say, without the court-imposed tax, there would be no money for inner-city schools nor equal opportunities for their children. (NBC-12, CBS-12, ABC-9)

#### EARTHQUAKE RELIEF

CBS's John Blackstone reports that earthquake victims seeking help through FEMA are convinced that help is not soon in coming. People expect immediate help while FEMA officials claim it is the job of organizations like the Red Cross to give immediate help with few questions asked. In spite of its name, the Federal Emergency Management Agency's task is different. (Gary Milliman, FEMA: "It's not designed to deal with the emergency needs or even the first few weeks of need. Our programs are designed to get people going on the recovery stage.") (CBS-10)

#### NAVY ACCIDENT/USS REEVES

Rather: Another accident at sea today involving a U.S. Navy vessel and a U.S. Navy plane -- the second in 24 hours. This time, a U.S. Navy war plane dropped a 500-pound bomb on a Navy guided missile cruiser in the Indian Ocean. Five U.S. sailors injured -- a gaping hole in the cruiser's main deck. (ABC-3, NBC-8, CBS-Lead)

#### ANTI-DRUG WAR/PREGNANT ADDICTS

CBS's Susan Spencer reports on testimony on Capitol Hill concerning pregnant addicts. Despite the stepped-up war on drugs, addicts who get pregnant often can't get help, even when the desperately want it. The consequences are staggering: About 11% of the babies born in this country today reportedly are born addicted. Treatment centers, the experts say, are largely geared to men, not women -- much less pregnant women. Even when centers do help pregnant women, the women sometimes stay away out of fear of prosecution. (CBS-4)

#### HOMELESSNESS

Rather reports on homeless volunteer Richard Ring [phonetic] of Boston. He is proprietor of the Pine Street Inn, a homeless shelter which tries to help homeless people get permanent, affordable housing. (Rather asks Ring: "Where is the federal government's support here?" Ring: "The truth is that they've been absent for the better part of this decade in dealing with the problem.") Ring believes that there has to be a new attitude in America toward the homeless, one that provides low-cost, permanent housing available to those in need. (CBS-14)

-End of B-Section-

## **EDITORIALS/COLUMNISTS**

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### **BUSH PRESIDENCY**

Bush Presidency Loses A Little Luster -- "President Bush is coming off a bad month, the first one in his young and drifting incumbency to leave some scars.... It's not that anything is obviously, seriously wrong. It's more that nothing is especially right, and there are a few shapes dimly visible now that seem to resemble clouds. For someone with highly favorable poll ratings, it is increasingly interesting how unwilling he is to spend his political capital on a big issue and how uninhibited his opponents here feel about pushing him.... There is no sign of widespread public fears about the economy or of vehement disapproval of any specific Bush policy save on abortion. Instead, the message is that drift has real costs in the clout department. Bush is under constant challenge now by Democrats who can at least sense his passivity. On abortion and capital gains taxes, the challenge is frontal, while on aid to Eastern Europe and to the California earthquake victims, Congress has simply made policy for him."

(Thomas Oliphant, Boston Globe, 10/29)

Weather Vane Bush Offers No Leadership -- "All recent presidents have been poll sensitive but none as consumed as Mr. Bush. After a career history of weather-vaning, he's hampered by almost no convictions. Capital gains seems to be the only issue that moves him beyond political arithmetic.... Aside from tax breaks for the wealthy, he bends into whatever shape his technicians find a political plus -- from flag to acid rain, from Willie Horton to education, from abortion to drugs.... Last month, a new boy showed up in the East Wing. He is Sig Rogich, an image sculptor from Las Vegas who has capped the fangs of such uglies as Donald Trump and Frank Sinatra. He is to be Mr. Bush's Mike Deaver, with the additional chores of giving Poppy a crash course in charm and keeping his persona, such as it is, reefed to the prevailing wind.... Symbolism, alas, is part of leadership. But tailoring positions to polls is not."

(Jim Fain, Palm Beach [Fl.] Post, 10/25)

Media Maestro Joins Bush -- And That's Not Good News -- "When President Bush went to San Francisco last week to show his concern for earthquake victims, he was preceded by a recent species of presidential assistant -- a media expert, Sig Rogich, whose job it is to make the president look good.... Now, with the professional on the scene, the presidency seems once removed. How much of what the man in the White House does and says can we be sure comes from his own mind and heart, unfiltered by a public relations expert? ...Will decisions be made not so much on the basis of whether they make good sense, but on how they will play in Peoria? ...The hiring of Rogich comes at a time when Bush's image needs refurbishing. He is under fire for lack of initiative. The suspicion is that despite the presidential gestures and offhand manner there is a prudence that borders on paralysis. A Rogich may strengthen a president's image in the short run, but in the long run, reliance on such media magic can't help but weaken the image of the presidency itself."

(Thomas Collins, Minneapolis Star Tribune, 10/27)

Bush A Wimp, After All -- "George Bush is President Wimp. During his nine months as chief executive, Bush's strategy in dealing with crises has been to wish them away. His models for presidential leadership would appear to be Millard Fillmore and James Buchanan. President Wimp is hooked on doing nothing. From the federal deficit to the human rights movement of the Third World, Bush isn't about to take a stand. All that President Wimp wants is to get through each day with his approval rating intact. Strong leaders are often hated, and Bush doesn't want to offend anyone.... If the National Parks Service expands its presidential memorial at Mount Rushmore, the sculptured relief of George Bush should be easy to find. He'll be the one with his head in the sand."

(Steve Neal, Chicago Sun-Times, 10/25)

Bush Is Too Rigid On Social Issues -- "Zealots on social issues -- those who want to use the power of the state to make individuals conform to their views on abortions and the like -- don't trust Bush. They think he took up their issues for opportunistic political reasons. And they may be right.... On other kinds of issues, Bush has relaxed rigid Reagan positions: He has not insisted on military aid for the Nicaraguan Contras, for instance, or demanded heavy funding for 'Star Wars.' But on the social issues he is rigid and almost petulant when questioned about them. The result is that in certain areas of health policy, compared with other democracies, the United States is a backward country."

(Anthony Lewis, Denver Post, 10/22)

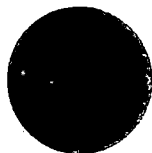
George Bush Is An Embarrassment To Americans -- "I find it impossible to believe George Bush means what he says about abortion for rape and incest, about boycotting birth control, and about allowing the sale of the weapons of drug-gang killers.... I cannot think of a single thing that would have made him change his mind except political opportunism.... It does not sit right in the stomach for a president to change his mind about that issue, to say that now he believes federal aid can go to everyone from ballet dancers to hog raisers, but not to a young woman without money carrying her father's baby.... This country is way ahead of Bush on abortion for rape, population control and the stupidity of selling weapons to spray murder in the streets. Since he is part of the country, maybe one day Bush will catch up." (A.M. Rosenthal, Denver Post, 10/27)

-End of News Summary-



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

THE DIRECTOR



October 31, 1989

Dear Mr. President:

Thank you for your note of 10/30.

Our family is not yet as large as yours in number.  
But our spirit is strong.

So please be assured that we few (four) will be devoutly and respectfully thinking of you and yours as we celebrate not only Patient Account Management Day, but also: Federal Employees Recognition Week; Greek Independence Day; Actors' Fund of America Appreciation Month; National Recycling Month; National Drinking Water Week; Smith-Lever Act 75th Anniversary; National Osteoporosis Prevention Week; National Digestive Disease Awareness Month; National Grasslands Week; National Lighthouse Day; United States Coast Guard Auxiliary Day; National Check-Up Week; National D.A.R.E. Day; National Quality Month; and National Health Care Food Service Week.

We are profoundly aware -- and, like all Americans, forever mindful -- that none of these precious remembrances could have been dictated were it not for your exemplary leadership and distinctive signature. As we celebrate Patient Account Management Day, we shall look to the future in fond hope of your bringing us yet another such day.

With best regards,

*Dick*

Richard G. Darman

Bush Library Photocopy  
George Bush Handwriting

THE WHITE HOUSE  
WASHINGTON

Broady  
10-31-89

Mr. Pass:

On using the debt  
limit as leverage:

(A) I am a bottom line  
negotiator and am not  
good when I know the  
other guy knows I will  
quit before he does even  
though he is uncomfortable  
while we are trading.

(B) Going past Nov 5-6  
will cost the US for  
real \$100m due to postponement  
of the 3yr, 10yr and 30yr  
quarterly issues.

(C) At some point of footing

th. the Treasury Dept  
agreement we will

the chance of destabilizing  
it in a world where  
stock market has just gone  
\$190 in one day.

Mr Pres

THE WHITE HOUSE  
WASHINGTON

From  
R. B. B. B.  
10-31

Apparently she crushed  
her fingers in the new  
security gate —

Walking but no smiles,  
G.W. B. is on the  
way....

His got Team 100  
at residence at 5 pm

On

THE WHITE HOUSE  
WASHINGTON

10-31

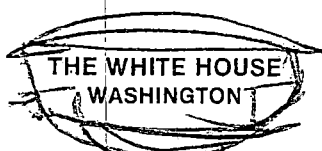
Mentor

Does Fred Barnes  
have any polling  
on this?

GB

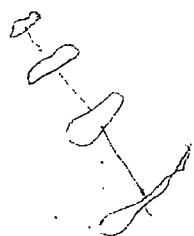
Probably not. A second  
reading of the article  
indicates your view on Fred  
has some merit.

MJ



A SERIOUS Columnist

G.W.'11



OUR TALKS WILL BE INFORMAL IN CHARACTER, DESIGNED TO ALLOW US TO BECOME BETTER ACQUAINTED WITH ONE ANOTHER AND TO DEEPEN OUR RESPECTIVE UNDERSTANDING OF EACH OTHER'S VIEWS. NEITHER PRESIDENT GORBACHEV NOR I ANTICIPATE THAT SUBSTANTIAL DECISIONS OR AGREEMENTS WILL EMERGE FROM THIS DECEMBER MEETING.

# # #

JOINT PRESS STATEMENT

*used for to  
announce meeting  
12-31-89*

PRESIDENT GORBACHEV AND I WILL MEET DECEMBER 2 AND 10 AM  
3 ABOARD U.S. AND SOVIET NAVAL VESSELS ON ALTERNATE  
DAYS IN THE MEDITERRANEAN. OUR DISCUSSIONS WILL COVER  
THE CURRENT INTERNATIONAL SITUATION AND DEVELOPMENTS IN  
U.S.-SOVIET RELATIONS. IN VIEW OF THE FULL-SCALE U.S.-  
SOVIET SUMMIT TO BE HELD IN THE UNITED STATES DURING  
THE LATE SPRING OR EARLY SUMMER OF 1990, PRESIDENT  
GORBACHEV AND I HAVE AGREED THAT AN INTERIM, INFORMAL  
MEETING AT THIS TIME WOULD BE APPROPRIATE.

Photocopy from George Bush Presidential Library

THE WHITE HOUSE  
WASHINGTON

Monday  
October 30, 1989

*called him 10-31*  
*GP*

FYI

George Hommell called today -- got  
Jan Burmeister who referred him to  
the Scheduling Office.

Hommell told Jan he's been receiving  
lots of press inquiries and that  
many of the press have gone ahead  
and made reservations after Christmas.

Patty Presock

Bush Library Photocopy  
George Bush Handwriting

Photocopy from George Bush Presidential Library

## Presidential Phone Calls



DATE:

10-31-89

TIME:

incoming/outgoing

WITH:

Bobby Holt

SUBJECT:

1. Pres. Library  
don't get

2. Tool - for drop-bys  
for new fund raising

3. Tim Simons  
"Not worried yet"

FOLLOW UP:

told Ron K this  
this AM -

Perform <sup>with</sup> ~~at~~ Drake -  
at Ken Center

# Withdrawal/Redaction Sheet

## (George Bush Library)

| Document No.<br>and Type                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Subject/Title of Document                                                                                                                             | Date                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Restriction | Class. |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------|
| 03. Memo                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Recommended Telephone Call to Roy Huffington Re:<br>Appointment as United States Ambassador to Austria<br>[redaction of personal information] (1 pp.) | 10/30/89                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | (b)(6)      |        |
| <b>Collection:</b><br><br><b>Record Group:</b> Bush Presidential Records<br><b>Office:</b> Office of the President<br><b>Series:</b> Daily Files<br><b>Subseries:</b><br><b>WHORM Cat.:</b><br><b>File Location:</b> Tuesday, October 31, 1989                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |             |        |
| <b>Date Closed:</b> 10/7/2009                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                       | <b>OA/ID Number:</b> 90525-007                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |             |        |
| <b>FOIA/SYS Case #:</b> 2009-0166-S                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                       | <b>Appeal Case #:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |             |        |
| <b>Re-review Case #:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                       | <b>Appeal Disposition:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |             |        |
| <b>P-2/P-5 Review Case #:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                       | <b>Disposition Date:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |             |        |
| <b>AR Case #:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                       | <b>MR Case #:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |             |        |
| <b>AR Disposition:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                       | <b>MR Disposition:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |             |        |
| <b>AR Disposition Date:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                       | <b>MR Disposition Date:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |             |        |
| <b>RESTRICTION CODES</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |             |        |
| Presidential Records Act - [44 U.S.C. 2204(a)]<br><br>P-1 National Security Classified Information [(a)(1) of the PRA]<br>P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]<br>P-3 Release would violate a Federal statute [(a)(3) of the PRA]<br>P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]<br>P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]<br>P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]<br><br>C. Closed in accordance with restrictions contained in donor's deed of gift.<br><br>PRM. Removed as a personal record misfile. |                                                                                                                                                       | Freedom of Information Act - [5 U.S.C. 552(b)]<br><br>(b)(1) National security classified information [(b)(1) of the FOIA]<br>(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]<br>(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]<br>(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]<br>(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]<br>(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]<br>(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]<br>(b)(9) Release would disclose geological or geophysical information |             |        |

THE WHITE HOUSE  
WASHINGTON

1989 OCT 30 PM 6:26

RECOMMENDED TELEPHONE CALL

TO:

Mr. Roy Huffington

Phone: (713) 651-1600 - ofc.

or (b)(6)

through Tuesday morning.

Then locally till Thursday  
morning 638-1600 at the Hay-

Adams to attend Team 100

functions, including President's  
dinner on Wednesday night.

DATE:

As soon as possible

RECOMMENDED BY:

Chase Untermeyer

*CGU  
30 Oct*

PURPOSE:

To ask him to become the US ambassador  
to Austria.

BACKGROUND:

- o SecState Baker made a strong  
recommendation for the job.
- o Henry Grunwald has resigned after two  
years on the job, effective sometime  
in January 1990.
- o Although Roy has been president of  
The Asia Society, he has traveled in  
Austria and Eastern Europe.
- o Roy speaks no German but is willing  
to learn.
- o Amb. Grunwald has been notified of  
Roy's selection, and State is ready  
to seek agreement.

DATE OF SUBMISSION:

October 30, 1989

ACTION

*got him*

*GB 10-31*

*very excited*

Bush Library Photocopy  
George Bush Handwriting

Photocopy from George Bush Presidential Library

*From the desk of*  
**George Bush**

Bush Library Photocopy  
George Bush Handwriting

save

Document Originally  
Attached to  
Following Page

Photocopy from George Bush Presidential Library

FOR DISCUSSION 10/31/89  
(Halloween)

I. RECONCILIATION/SEQUESTER

(A) CONTEXT

- (1) Reconciliation has been viewed as a means to reduce the deficit. From this perspective, it is inferior to sequester.
  - o Sequester saves approximately \$11.8 billion in real spending -- without any additional revenues or entitlement savings. (These can be repropounded later.) By contrast, the Senate and House reconciliation bills save only \$8.3 billion and \$1.9 billion after adjusting for payment date shifts and accounting changes ("smoke and mirrors"). (NOTE: The unadjusted numbers are closer to each other.)
  - o Indeed, if the House reconciliation bill were adjusted for smoke and mirrors, and for the capital gains contribution that the Democratic leadership does not want, reconciliation would make the deficit worse by about \$1.6 billion. That is, for FY'90, sequester would be about \$12.5 billion better for deficit reduction than the adjusted House reconciliation bill.
  - o Over 5 years, sequester saves \$81.3 (OMB) to \$128.6 (CBO) billion relative to the GRH baseline. Neither reconciliation bill comes close by this measure.
- (2) The House Democrats want reconciliation mainly as a means to advance spending initiatives -- child care, Medicaid, etc. (Their child care proposals would cost an additional \$24.1 billion over 5 years; Medicaid would cost an additional \$14.2 billion.)
- (3) The Senate Democrats want "clean" reconciliation mainly to get rid of capital gains. The Senate Republicans want it out of pride of authorship (or complicity in the authorship) and the pretense of good government. Both Senate Democrats and Senate Republicans are inclining toward a reconciliation bill (and clean debt limit) out of interest in getting out of town ASAP!

(4) The risk is that the Democratically-controlled reconciliation conferees may come to agreement on a package that:

- o drops capital gains (or puts it on a sure-lose track of its own);
- o includes repeal of section 89 and catastrophic and, perhaps, tax "extenders";
- o includes a popular child care big-spending initiative with a partial compromise on ABC (or sets this loose on a track of its own);
- o produces less spending reduction than sequester, but just enough to avoid embarrassment; and
- o restores the funds that have been withheld to date under sequester.

NOTE: This would be a defeat for both capital gains and fiscal discipline. It would also make the FY'91 job tougher than sequester would. But it might be tough to veto successfully.

(5) Many key Republicans and Democrats would like to use the current messiness/stalemate as an opportunity to encourage/force the negotiation of a big, multi-year fix. Senator Mitchell, however, does not want any big fix this year. (Gephardt and some key Republicans probably don't want any either -- but Mitchell's opposition alone is enough to rule it out.)

FURTHER NOTE: With no big fix this year, and the prospect of stalemate next year, a willingness to stay in sequester may be the only means:

- o to suggest that there is some trace of fiscal discipline in the system;
- o to produce a half-way credible FY'91 budget; and
- o to preserve some negotiating leverage for ultimate, serious discussions of a "big fix."

(B) WHAT TO DO

-- If we wish to stay in sequester until after the FY'91 budget is presented, or until a satisfactory procedural agreement is reached on capital gains, we need to conduct ourselves in a way that discourages compromise on reconciliation between the present and the time of Congress' departure.

- (1) To this end (and for other good reasons), we could -- at a minimum -- send a Brady/Darman letter to the reconciliation conferees stating:

"We believe that any final compromise on reconciliation should not be presented to the President for signature until there is an opportunity to assess it in light of:

- o "the actual fiscal effect of all thirteen appropriations bills, as signed by the President;
- o "the procedural (if not the substantive) resolution of current uncertainties with regard to catastrophic health insurance, capital gains-IRAs, child care, etc.;
- o "the disposition of pending budget process reform measures; and
- o "the true savings to be achieved from reconciliation as compared with savings to be achieved from sequester."

- (2) In addition, the President might choose to regain the initiative in this general area by publicly:

- o reaffirming his commitment to fiscal discipline ("true budgetary savings") and economic growth (capital gains);
- o lamenting Congress' failure to advance either;
- o condemning the hypocrisy of those who -- under the guise of fiscal responsibility -- seek to advance reconciliation "savings" that are less than either the President proposed or sequester would deliver; as well as the disingenuousness of those who -- under the guise of concern for older Americans -- would change the budget process in a way that makes it easier (not harder) to spend the surplus that is supposed to be saved for social security; and
- o stating that if the Congress does not produce a fiscally responsible approach to outstanding budgetary issues, he would [veto reconciliation and] be prepared to stay in sequester until a superior approach to deficit reduction is passed by the Congress.

NOTE: If we do not do at least (1) above, we are likely to be faced with a semi-satisfactory House-Senate reconciliation compromise (as at (A)(4) above) before the Congress goes out. The risk in doing (2) is that Congress might nonetheless adopt the "clean-clean" approach, and seem to call the President's bluff.

## II. BUDGET PROCESS REFORM/DEBT LIMIT

### (A) CONTEXT

-- A debt limit increase must be enacted by November 9 to avoid default. A long-term bill is pending in the Senate (having passed the House with the budget resolution). A short-term bill has not yet started in the House -- but it may be advanced if the long-term bill bogs down in the Senate, or if a House-Senate deal is cut on reconciliation.

-- We are obliged to support a Senate Republican offer of capital gains on the debt limit -- under the "on-any-revenue-bill-that-moves" standard. Capital gains will not get past filibuster, however, and -- at the appropriate point -- will have to be pulled down.

-- Budget process reforms will also be offered on the debt limit (at least, on the long-term debt limit). Some of these (e.g., enhanced rescission) we would support. Others we should oppose (e.g., exempting Social Security trust fund spending and receipts from Gramm Rudman). Since there is a better chance of getting what we oppose than what we favor, we will likely wish to have budget process reform separated from the debt limit in the end.

### (B) WHAT TO DO

For obvious reasons, we need to go through the motions on capital gains and on enhanced rescission. But at the right moment, we will probably have to go for a "clean" debt limit. The key, however, is:

- o not to seem to be giving up on capital gains -- we have to continue to say we'll be back on the next revenue bill;
- o not to seem to be giving up on our kind of budget process reforms -- we have to say we want budget process reforms, but only on a basis that increases fiscal discipline, and only after a serious and comprehensive deficit-reduction program is agreed to. (NOTE: Exempting the social security trust fund from GRH reduces fiscal discipline -- and threatens future retirees -- by allowing the "surplus" to be spent on other programs without any check on such spending.)

### III. FY '91 BUDGET STRATEGY/GUIDANCE

#### (A) CONTEXT

- (1) With sequester as a base, presenting an FY '91 budget will be manageable (barely). With any higher base, it will be almost impossible to produce a budget that survives the "laugh test." (See and discuss associated chart.)
- (2) Various "freeze" options do not seem to command much support within the Cabinet. (Recall previous discussion of options.)
- (3) The time for decision is fast approaching.
  - DOD wants "top line" guidance ASAP.
  - OMB Director's reviews are under way -- with Director's marks to be provided before Thanksgiving.
  - All appeals to the President must be presented and decided in the period from November 27 through December 8 in order to meet production deadlines.
  - For the appeals process to be manageable, the Director's reviews and marks must be at least roughly consistent with the President's ultimate intentions -- hence the need for guidance.

#### (B) WHAT TO DO

One possible approach to the FY'91 package would:

- (1) Use an FY'90 sequester as the FY'90 base -- and then increase this for inflation and for automatic entitlement growth to produce an "FY'91 post-sequester current services baseline." Unless otherwise noted (or subsequently decided), all accounts would be marked at this '91 baseline level.
- (2) Adjust this by:
  - repealing catastrophic;
  - reproposing Feb 9th mandatories;
  - reproposing Feb 9th receipt measures;
  - reproposing child care;
  - moving postal off budget;
  - reproposing other mandatory and receipt initiatives included in House or Senate reconciliation and accepted by the Administration;
  - eliminating the census anomaly.

NOTE: This would bring the estimated FY'91 deficit down to \$70.4 billion.

- (3) Adjust this further by reproposing a switch from direct loans to guaranteed loans in Farmers Home and REA -- bringing the adjusted estimate down to \$68.6 billion.
- (4) Adjust this further by modifying technical economic assumptions to yield \$10 billion in deficit improvement relative to what one would otherwise have with midsession assumptions -- bringing the adjusted deficit estimate down to \$58.6 billion.
- (5) This would leave a total "pot" for initiatives in the amount of \$5.4 billion (outlays) -- to get to the GRH target of \$64 billion. Agencies' proposed initiatives could then compete with each other -- in a contest to be decided by the President -- for funding from this limited pot.

NOTE:

- (a) Point (1) above would have DOD growing at the inflation rate. A further increase (relative to the post-sequester base) would take from the initiatives pot as follows:
  - (i) to increase at 1% real growth (5% nominal) would take \$1.2 billion in outlays from the initiatives pot;
  - (ii) to increase at 1% real BA growth relative to the likely '90 appropriation as if there were no sequester (the equivalent of 7.3% nominal growth relative to sequester) would take \$3.9 billion in outlays from the initiatives pot;
  - (iii) to return to the February 9th BA level (the equivalent of 8% nominal growth relative to sequester) would take \$4.8 in outlays from the \$5.4 billion initiatives pot; and
  - (iv) to increase to DOD's requested level would consume \$8.8 billion in outlays from the \$5.4 billion initiatives pot!

NOTE: These options will require further discussion this week among DOD, NSC, OMB, and the President.

- (b) All proposed initiatives combined (including DOD) would consume about \$25 billion in outlays from the \$5.4 billion initiatives pot!

FURTHER NOTE: If there is no sequester -- because the Administration accepts a "clean" reconciliation bill -- this whole problem will be much harder:

- o The adjusted baseline FY'91 deficit would be about \$15 billion worse.
- o One could still meet the GRH target (on paper) by marking to the post-sequester current services baseline as at (1) through (4) above -- provided there were no DOD increase and no net spending initiatives.

#### Recommendations

- Instruct the OMB Director to proceed and mark as at (1) through (4) above.
- If a credible approach to avoiding reconciliation and staying in sequester is available, use it. Then, through OMB, structure a competition for the \$5.4 billion initiatives pot.
- If a "clean" reconciliation bill is presented and must be signed:
  - o limit DOD outlays to \$290 billion and find as-yet-un-found domestic "reforms" to offset initiatives; or
  - o re-think the basics (fast!).

1991 BASELINE ALTERNATIVES  
(in billions of dollars)

30-Oct  
Page 1

Assuming 1990 Action on:

|                                                                        | Reconciliation Only |            |            |            | Sequester Only |            |
|------------------------------------------------------------------------|---------------------|------------|------------|------------|----------------|------------|
|                                                                        | House               |            | Senate     |            | 1990           | 1991       |
|                                                                        | 1990                | 1991       | 1990       | 1991       |                |            |
| Defense:                                                               |                     |            |            |            |                |            |
| DoD-Military:                                                          |                     |            |            |            |                |            |
| Budget authority.....                                                  | 293.9               | 305.8      | 293.9      | 305.8      | 287.8          | 299.4      |
| Outlays.....                                                           | 282.3               | 294.4      | 282.3      | 294.4      | 277.7          | 289.1      |
| Other defense:                                                         |                     |            |            |            |                |            |
| Budget authority.....                                                  | 10.2                | 10.4       | 10.2       | 10.4       | 9.8            | 10.3       |
| Outlays.....                                                           | 9.5                 | 10.3       | 9.5        | 10.3       | 9.4            | 9.9        |
| Nondefense discretionary:                                              |                     |            |            |            |                |            |
| Budget authority.....                                                  | 180.1               | 187.8      | 180.1      | 187.8      | 173.3          | 180.8      |
| Outlays.....                                                           | 201.3               | 211.4      | 201.3      | 211.4      | 197.6          | 205.5      |
| Mandatory.....                                                         | 556.2               | 596.0      | 556.6      | 600.8      | 560.7          | 602.7      |
| Net interest.....                                                      | 178.6               | 177.3      | 178.2      | 176.5      | 178.1          | 176.1      |
| Undistributed offsetting receipts...                                   | -36.6               | -38.3      | -36.6      | -38.3      | -36.6          | -38.3      |
| <br>Total, outlays.....                                                | <br>1191.3          | <br>1251.1 | <br>1191.2 | <br>1255.1 | <br>1186.9     | <br>1245.0 |
| Revenues.....                                                          | 1074.8              | 1147.8     | 1080.5     | 1147.7     | 1075.3         | 1143.7     |
| <br>Deficit.....                                                       | <br>116.5           | <br>103.2  | <br>110.7  | <br>107.4  | <br>111.6      | <br>101.3  |
| <br>Adjust for:                                                        |                     |            |            |            |                |            |
| - Repeal of catastrophic.....                                          | 0.0                 | 0.0        | 5.2        | -0.0       | 5.2            | -0.0       |
| Reproposing mandatory savings..                                        | 0.0                 | -13.7      | 0.0        | -14.8      | 0.0            | -16.8      |
| Reproposing receipt initiatives                                        | 0.0                 | -2.7       | 0.0        | -7.8       | 0.0            | -7.8       |
| Reproposing child care init....                                        | 0.0                 | 0.0        | 0.0        | 0.2        | 0.0            | 0.2        |
| <br>Deficit assuming catastrophic<br>repeal and reproposals.....       | <br>116.5           | <br>86.9   | <br>115.9  | <br>84.9   | <br>116.8      | <br>76.8   |
| <br>Adjust for:                                                        |                     |            |            |            |                |            |
| - Postal Service off-budget.....                                       | 0.0                 | 0.0        | 0.0        | 0.0        | 0.0            | -0.9       |
| Other mandates in reconciliation,<br>not proposed by Administration    | 0.0                 | 0.0        | 0.0        | 0.0        | 0.0            | -0.6       |
| Senate bill revenues in 1991...                                        | 0.0                 | -0.2       | 0.0        | 0.0        | 0.0            | -4.1       |
| Census baseline anomaly.....                                           | 0.0                 | -0.8       | 0.0        | -0.8       | 0.0            | -0.7       |
| <br>Deficit assuming catastrophic<br>reproposals, & other adjustments. | <br>116.5           | <br>86.0   | <br>115.9  | <br>84.2   | <br>116.8      | <br>70.4   |

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OMB BRD NEOB --- BARRY

002/008

OMB & CBO Deficit Estimates  
(in billions of dollars)

|                                               | 1990  | 1991  | 1992  | 1993  | 1994  | Total<br>'90-94 |
|-----------------------------------------------|-------|-------|-------|-------|-------|-----------------|
| <b>CBO Deficit Estimates:</b>                 |       |       |       |       |       |                 |
| August Baseline.....                          | 141.0 | 144.4 | 140.7 | 142.5 | 127.7 | 696.3           |
| Assuming 1990 Action on:                      |       |       |       |       |       |                 |
| Sequester only.....                           | 124.5 | 122.1 | 114.5 | 112.4 | 94.2  | 567.7           |
| House Reconciliation only..                   | 130.8 | 131.9 | 133.2 | 141.0 | 125.4 | 662.3           |
| Senate Reconciliation only.                   | 127.6 | 136.3 | 130.1 | 131.6 | 115.7 | 641.3           |
| <b>OMB Deficit Estimates:</b>                 |       |       |       |       |       |                 |
| Post Appropriations Baseline.                 | 123.4 | 114.7 | 104.3 | 77.1  | 65.7  | 485.2           |
| Assuming 1990 Action on:                      |       |       |       |       |       |                 |
| Sequester only.....                           | 111.6 | 101.3 | 87.2  | 58.4  | 45.4  | 403.9           |
| House Reconciliation only..                   | 116.5 | 103.2 | 95.1  | 79.3  | 63.8  | 457.9           |
| Senate Reconciliation only.                   | 110.7 | 107.4 | 94.3  | 66.0  | 53.5  | 431.9           |
| <b>CBO Estimate of Savings from Baseline:</b> |       |       |       |       |       |                 |
| Sequester only.....                           | -16.5 | -22.3 | -26.2 | -30.1 | -33.5 | -128.6          |
| House Reconciliation only..                   | -10.2 | -12.5 | -7.5  | -1.5  | -2.3  | -34.0           |
| Senate Reconciliation only.                   | -13.4 | -8.1  | -10.6 | -10.9 | -12.0 | -55.0           |
| <b>OMB Estimate of Savings from Baseline:</b> |       |       |       |       |       |                 |
| Sequester only.....                           | -11.8 | -13.4 | -17.1 | -18.7 | -20.3 | -81.3           |
| House Reconciliation only..                   | -6.9  | -11.5 | -9.2  | 2.2   | -1.9  | -27.3           |
| Senate Reconciliation only.                   | -12.7 | -7.3  | -10.0 | -11.1 | -12.2 | -53.3           |

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OMB BRD NEOB

BARRY

003/003

30-Oct

PROPOSED OUTLAY SAVINGS NOT ACHIEVED  
(in billions of dollars)

|                                                                                       | FY 1991 Savings<br>Assuming Reconciliation Action: |         |         |
|---------------------------------------------------------------------------------------|----------------------------------------------------|---------|---------|
|                                                                                       | None                                               | House   | Senate  |
| Mandatory programs:                                                                   |                                                    |         |         |
| Medicare.....                                                                         | -4.800                                             | -4.100  | -3.300  |
| Federal employee retirement:                                                          |                                                    |         |         |
| Eliminate lump sum.....                                                               | -1.670                                             | -0.835  | -1.670  |
| COLA freeze (Includes military).....                                                  | -1.649                                             | -1.649  | -1.649  |
| Postal COLA payments 1/.....                                                          | 0.000                                              | 0.000   | 0.000   |
| Subtotal, retirement.....                                                             | -3.319                                             | -2.484  | -3.319  |
| Federal employees health benefits:                                                    |                                                    |         |         |
| Weighted average premium formula.....                                                 | -0.388                                             | -0.388  | -0.388  |
| Postal payments for FEHB costs (using<br>weighted average formula).....               | -0.916                                             | -0.916  | -0.916  |
| Subtotal, FEHB.....                                                                   | -1.304                                             | -1.304  | -1.304  |
| Commodity Credit Corporation.....                                                     | -1.300                                             | -1.200  | -1.400  |
| Power marketing.....                                                                  | -0.982                                             | -0.982  | -0.982  |
| Postal Service off-budget 2/.....                                                     | -0.903                                             | 0.000   | 0.000   |
| Veterans loan asset sales.....                                                        | -0.518                                             | 0.000   | -0.518  |
| Repeal Bumpers amendment.....                                                         | -0.353                                             | 0.000   | 0.000   |
| Reduction of State share of mineral<br>and timber receipts (firefighting offset)..... | -0.136                                             | -0.136  | -0.136  |
| Guaranteed student loans.....                                                         | -0.071                                             | -0.065  | -0.071  |
| Child care tax credit.....                                                            | 0.182                                              | 0.000   | 0.182   |
| Subtotal, mandatory programs.....                                                     | -13.504                                            | -10.271 | -10.848 |
| User fees and collections:                                                            |                                                    |         |         |
| Credit fees:                                                                          |                                                    |         |         |
| Veterans housing (1% extension).....                                                  | -0.124                                             | 0.000   | -0.124  |
| SBA loan guarantees.....                                                              | -0.101                                             | -0.101  | -0.101  |
| Government-sponsored enterprises:                                                     |                                                    |         |         |
| Fannie Mae.....                                                                       | -0.036                                             | -0.036  | -0.036  |
| Freddie Mac.....                                                                      | -0.022                                             | -0.022  | -0.022  |
| Sallie Mae.....                                                                       | -0.004                                             | -0.004  | -0.004  |
| Subtotal, GSE.....                                                                    | -0.062                                             | -0.062  | -0.062  |
| Ginnie Mae.....                                                                       | -0.027                                             | -0.027  | -0.027  |
| Rural Electrification Administration.....                                             | -0.014                                             | -0.014  | -0.014  |
| Agricultural credit Insurance fund 1/.....                                            | 0.000                                              | 0.000   | 0.000   |
| Other fees and collections:                                                           |                                                    |         |         |
| FCC spectrum auction.....                                                             | -2.200                                             | -2.200  | -2.200  |
| Nuclear Regulatory Commission.....                                                    | -0.308                                             | 0.000   | -0.308  |

30-Oct

**PROPOSED OUTLAY SAVINGS NOT ACHIEVED**  
(in billions of dollars)

|                                                 | FY 1991 Savings<br>Assuming Reconciliation Action: |         |         |
|-------------------------------------------------|----------------------------------------------------|---------|---------|
|                                                 | None                                               | House   | Senate  |
| Coast Guard (\$25 annual decal fee).....        | -0.200                                             | -0.200  | -0.150  |
| Flood insurance.....                            | -0.141                                             | -0.141  | -0.141  |
| CFC production rights.....                      | -0.140                                             | 0.000   | 0.000   |
| FDA application processing and inspections..... | -0.100                                             | -0.100  | -0.100  |
| Animal plant and health inspection.....         | -0.078                                             | -0.078  | -0.078  |
| Veterans medical care.....                      | -0.030                                             | -0.030  | -0.030  |
| Army Corps of Engineers recreation fee.....     | -0.020                                             | -0.020  | -0.020  |
| Environmental Protection Agency:                |                                                    |         |         |
| Water permit fee.....                           | -0.012                                             | -0.012  | -0.012  |
| Auto certification fee.....                     | -0.005                                             | -0.005  | -0.005  |
| Subtotal, EPA.....                              | -0.017                                             | -0.017  | -0.017  |
| Railroad safety inspection.....                 | -0.009                                             | -0.009  | -0.009  |
| U.S. Travel and Tourism Administration.....     | -0.008                                             | -0.008  | -0.008  |
| Forest Service recreation fee.....              | -0.008                                             | -0.008  | -0.008  |
| Agriculture marketing.....                      | -0.004                                             | -0.004  | -0.004  |
| SBA publications.....                           | -0.003                                             | -0.003  | -0.003  |
| Arctic National Wildlife Refuge 3/.....         | 0.000                                              | 0.000   | 0.000   |
| Customs:                                        |                                                    |         |         |
| Extend processing fee.....                      | -0.157                                             | -0.157  | -0.157  |
| Conform to GATT.....                            | 0.243                                              | 0.243   | 0.243   |
| Subtotal, Customs.....                          | 0.086                                              | 0.086   | 0.086   |
| Subtotal, user fees and other collections...    | -3.508                                             | -2.936  | -3.318  |
| Total, mandatory and user fee repropoals.....   | -17.012                                            | -13.207 | -14.166 |
| Change direct loans to guaranteed loans:        |                                                    |         |         |
| Farmers Home Administration.....                | -1.598                                             | -1.598  | -1.598  |
| Rural Electrification Administration.....       | -0.230                                             | -0.230  | -0.230  |
| Subtotal, change to guaranteed loans.....       | -1.828                                             | -1.828  | -1.828  |
| Total, all repropoals.....                      | -18.840                                            | -15.035 | -15.994 |

1/ Savings after 1991 only.

2/ Includes technical reestimate.

3/ The Bush budget included savings of \$2.1 billion in 1990 for ANWR oil and gas leases. For the Mid-Session, the savings were delayed until 1993.

DEMOCRATIC LEADERSHIP PROPOSAL

1:15 P.M.  
Tuesday, 10/31/89

1. Debt Limit. Pass a clean long-term extension of the debt limit immediately.
2. Reconciliation. Pass a stripped-down reconciliation bill as soon as possible that meets the Gramm-Rudman-Hollings targets. It will include only Section 89, catastrophic care, expiring tax provisions, and such other measures as both all sides agree upon.
3. Capital Gains. House to repass the Jenkins bill. This will be taken up immediately in the Senate, free standing, this week if possible. After an agreed-upon period of debate on the Packwood-Roth substitute, there will be a cloture vote. If cloture is obtained on the Packwood-Roth substitute, capital gains will be enacted. If cloture is not obtained capital gains will not be enacted. This will be the only capital gains vehicle this year.
4. Child Care. Child care to be conferenced separately as soon as possible and dealt with free standing.
5. Poland-Hungary Aid. The capital gains amendment will be withdrawn and the Poland-Hungary Aid bill acted on, free standing, as soon as possible.
6. Adjournment. The target date for adjournment sine die is November 22. Reaching agreement on the above proposal will enable us to meet that target. Failure to reach some agreement will mean that the target cannot be met, with the prospect of this session continuing into December.

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Report Bush-Gorbachev meeting possible in December

WASHINGTON (UPI) \_ White House officials declined to comment Tuesday on a published report that a December meeting is shaping up between President Bush and Soviet leader Mikhail Gorbachev.

The Washington Post reported that the first meeting between the two leaders is under discussion and would be held on neutral territory, possibly aboard a ship in the Mediterranean.

The Post quoted sources as saying the meeting would not interfere with the already announced summit meeting to be held in late spring or early summer.

White House press secretary Marlin Fitzwater said he could not comment on the report, but indicated that he might have something to say later in the day. He did not deny the story.

In Moscow, the Soviet Foreign Ministry scheduled a news conference for 10 a.m. EST by Soviet Foreign Minister Eduard Shevardnadze. It did not say what would be discussed.

The Post said that contacts about a possible summit were being "held at the highest levels and a decision would be made soon." It was unable to say who initiated the earlier talks.

The breathtaking reversals in communist Eastern Europe in the past several months and the rapid changes in the Soviet Union where the new freedoms are leading to more economic demands have put Gorbachev on the spot.

From the start of his administration 10 months ago, Bush has viewed a summit as inevitable but appeared to be in no hurry to meet with Gorbachev.

Although he has said on several occasions that he supports Gorbachev's perestroika and glasnost reforms, it is only in recent weeks that the attempt to assist the Kremlin leaders has been accelerated.

The administration has been speaking with two voices on the dramatic political transition that has taken place in the communist world. Secretary of State James Baker has made two recent speeches reflecting a positive view toward the Soviet Union.

While others in the administration, including national security adviser Brent Scowcroft and his deputy Robert Gates as well as others have taken a much more cautious view.

Baker acknowledged during last weekend's Costa Rican meeting of Western Hemisphere leaders that he had blocked Gates from delivering a speech that questioned the durability of the Gorbachev reforms and the Soviet leader's ability to survive.

Baker told reporters there was no division in the administration on policy toward the Soviet Union, but the "timing" of the speech was wrong.

The president has also been hit with a heavy barrage of criticism from Democratic leaders who accuse him of "timidity" in facing up to the changes in Eastern Europe.

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PM-SUMMIT 1STLD (WRITETHROUGH; PVS WASHINGTON)

SHEVARDNADZE SETS NEWS CONFERENCE AMID EARLY SUMMIT REPORTS

(Eds: UPDATES with news conference)

MOSCOW, Reuter - Soviet Foreign Minister Eduard Shevardnadze called a news conference in Moscow Tuesday as reports circulated in Washington of an early Soviet-American summit.

The unusual news conference, described as a meeting with Soviet and foreign journalists, was announced by the Foreign Ministry's Information Directorate, but no further details were released.

Earlier Tuesday, the Washington Post quoted a source in the U.S. capital as saying Presidents Mikhail Gorbachev and President Bush could bring forward their first summit from the middle of next year to as early as December.

There was no immediate comment from Soviet officials on the Washington Post report, which said the meeting might be held on neutral territory, possibly aboard a ship in the Mediterranean.

But one usually well-informed Soviet source said he would not be surprised if the two leaders had a preliminary meeting before a full-scale summit next spring or early summer in the United States.

"It would seem logical for both of them," the source said. "By next summer, Bush will have been in the White House for 18 months without meeting Gorbachev and that seems a long time when the world is changing as fast as it is."

The two last met in December 1988 in New York, a month before Bush took over the presidency when he attended a farewell meeting between Gorbachev and outgoing president Ronald Reagan.

Agreement on their first full summit was announced by Shevardnadze and Secretary of State James Baker last month after talks at Jackson Hole in Wyoming.

Gorbachev, who this year became formally an executive president in addition to his key role as Communist Party General Secretary, is due to make a visit to Italy at the end of November.

If the suggestion that he could meet Bush on board a ship in the Mediterranean proved correct, the Soviet-U.S. Encounter might also take place at the same time.

REUTER

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NETWORK REACTION TO THE PRESIDENT'S ANNOUNCEMENT  
AND PRESS CONFERENCE

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ABC

Peter Jennings: ...The President said at the beginning and at the end he "didn't want to miss something," and he talked about the dynamic changes that were going on in Eastern Europe and in the Soviet Union itself and pointing out that he thought it was a very good time for the interim meeting. This not meant to be a substitute for the summit meeting designed for 1990, it should be informal, it should be a chance for both to get acquainted, to deepen their views of one another and not necessarily to reach any substantial agreement on major issues.

Jennings asks John McWethy at the State Department: Reykjavik was mentioned this morning, President Reagan made a lot people nervous with that suddenly called summit meeting with Mr. Gorbachev. Is the establishment worried about Mr. Bush?

McWethy: Clearly, this whole meeting has been set up with an eye to what happened at Reykjavik. The President went through a number of different assurances to the press that that is not going to happen again. They don't want a repeat of what happened where there is a lot of pressure coming from Mr. Gorbachev to make major concessions on arms control. The President said if that comes up we're just going to set it aside. He clearly established a framework here where arms control is not going to be at the center of his agenda. He said again and again that we're not going to measure this on the basis of success or failure of any particular big decision we make. I think the whole thing has been motivated by what the President repeatedly said, and that is he didn't want to miss anything. He was clearly excited today, playful. This is something that he's really excited about.

Jennings: It's really true, he likes this kind of meeting, too, with reporters.... Does the establishment in Washington seriously believe that Mr. Bush can help Mr. Gorbachev and, if so, how so?

McWethy: ...This could be a large help to Mr. Gorbachev. Gorbachev is facing just an absolutely disastrous situation in his own country with respect to his economy, he has divisive debates underway over the nationalities question. This for Mr. Gorbachev and for Mr. Bush will provide a very high profile, very safe meeting which can divert everyone's attention and remind them what important leaders they are of what important countries.

-more-

Jennings asks Brit Hume: The President has indeed been called timid for not going faster and further with Mr. Gorbachev. Now he says he proposed this meeting back in July.

Hume: Doesn't this remind you, Peter, of the situation we had before the NATO summit --

Jennings: -- Exactly --

Hume: -- where the President was being accused of being timid and not having any reaction to Mr. Gorbachev and then, using a very small circle of advisers, he put together the...proposal on conventional arms that he tabled at NATO and which turned the situation around. He seems to have done much the same thing here, and the two situations, I think, tell us something about Mr. Bush's operating style.

Jennings: How far do you think the President's actually traveled. In May of this year, his spokesman, Mr. Fitzwater, said of Mr. Gorbachev: "He was all hat and no cattle, all talk and no delivery." Mr. Bush says he's come quite some distance. What's the down and bottom view?

Hume: I think the key thing from Mr. Bush's perspective is that events have moved so rapidly in Eastern Europe that they have really changed the atmosphere and we have not had, from this administration's point of view, the kind of continued effort to one-up Mr. Bush on the part of Mr. Gorbachev, which characterized some of the early dealing. And I think that those two things together have created the atmosphere in which Mr. Bush thought this was appropriate.

Jennings: Do you seriously believe...that they can keep it small, keep it informal, put their feet up, without the world banging at their door?

Hume: [Laughing] Well, I can't help laughing when you ask me that, because when one of my colleagues here asked the President -- and he did not answer -- what are you going to do with the press, Chief of Staff Sununu standing off to the side began to make a rowing motion. So they're going try, I think. How well they'll succeed, I don't know.

NBC

Tom Brokaw: ...This is not a summit with a well-defined agenda; it is an opportunity for the two of them to get together, to get to know each other, as the President has emphasized, and to discuss areas of mutual interest in preparation for a full-scale formal summit....

Brokaw asks Moscow correspondent Bob Abernethy: Do you think that the Soviets, however insistent the President may be about there being no agenda here, will come with something that they'll want to put on the table, try to reach some agreements?

Bob Abernethy: ...It seems to me the most important thing about what's just been announced...is the symbolic nature of this meeting. It's a clear sign of support by the President of the United States and U.S. administration for Gorbachev and for the reforms going on here. It should put aside the doubts about the extent to which the U.S. supports those reforms and it must be very, very welcome here....

John Dancy comments from the State Department on internal conflict within the administration over whether the meeting is a good idea: ...Mr. Bush said this morning that everybody is in sync on this -- a rather disingenuous expression because it doesn't necessarily mean that everybody is in agreement on it, they have just simply agreed to go along with this meeting.

Brokaw asks John Cochran: Does the President really believe that he can take a small traveling squad even to two ships isolated in the Mediterranean and not attract worldwide attention and not -- whether he would like to control it or not -- raise expectations about what they may be able to accomplish there.

Cochran: He's fully aware...it's going to be a media circus.... However, I'd have to say you have to go back to July when the president made this decision. During the press conference, I turned to Marlin Fitzwater...and John Sununu...and I said, "When did the allies tell him he should meet with Gorbachev?" And they said it was at the Paris Economic Summit. I think if you go back to that period it was a time when even then the allies were worried about Gorbachev and perestroika and particularly about Gorbachev's economic problems. So I think there's a real economic cast to all this, and I think that some of the questions being asked are whether Bush is prepared to help Gorbachev economically, I think that may hit the target. The president, as you noticed, seemed to shy away from questions about reaching a nuclear arms agreement or a conventional arms agreement. So the economy may be a major topic.

CBS

Dan Rather asks Lesley Stahl: This has all the earmarks, when you put the Pope's meeting with Gorbachev together with the one that immediately follows with President Bush, of a kind of help Gorbachev stay in office, survive and get his reforms intact movement.

Stahl: I think you're right, Dan. The President in fact is turning around a policy that he and his advisers have been articulating for a long time, which is that he wouldn't have a meeting like this, sort of a Reykjavik style meeting, with no agenda, just a chat. I know that a lot of the advisers around the President were unhappy with the outcome of Reykjavik and they were determined to avoid it. So the only conclusion to draw is that Gorbachev desperately wanted this for his own problems at home, and that President Bush is going to go along with it. They were very careful to say they would not make decisions on arms control, which was the basic problem with Reykjavik. They will talk about changes in Eastern Europe, and [he was] careful to say they don't expect to have any decisions. So I think there's a signal out there that they're going to try and avoid the kind of outcome of the Reykjavik meeting. But I do think it was an attempt to help Gorbachev out politically.

-more-

Rather asks Bill Plante: There's been these reports that Vice President Quayle was not singing from the same hymnal as Secretary Baker and President Bush. It looks as if that turns out to be the case, then certainly Bush and Baker are together, because Baker has wanted such a meeting with Gorbachev.

Bill Plante: That's right, Dan. You could say, despite what the President said, that the Vice President and probably Robert Gates...wind up with a little bit of egg on their faces, because they were the ones out there stressing the cautious part of the U.S. approach to the Soviet Union. That was in Baker's speeches too, and it was overshadowed, of course, by the discussion of the need to cooperate and the need not to drop the ball on this particular opportunity. A senior administration official...told me just the other day that Baker's speeches represent administration policy because they represent what the President thinks and feels. So it seems clear now, in 20/20 hindsight, that Baker's speeches were paving the way for this upcoming meeting in December.

Rather: ...Of course, part of what all this is about is President Bush's desire, and apparently Gorbachev's desire, to get some kind of a nuclear arms agreement that deals with long-range strategic nuclear arms. Now, while that may be discussed at the preliminary summit meeting in December, no one is suggesting that they're anywhere near an agreement on that, but looking down the road.... Other subjects at this morning's news conference: As you saw and heard, perhaps, the President did not want to deal with any questions dealing with health care for the poor; Sarah McClendon asked him twice about that. And for that matter, the president took the opportunity a little late in the news conference to slam the Democrats in Congress pretty hard, blaming them for not solving the nation's deficit problems.

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## 3:30 P.M. NEWS UPDATE

SHIPBOARD MEETING (Gene Gibbons, Reuter) -- President Bush's shipboard summit with President Gorbachev grew out of Bush's visit to eastern Europe last summer and was arranged through personal communications between the two superpower chiefs, a U.S. official said Tuesday.... The official said Bush proposed the "non-summit summit"...after he was urged by Polish and Hungarian leaders to be more supportive of the Soviet leader.... "They expressed a hope that he would be meeting with General Secretary Gorbachev and that he would be supportive of Mr. Gorbachev...all of which prompted the President to begin thinking about a way to have a meeting which would be short of the traditional summit," the official said.

KRENZ/SOVIET VISIT (Berlin/UPI) -- East German leader Krenz left for a two-day visit to Moscow to meet with President Gorbachev, East German television reported. In an interview Monday night with Soviet television, Krenz said he was looking forward to his visit and wanted to learn more about the Soviet reforms. He said, however, he rejected Western proposals "to abolish socialism through reform." "We are for reforms that advance socialism, which bring more socialism and more democracy," he said.

USS EISENHOWER (Norfolk, Va./AP) -- Three sailors and 38 non-nuclear missiles on the aircraft carrier USS Dwight D. Eisenhower were washed overboard during exercises today, the Navy said. Two sailors were rescued and one was missing. Lt. Cmdr. Steve Burnett said that the 18 Sparrow and 20 Sidewinder missiles went down in deep water and that the air-to-air missiles posed no risk. "They were not nuclear-powered. They were not armed," said another spokesman, Senior Chief Petty Officer Cindy Adams. "Therefore, they're harmless."

CONTRAS/NICARAGUA (Managua/UPI) -- The government said U.S.-backed contra rebels attacked an agricultural cooperative center Tuesday, killing four civilians and wounding five others, as President Ortega considered whether to suspend a 19-month-old cease-fire. "The mercenaries continue attacking.... Today a cooperative was attacked in San Miguelito," about 60 miles southeast of Managua, said Bayardo Arce, a member of the directorate of the ruling Sandinista Front.

CONTRAS/MENEM (Buenos Aires/Reuter) -- Argentine President Menem said Tuesday he planned to get in touch with contra rebels to try to secure a lasting ceasefire in Nicaragua. Menem...said he would keep up efforts to ensure peace in Nicaragua in the runup to Feb. 25 elections. "We plan to make some other kind of contacts with sectors which represent the contras to see if we can achieve a ceasefire or extend the ceasefire until the elections, and then maintain this attitude until peace is finally reached in that country," Menem said in an interview with Reuters and the television news agency Visnews. The Argentine president...said it was possible Ortega would extend the ceasefire.

IRAN-CONTRA/POINDEXTER (UPI) -- Lawyers for John Poindexter asked a judge to dismiss the Iran-Contra charges against him, arguing televised hearings into the scandal may have tainted the grand jury that indicted him. The defense offered no evidence of grand jury "taint" but asked the judge -- at a minimum -- to hold further hearings on the issue. Prosecution lawyer Dan Webb, representing Lawrence Walsh's office, asked Judge Greene to let the trial proceed.

-more-

LEBANON/AOUN (Beirut/UPI) -- Christian military leader Michel Aoun on Tuesday told Syria to withdraw its troops from Lebanon and warned Lebanese lawmakers against electing a president under a peace plan he has rejected. Aoun, in a written message addressed to Syrian President Assad, said, "We reiterate our demand again to your excellency to pull the Syrian army from Lebanese territory. The general, who has rejected an Arab-mediated accord to end the conflict because it does not call for a withdrawal of all Syrian troops, told Assad he wanted to reach agreement with Syria on a phased withdrawal.

MIAS/VESSEY (Bangkok/Reuters) -- The U.S. is pressing Vietnam for reports on missing American servicemen dead or alive, 15 years after the end of the Indochina war, U.S. presidential adviser Gen. Vessey said Tuesday. "If a man is alive we want him back. If he's not alive we want to be able to tell his family what happened to him," he told reporters.

SPACE DEFENSES (UPI) -- America's expensive, high-tech and defenseless spy satellites are vulnerable to an onslaught of low-cost killer spacecraft from the Soviet Union, a congressional researcher warned Tuesday. "Space is already militarized whether we like it or not, it's a fact of life," said John Collins of the Library of Congress, who recently completed a book entitled "Military Space Forces: The Next 50 Years." "All operations space weapons...presently belong to the Soviet Union," Collins said at a news conference. "High-tech U.S. space systems are almost irreplaceable because they are too expensive to mass produce." While the Pentagon dreams of "Star Wars" and other sophisticated programs, the Soviets have been steadily building cheaper and simpler offensive space probes that threaten American spy satellites, he said. "We ain't got any," Collins said. "If we got hit in space, we're out of business."

JOB TRAINING/ADMINISTRATION/DEMOCRATS (AP) -- Democrats on a joint congressional committee criticized the Bush administration Tuesday for scheduling further conferences on job training rather than proposing specific legislation. "It's ridiculous that we have to re-invent the wheel like this every year," Rep. Scheuer told Assistant Secretary of Labor Roberts Jones. Scheuer said the problem has been so well studied that all Jones would have to do is sit down with previous administration officials for an hour over lunch.... Sen. Gore chided the administration for "a lack of precision in connection with what needs to be done" to make sure that workers have the mental skills for jobs in a more complex service economy.

HALLOWEEN/PRESIDENT (UPI) -- In a fine drizzle and under dark clouds, President Bush hosted an outdoor Halloween Party for about 500 area children Tuesday and warned them about a "scary story that isn't make-believe" -- illegal drugs. In doing so, Bush read a letter he received from a desperate fifth grade girl in Chicago. "I never go outside my house because my mom gets scared because of the gang fights," wrote the youngster, who signed her letter, "Love, Ana Zamora." She said, "President Bush, I have heard that you are pushing for a war on drugs. Please help remove the drugs from my neighborhood. I will do my part." The President said, "I want to tell you, Ana, and all of you, we will do our best. And if she keeps doing her part, and you all do the same, we're going to stop drugs and keep our neighborhoods and schools safe."

## **JOINT PRESS STATEMENT**

**PRESIDENT GORBACHEV AND I WILL MEET DECEMBER 2 AND 3 ABOARD U.S. AND SOVIET NAVAL VESSELS ON ALTERNATE DAYS IN THE MEDITERRANEAN. OUR DISCUSSIONS WILL COVER THE CURRENT INTERNATIONAL SITUATION AND DEVELOPMENTS IN U.S.-SOVIET RELATIONS. IN VIEW OF THE FULL-SCALE U.S.-SOVIET SUMMIT TO BE HELD IN THE UNITED STATES DURING THE LATE SPRING OR EARLY SUMMER OF 1990, PRESIDENT GORBACHEV AND I HAVE AGREED THAT AN INTERIM, INFORMAL MEETING AT THIS TIME WOULD BE APPROPRIATE.**



**- 2 -**

**OUR TALKS WILL BE INFORMAL IN CHARACTER, DESIGNED TO ALLOW US TO BECOME BETTER ACQUAINTED WITH ONE ANOTHER AND TO DEEPEN OUR RESPECTIVE UNDERSTANDING OF EACH OTHER'S VIEWS. NEITHER PRESIDENT GORBACHEV NOR I ANTICIPATE THAT SUBSTANTIAL DECISIONS OR AGREEMENTS WILL EMERGE FROM THIS DECEMBER MEETING.**

**# # #**

# Democratic News

Democratic National Committee

FOR IMMEDIATE RELEASE:  
October 31, 1989

CONTACT: Ginny Terzano  
Mike McCurry  
202-863-8020

## DEMOCRATS PRESSURE PRESIDENT BUSH TO SUPPORT MINIMUM WAGE INCREASE

LOS ANGELES -- The following statement by Democratic National Committee Chairman Ronald H. Brown is on bill which would increase the minimum wage by 90 cents an hour over a two year period. Under pressure from House Democrats, the Administration has finally agreed to support this increase for working families and students. Under the proposed measure, the minimum wage will gradually increase to \$4.25 an hour by 1991. The House is expected to vote on the measure later this week.

"The White House support for an increase in the minimum wage has been a long time coming from a President who has consistently turned his back on the needs of working families.

"George Bush vetoed a wage increase last spring and most recently opposed a 90 cent minimum wage increase for working families. At the same time, the President has been adamant in his support of a \$25,000 tax cut on capital gains for individuals making more than \$200,000.

"An increase in the minimum wage should not be about politics or partisanship. It's a matter of simple justice and fairness for working men and women, and students trying to pay their way through college.

"Guaranteeing people a decent wage is the right thing to do and I am delighted that Democratic leaders in Congress have won an agreement which will give working men and women a better wage for a hard day's work."

Bush Library Photocopy  
George Bush Handwriting

Note

-30-

We negotiate a compromise  
but at my 4.25 then this idiot  
comes out with this —

Personal



Document Originally  
Attached to  
Previous Page

10-31-89

DEMOCRATIC LEADERSHIP PROPOSAL

(Mitchell → Dole → RWD)

07

- 1) Debt Limit. Pass a clean long-term extension of the debt limit immediately.
- 2) Reconciliation. Pass a stripped-down reconciliation bill as soon as possible that meets the Gramm-Rudman-Hollings targets. It will include only Section 89, Catastrophic Care, expiring tax provisions, and such other measures as both all sides agree upon.
- 3) Capital Gains. House to repass the Jenkins bill. This will be taken up immediately in the Senate, free standing, this week if possible. After an agreed-upon period of debate on the Packwood-Roth substitute, there will be a cloture vote. If cloture is obtained on the Packwood-Roth substitute, capital gains will be enacted. If cloture is not obtained capital gains will not be enacted. This will be the only capital gains vehicle this year.
- 4) Child Care. Child care to be conferenced separately as soon as possible and dealt with free standing.
- 5) Poland Hungary Aid. The capital gains amendment will be withdrawn and the Poland-Hungary aid bill acted on, free standing, as soon as possible.
- 6) Adjournment. The target date for adjournment sine die is November 22. Reaching agreement on the above proposal will enable us to meet that target. Failure to reach agreement will mean that the target cannot be met, with the prospect of this session continuing into December.

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Bush Library Photocopy  
George Bush Handwriting

Photocopy from George Bush Presidential Library

Leadership Proposal on Reconciliation/Debt Limit/Capital GainsMajor Elements

- 1) A stripped down reconciliation bill comes out of conference, is passed by both Houses and signed into law.
- 2) A clean, permanent debt limit extension is passed by both Houses and signed into law.
- 3) A separate vehicle is provided for consideration of capital gains at a time certain. That is the only vehicle on which capital gains would be considered during this session of Congress.

Other Factors

- 1) Congress and the Administration agree to work together to pass a clean debt limit and reconciliation bill at the earliest possible date.
- 2) If the debt limit and reconciliation bill are passed by Nov 9, a capital gains bill (the Jenkins bill as passed by the House of Representatives) will be taken up on the Senate floor. Following two days of debate, a cloture vote will occur to determine disposition of the capital gains issue for this session.
- 3) Catastrophic and Section 89 legislation, and a one year extension of expiring tax provisions would be part of the conference agreement on reconciliation.
- 4) Child care legislation would be taken out of the reconciliation bill to be considered as a stand alone bill.
- 5) The debt limit and reconciliation bills would be passed simultaneously by including a clean debt limit bill as part of the reconciliation conference agreement.

Gingrich:

- takes 51 votes to adjourn
- say, at issue is recession - w. cap gains.
- call Cong. back. Don't veto reconcil. Don't let Em off hook on adjourn/recession/cap gain

Say: "Dems want a recession."

October 30, 1989

## PROPOSED LEADERSHIP STRATEGY

Major Elements

There is agreement to pass simultaneously, at the earliest possible date:

- (1) A cleaner, modified reconciliation bill, and
- (2) A simple permanent debt limit increase.

Separate Legislative Vehicles

Separate legislative vehicles will be provided for consideration of the following which will not be considered as part of reconciliation:

(1) Capital gains legislation will be voted on by the House within five legislative days after the enactment of reconciliation and permanent debt limit increase legislation. The House will vote on a stand alone bill consisting of the capital gains tax reduction provisions included in H.R. 3299. The bill will be considered in the Senate pursuant to Senate Leadership agreement as to procedure.

(2) Child care legislation as resolved by the conferees or another comparable legislative vehicle will be used to send the legislation to the Senate.

(3) Fairness and dial-a-porn legislation as resolved by the conferees or another comparable legislative vehicle will be used to send the legislation to the Senate.

Issues to be Resolved Within Reconciliation (if they can be resolved within an expedited period of time)

- (1) Catastrophic health care legislation as resolved by the conferees
- (2) Repeal of Section 89
- (3) Medicaid provisions assumed in the budget resolution and Medicare policy and savings proposals
- (4) One-year extension of expiring tax benefit provisions
- (5) Other issues which conferees agree to be included based on Leadership agreements.

In addition, the reconciliation bill would include a provision which would end the sequestration order but would NOT restore the funds which have already been sequestered.

THE WHITE HOUSE  
WASHINGTON

*Jim Cicemi handed  
directly*

Ms. Vera Murray



Oct 31, 1989

Dear Vera,

When you get to be 71  
you get a little wacky. This  
is just a warning, a "heads  
up", if you will. Please  
watch Strauss carefully.

He sent me ~~a~~ disturbed  
notations on a brilliantly  
crafted fund-raising letter  
sent out by our above  
board, tasteful operatives on  
the Hill.

You know I like Bob a lot.  
but watch him. He may be slipping  
across the great divide. Tell with  
Strauss - you're number 1 - G. B.

THE WHITE HOUSE

WASHINGTON

October 31, 1989

Dear Deb:

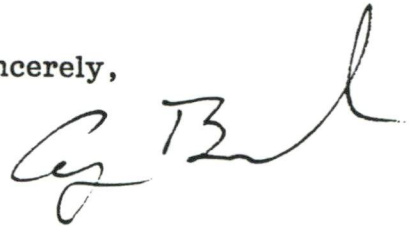
I was so sorry to hear of Barbara's death. The pain of letting go is so difficult, and I want you to know that you are in my thoughts and prayers.

Though I share in your loss, I feel privileged that her life touched mine in a special way. Often it is our children who handle tragedy in such an adult manner that their strengths bring inspiration to others.

Although Barbara is not here now, I am sure she'll always live on in your memory and in all the things that were important to both of you.

God bless you.

Sincerely,



Ms. Deborah Hillgartner  
1892 San Luis Rey  
Fenton, Missouri 63026

OVERSIZE "Jumbo"  
FRAMED COPY OF  
WH OFFICIAL  
PHOTO  
6 23369-9  
6 DEC 88  
ACCOMPANIED  
THIS LETTER

MR. PRESIDENT:

This condolence letter is to the mother of the little girl, Barbara Hillgartner, who visited you in December; she had a brain tumor. She just died about October 15, 1989.

This letter was requested by Kathy Super of your Scheduling Office.

JB

COPY WAS SENT  
TO KATHY SUPER

WASHINGTON

October 31, 1989

Dear Ambassador Kennedy:

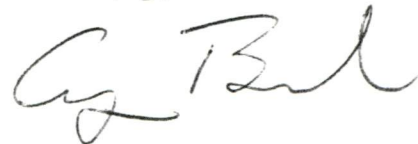
I congratulate you on the occasion of the Annual Joint Business Conference of your Council and its counterpart on Taiwan.

In recent years, Taiwan has faced and surmounted a daunting set of hurdles on the path of economic liberalization and political reform. This performance has been impressive.

Our two sides also engaged, forthrightly and constructively, in tough negotiations on economic issues between us. Much has been done, and much remains to be done. I salute the spirit of those who have put their energy into these demanding tasks and I urge them on to new progress in the year ahead.

Business people from both Taiwan and the United States are, of course, the engine of the change and progress we witness today. I commend their industry, creativity, and cooperation and wish them success.

Sincerely,



The Honorable David Kennedy  
4701 East South Temple Street  
Room 203  
Salt Lake City, Utah 84150

FROM  
THE WHITE HOUSE  
WASHINGTON, D.C.

094786  
FOOO6-03

The Honorable Alexander M. Haig, Jr.  
1155 15th Street, NW - Suite 800  
Washington, DC 20005



THE PRESIDENT

Oct. 31, 1989

Dear Al,

I flipped on CNN when  
I got home tonight and there  
you were with strong positive  
comments on my upcoming non-  
Summit - May thanks for

those positive comments

Sincerely,

bcc: Governor Sununu  
Brent Scowcroft

891101

076287

COPY  
from ORM

THE WHITE HOUSE  
WASHINGTON

October 31, 1989

Dear De:

I received your letter of September 3rd. I have no record of personally receiving the other letters you refer to. I was very pleased to hear from you again.

The problem is they do not have any schools in the United States that provide a course of study in tennis refereeing. Most officials attend a course of instruction sponsored by the Association of Tennis Professionals, and I am writing them on your behalf asking that they mail to you directly information on their programs.

I hope you are keeping up with your tennis and everything is going well for you at home. Please give my best to your wonderful little family. We still remember with fondness our tennis playing days in Beijing.

Sincerely,

*George Bush*

Mr. De Lian Sheng  
Sport Department  
Beijing Institute of  
Physical Education  
Beijing  
PEOPLE'S REPUBLIC OF CHINA

891103

THE WHITE HOUSE  
WASHINGTON

October 31, 1989

Dear Gentlemen:

The President received a letter from a young man in China with whom he used to play tennis with in Beijing. The man, Mr. De Lian Sheng, wants to come to the United States to study "tennis refereeing." We told him that there was no such course in a college, but I am wondering if your association can be helpful to Mr. Sheng in any way.

We would appreciate your sending directly to Mr. Sheng any information you may have with a copy to me.

Mr. De Lian Sheng  
Sports Department  
Beijing Institute of Physical Education  
Beijing  
People's Republic of China.

Thank you for your assistance.

Sincerely,



Patricia A. Presock  
Deputy Assistant to the President

*Already mailed*

U.S. Tennis Association  
1212 Avenue of the Americas  
New York, New York 10036

8  
Jan Buemaster

De Lian Sheng  
Sport Department  
Beijing Institute of Physical Education  
Beijing, China.

76287

H.E. Mr. President of the United States of America  
and Madam Barara Bush  
The White House  
Washington  
U. S. A.

Beijing, September 3rd. 1989

Dear Mr. President and Madam,

Having <sup>not</sup> heard from you for such a long time and I have sent you on the 9 and 17 of March and then again on 13 April, 1989 letters respectively. However, I received no response and I am afraid that all my letters have gone somewhere.

However, you are always remembered by and I with my whole family wish you both and the family good health, happiness.

I am going to be gratuated soon and I wish to continue my study in the Unites States, and I need your help. What I wish is that could you find me a college where I can be admitted to study and major in Tennis referee. There will be no problem for me to ask someone of my friends to support me financially and do the affidavit, but I really hope that you can find me a college to go to.

I hope that this will not bother you much, and as usual, my wife and my son join me in sending you all our best regards.

Sincerely yours,

*De Lian sheng*

De Lian Sheng

# 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: P07606-20A [Announcement of Meeting w/Gorbachev; P7618-14, P07628-11  
[Halloween Spectacular];

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:**

26

**Folder Title:**

Tuesday, October 31, 1989

**OA/ID Number:**

90525-007

**Transferred by:** Deborah Wheeler

**Date of Transfer:**

10/7/2009

**Received by:** Mary Finch

**Date Received:**

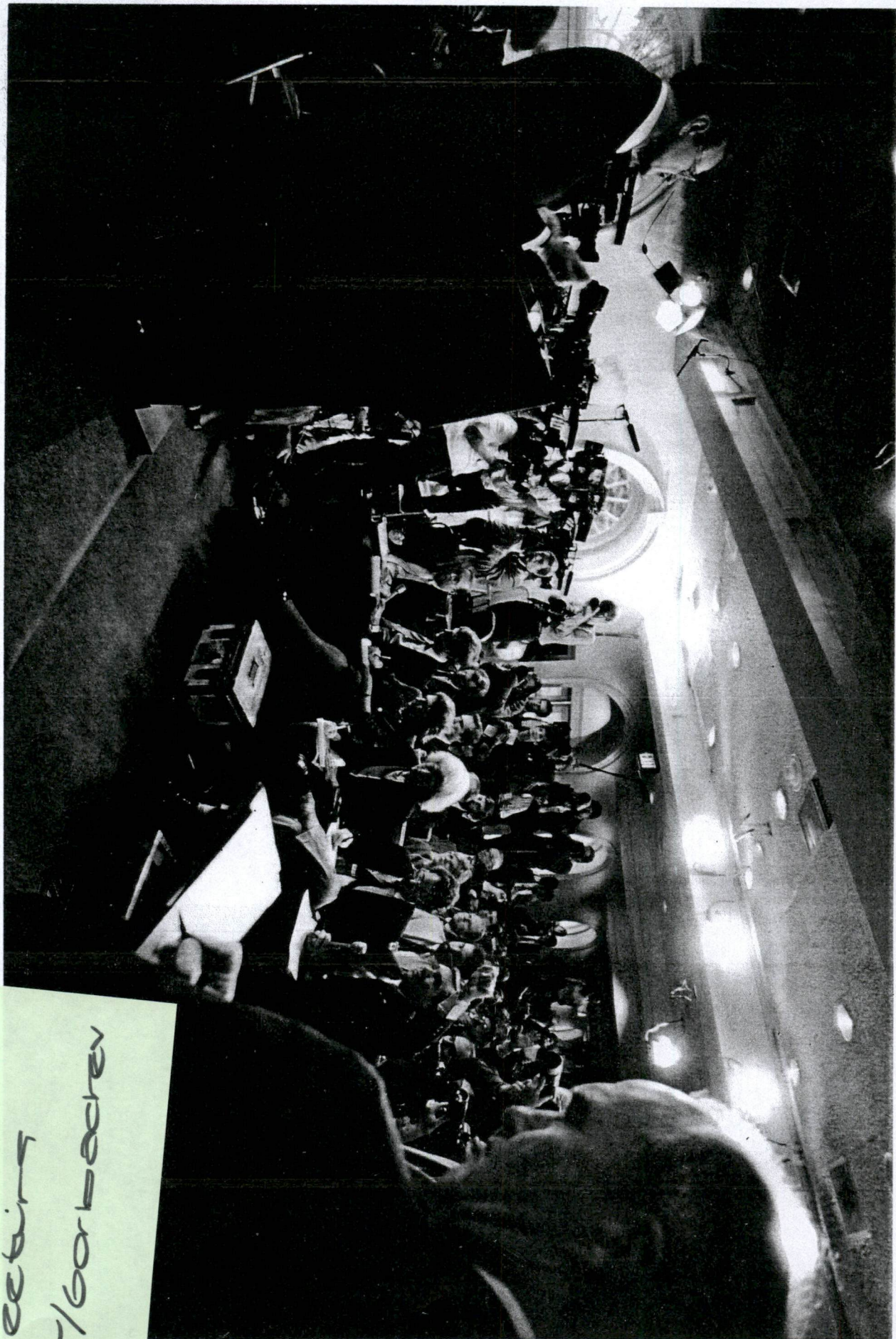
10/7/2009

Go to Database  
Navigator

Go to Accession  
Register

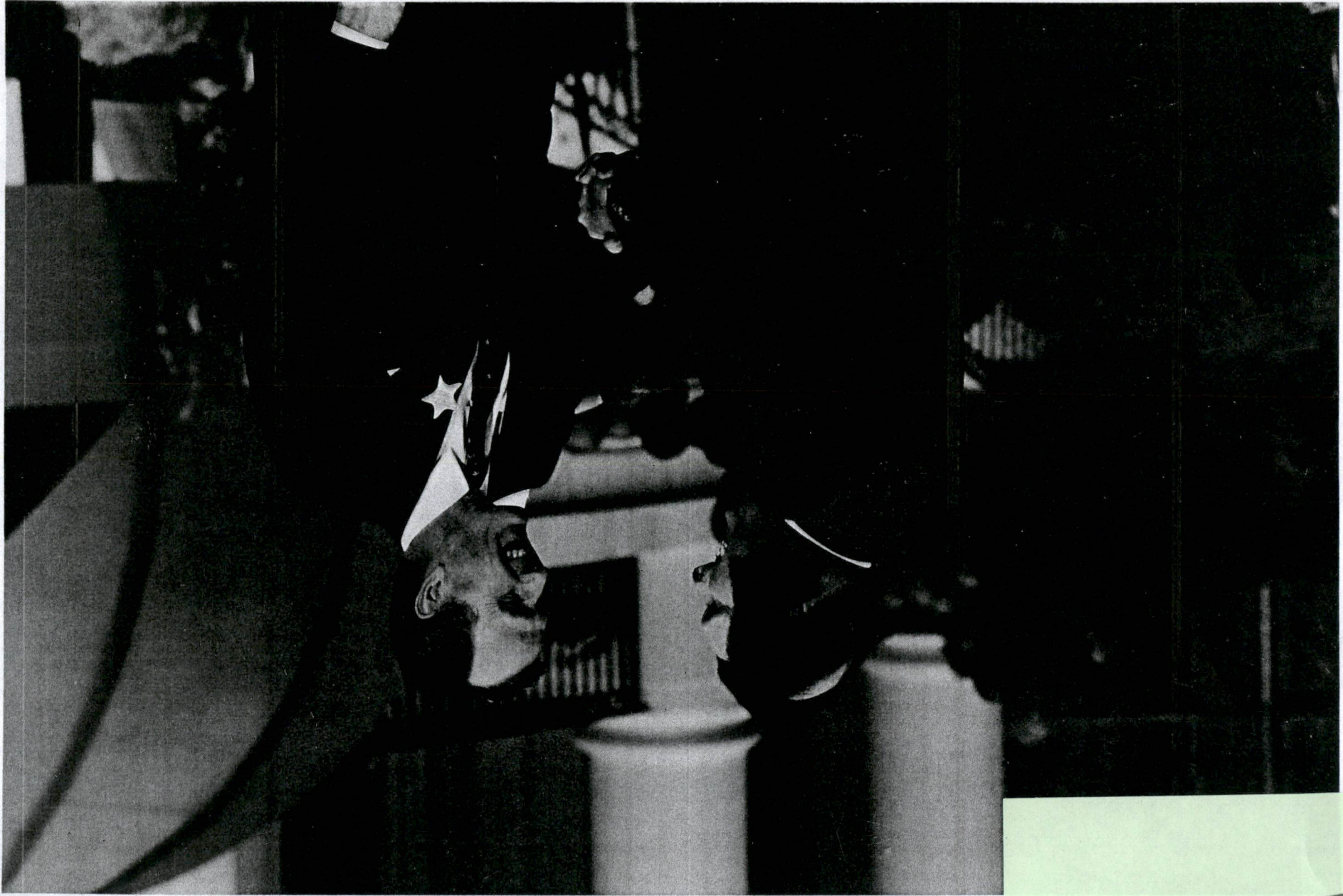
Go to Withdrawal Sheet

Print Record



Announce.  
meeting  
w/ Gorbachev

OFFICIAL WHITE HOUSE PHOTOGRAPH 31 OCT 89 P07606-20A DV



Hawthorn  
Spec.  
to wife

Halloween  
spec -  
tacular

Photocopy from George Bush Presidential Library



OFFICIAL WHITE HOUSE PHOTOGRAPH 31 OCT 09 09:50:21-11 CP