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FOIA MARKER

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

OA/ID Number: 90527
Folder ID Number: 90527-014

Folder Title:
Wednesday, November 29, 1989

Stack:	Row:	Section:	Shelf:	Position:
V	12	11	4	7

Withdrawal/Redaction Sheet (George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Schedule	Schedule of the President [redaction] (1 pp.)	11/29/89	(b)(3)	
02a. Log	White House Telephone Log [President Bush] [redaction of personal information] (2 pp.)	11/29/89	(b)(6)	
02b. Log	White House Telephone Log [Signal Switchboard] [redaction of personal information] (1 pp.)	11/29/89	(b)(6)	
03. Note	Handwritten notes of Presidential Phone call with Jack Brooks Re: various issues [redaction of personal information] (1 pp.)	11/29/89	(b)(6)	
04. Note	Handwritten notes of Presidential Phone call with JAB [James A. Baker, III] Re: Mitterand (1 pp.)	11/29/89	(b)(1)	
05. Note	Handwritten notes of Presidential Phone call with JAB [James A. Baker, III] Re: various issues (2 pp.)	11/29/89	(b)(1)	
06a. Note	Handwritten notes of Presidential Phone call with President Roh Re; meeting (1 pp.)	11/29/89	(b)(1)	
06b. Memo	From Brent Scowcroft to President Bush Re: Telephone Call from President Roh Tae Woo of Korea (1 pp.)	11/29/89	(b)(1)	
06c. Talking Points	Points to be made for Telephone Conversation with South Korean President Roh Tae Woo (2 pp.)	n.d.	(b)(1)	

Page 1 of 1

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Wednesday, November 29, 1989

Pinksheet Number: dw1522

OA/ID Number: 90527-014

Date Closed: 10/27/2009

FOIA/Sys Case #: 2009-0166-S

Re-review Case #:

P-2/P-5 Review Case #:

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RESTRICTION CODES

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SCHEDULE OF THE PRESIDENT

Wednesday, November 29, 1989

8:00 am (15 min)	<u>Intelligence Briefing</u> (Scowcroft/Sununu)	Oval Office
8:15 am (30 min)	<u>National Security Briefing</u> (Scowcroft)	Oval Office
8:45 am (30 min)	<u>Meeting with Governor Sununu</u>	Oval Office
9:15 am (30 min)	<u>Administrative Time</u>	Oval Office
9:45 am (75 min)	<u>Personal Staff Time</u>	Oval Office
11:00 am (20 min)	<u>Media Interview</u> (Fitzwater) (TAB A)	Oval Office
11:20 am (40 min)	<u>Personal Staff Time</u>	Oval Office
12:00 pm (75 min)	<u>Lunch</u>	Oval Office
1:15 pm (15 min)	<u>Personal Staff Time</u>	Oval Office
1:30 pm (30 min)	<u>Meeting with Secretary Baker</u>	Oval Office
2:00 pm (60 min)	<u>Personal Staff Time</u>	Oval Office
3:00 pm (30 min)	<u>Administrative Time</u>	Oval Office
3:30 pm (30 min)	<u>Meeting with Governor Sununu</u>	Oval Office
4:00 pm (60 min)	<u>Trip Briefing</u> (Scowcroft) (Distributed Separately)	Oval Office

Photocopy from George Bush Presidential Library

7:10 am Oval 7:20 add Cicconi 7:32 Cicconi out
 8:02 add Gates Scowcroft (b)(3) Sununu, DCI IMP 11/28/89
 8:12 Gates out 8:15 add Gates 8:25 add V.P. 8:28 DCI (b)(3) 6:00 pm
 9:43 Gates + Scowcroft out; add Darman 10:42 Darman + Sununu out
 10:43 add Sununu + Fitzwater in; V.P. out 10:52 Fitzwater out
 10:56 add Fitzwater Gates + Scowcroft 11:01 Sununu out



6:00 pm

Private Dinner
(Firestone)

Residence

11:03 add Sumner 11:03 ~~add~~ Fitzwater out 11:04 add Fitzwater, +
5 reporters
11:06 Sumner out 11:08 add Sumner - Sumner out 11:20 add Sumner
11:33 Sumner out 11:35 all out except Mashek, Seib + McNulty
11:37 all out 11:39 Fitzwater in 11:40 Fitzwater out 11:53 Potus to Cabana
(12:30 Mrs. Bush arr) 12:36 Potus and Oval from Cabana 12:36 Mrs. Bush
Nancy Reynolds +
12:38 Potus, Mrs. Bush, Fuller + Reynolds to WH mess for lunch Chang Fuller to Oval
1:37 dpt WH mess 1:39 an Oval 1:40 add Baker + Scowcroft 1:47 add Sumner
2:29 Baker + Scowcroft out 2:54 Sumner out 3:04 add Rogich
3:29 Rogich out 3:35 add Sumner 3:47 add Brady + Sumner out
3:50 Sumner into Oval 4:00 Sumner + Brady out 4:01 add Baker
4:04 add VP, Sumner, Wm. Barr, B. Gray, Darman, Gates, Scowcroft
4:05 add McClure 4:49 all out 4:50 Sumner back in
4:53 Sumner out 4:56 add Cicconi 4:58 Cicconi out
5:09 add Scowcroft 5:29 Fitzwater in 5:35 Fitzwater + Scowcroft out
5:54 (approx) Potus dpt Oval to Dip Rm - an Dip Rm 6:00 (approx) P.M. Mulroney et al
arrive. Potus greets
6:05 - 6:50 - mtg in yellow Oval Rm 6:50 - 8:35 approx dinner/mtg
8:40 Dpt 2nd Flr Res. w/ Mulroney 8:44 to 3rd Flr w/ Mulroney - farewell
8:46 Potus, Baker, Gates Scowcroft meet in 3rd Flr Res. Corridor
8:50 all move to med. Unit - mtg. 8: _____ Potus to 2nd Flr Res.

UNP 11/28/89
6:00 pm

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THE WHITE HOUSE
WASHINGTON

TELEPHONE MEMORANDUM

NOVEMBER 29, 1989

PRESIDENT BUSH

	TIME		DISC	NAME	ACTION
	PLACED				
OUT	7:16	AM	7:28	CONGRESSMAN JACK BROOKS BETHESDA NAVAL HOSPITAL BETHESDA, MD.	TLKD-OK 7:23AM
INC		PM			
OUT		AM		295-2943	
INC		PM			
OUT	7:21	AM	7:22	MRS. BARBA BUSH RES: WASHINGTON, D.C. WHITE HOUSE ADMIN EXT. 551	TLKD-OK
INC		PM			
OUT		AM			
INC		PM			
OUT	7:32	AM	7:35	MS. LAURIE FIRESTONE (b)(6)	TLKD-OK
INC		PM			
OUT		AM			
INC		PM			
OUT	7:38	AM	7:41	SECRETARY JAMES BAKER (b)(6)	TLKD-OK
INC		PM			
OUT		AM			
INC		PM			
OUT	7:42	AM		SENATOR DAVID BOREN (b)(6)	O/C LW TOLD PATTY PRESOCK PRESUS CA 7:55 AM
INC		PM			
OUT		AM			
INC		PM			
OUT		AM			
INC		PM			

THE WHITE HOUSE

WASHINGTON

TELEPHONE MEMORANDUM

PRESIDENT BUSH

NOVEMBER 29

, 19 89

	TIME		DISC	NAME	ACTION
	PLACED				
OUT	7:46	AM		SENATOR RICHARD LUGAR OFC: WASHINGTON, D.C. 224-4814	IN GENEVA, SWITZERLAND OFC W/C WITH # TOLD PATTY PRESOCK
INC		PM			
OUT		AM			PRESUS CA 7:55AM
INC		PM			
OUT	8:38	AM	11:01	SECRETARY JAMES A. BAKER OFC: WASHINGTON, D.C. WHITE HOUSE ADMIN EXT. 420	ON PHONE TLKD TO PATTY PRESOCK; TLKD-OK 10:53AM
INC		PM			
OUT		AM			
INC		PM			
OUT	9:47	AM	9:53	SECRETARY NICHOLAS BRADY OFC: WASHINGTON, D.C. WHITE HOUSE ADMIN EXT. 422	TLKD-OK 9:49AM
INC		PM			
OUT		AM			
INC		PM			
OUT	11:47	AM	11:49	MRS. BARBARA BUSH RES: WASHINGTON, D.C. WHITE HOUSE ADMIN EXT. 532	TLKD-OK
INC		PM			
OUT		AM			
INC		PM			
OUT		AM			
INC		PM			
OUT		AM			
INC		PM			
OUT		AM		MRS. PATTY PRESOCK OFC: WASHINGTON, D.C. WHITE HOUSE ADMIN EXT. 620	TLKD-OK
INC		PM			
OUT	12:27	PM	12:28		
INC		AM			
OUT		AM			
INC		PM			

THE WHITE HOUSE
WASHINGTON

TELEPHONE MEMORANDUM

PRESIDENT BUSH

NOVEMBER 29

, 1989

	TIME		NAME	ACTION
	PLACED	DISC		
QUT	AM		MR. JERRY WEINTRAUB OFC: LOS ANGELES, CA. 213-312-1301	PRESUS NOT AVAILABLE TLKD TO BRIDGET MONTAGNE
INC	12:52 PM			
OUT	AM			
INC	PM		MRS. PATTY PRESOCK OFC: WASHINGTON, D.C. WHITE HOUSE ADMIN EXT. 500	TLKD-OK
OUT	AM			
XXX	1:21 PM	1:21		
OUT	AM		MR. FREDERICK D. McCLURE OFC: WASHINGTON, D.C. WHITE HOUSE ADMIN EXT. 609	TLKD-OK
INC	PM			
OUT	AM			
INC	PM		SECRETARY JAMES BAKER OFC: WASHINGTON, D.C. WHITE HOUSE ADMIN EXT. 420	TLKD-OK
QUT	AM			
INC	3:20 PM	3:22		
OUT	AM		MR. JEB BUSH (b)(6)	IN MEETING PRESUS RETURNED CALL 9:09PM; NOISE ON LINE REDIAL # 9:13PM
INC	6:18 PM	9:16		
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			

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THE WHITE HOUSE

WASHINGTON

TELEPHONE MEMORANDUM

SIGNAL SWITCHBOARD

November 29, 1989

	TIME		DISC	NAME	ACTION
	PLACED				
OUT	8:19 AM		9:03	Conference Call: Chancellor Helmut Kohl (b)(6)	Tlkd-ok 8:27 AM
INC	PM				
OUT	AM			Mr. Corneilius F. O'Leary White House Situation Room White House Signal 2-2262	
INC	PM				
OUT	AM			Mr. Robert L. Hutchings White House Situation Room White House Signal 2-2262	
INC	PM				
OUT	AM			Ms. Perry Notboon (b)(6)	
INC	PM				
OUT	AM			Conference Call: President Tae Woo Rah Claridge Hotel, London, England 499-2550	Tlkd-ok 5:09 PM
INC	5:07 PM		5:18		
OUT	AM			Mr. Karl D. Jackson White House Situation Room White House Signal 2-2262	
INC	PM				
OUT	AM			Mr. Tong Kim White House Situation Room White House Signal 2-2262	
INC	PM				
OUT	AM			Mr. Prescott Bush (b)(6)	WCL 9:11 PM Tlkd-ok 9:20 PM
INC	9:10 PM		9:27		
OUT	AM			General Brent Scowcroft Office, Washington, D.C. White House Signal 2-2260	Tlkd-ok 9:14 PM
INC	9:14 PM		9:16		
OUT	AM				
INC	PM				
OUT	AM				
INC	PM				

PRESIDENTIAL MOVEMENTS

LOCATION Washington, D.C.

DATE 29 November 1989

TIME	MOVEMENTS
0710	South Grounds
0711	Oval Office
1154	South Grounds
1237	Oval Office
1241	Staff Mess
1341	Oval Office
1755	South Grounds
1759	Residence
2045	South Grounds
2046	Residence



News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, NOVEMBER 29, 1989 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Bush Plays Down Hope Of Troop-Cut Deal At Malta -- President Bush sought Tuesday to dampen what he termed "hyped speculation" about a possible agreement at this weekend's meeting off Malta with Soviet President Gorbachev but refused to rule out talks about deepened troop cuts in Europe. (Dallas Morning News, New York Daily News, New York Times, USA Today, Washington Post, Copley, Reuter)

Gandhi Resigns As Indian Prime Minister -- Indian Prime Minister Rajiv Gandhi resigned Wednesday after his Congress party lost its parliamentary majority in elections, the Press Trust of India reported. (Reuter)

NATIONAL NEWS

Fiscal 1991 Budget Drafts For Congress Seek To Curb Medicare Doctor Payments -- Drafts of the fiscal 1991 budget that President Bush will send Congress in January include measures to slow the rise in doctors' payments under Medicare. (Wall Street Journal)

NETWORK NEWS (Tuesday evening)

CZECHOSLOVAKIA -- The Communist Party conceded it can no longer claim constitutional control of Czechoslovakia.

MALTA MEETING -- President Bush protested what he called hyped speculation that his conference with Gorbachev would produce an arms deal.

GERMAN REUNIFICATION -- Chancellor Kohl outlined what he regards as a plan to realize the goal of German reunification in the future.

INTERNATIONAL...A-1

NATIONAL NEWS...A-11

NETWORK NEWS....B-1

EDITORIALS.....C-1

FOREIGN MEDIA...C-2

INTERNATIONAL NEWS

PRESIDENT SAYS NOT TO EXPECT ANY 'SURPRISE' FROM SUMMIT

President Bush, assuming the role of spin control commander-in-chief, summoned reporters to the Oval Office Tuesday to "gun down" reports that arms control agreements may be reached between him and Soviet President Gorbachev when they meet this weekend off Malta.

Complaining of "all kind of hyped speculation" that he might propose new reductions in troop strength in Europe during the summit, Bush said he has told Gorbachev "in my own handwriting, so he knows it's me and not the bureaucracy, that this is not a summit for arms control agreements."

"So the surprise will be, if you're looking for a surprise, there won't be a surprise. That may come as a surprise," the President said.

(Ann Devroy, Washington Post, A1)

Bush Plays Down Hope Of Troop-Cut Deal At Malta

President Bush sought Tuesday to dampen what he termed "hyped speculation" about a possible agreement at this weekend's meeting off Malta with Soviet President Gorbachev but refused to rule out talks about deepened troop cuts in Europe.

"I'm willing to talk about everything," Bush said to reporters in the Oval Office. "But it is not going to be an agreement that surprises our allies."

"So the surprise will be, if you're looking for a surprise, there won't be any surprise. That may come as a surprise."

The President's comments appeared designed to counter Monday's White House acknowledgement that Bush would be prepared to discuss "ideas" with Gorbachev that went beyond the proposals for troop cuts he made last spring and to take any Soviet proposals to other NATO leaders Monday in Brussels.

(Carl Leubsdorf, Dallas Morning News)

Bush, Remembering Reykjavik, Says No Surprises In Malta

President Bush, out to reassure allies fearing a repeat of Ronald Reagan's near-giveaway of the Western nuclear arsenal at the 1986 Reykjavik summit, has vowed to avoid surprises at his Malta meeting with Soviet leader Gorbachev.

"I'm not going to go off and prematurely jump out there and try to grandstand by committing them (the NATO allies) to something. That's not how you keep an alliance strong, nor is that the way you effect permanent changes," Bush said Tuesday at an impromptu news conference in the Oval Office.

"The surprise will be -- if you're looking for a surprise -- there won't be a surprise," he added as he railed against "euphoric expectations of some deal."

Mindful of bitter allied complaints about Reykjavik, where Reagan nearly agreed to eliminate nuclear arms without consulting other Western leaders, Bush noted that he has spoken to every NATO leader about the two-day summit that begins Saturday.

(Michael Gelb, Reuter)

Bush Objects To "Hype" Of Summit; Promises No Surprises

President Bush, complaining of "hyped speculation," sought Tuesday to "gun down" expectations for this week's superpower summit, saying he will strike no agreements with Soviet President Gorbachev in Malta and spring no surprises on American allies.

Alarmed that White House statements Monday had raised the stakes for the Malta meeting, the President summoned a small group of reporters to the Oval Office to take aim at "this kind of frantic speculation."

Calling it "crazy," he said, "It's natural. But I want to gun it down."

Pointing to the phone on his desk, Bush said he has now conversed with the leaders of all 15 NATO allies to lay the groundwork for Malta and to assure them he is not going to the Mediterranean summit to unilaterally alter the American commitment to Europe.

"It is very important that they know that I am not going to go off and prematurely jump out there and try to grandstand by committing them to something," he said.

(George Condon, Copley)

Dr. Bush's Iodine For Arms Cuts

Complaining about the "hyped speculation" surrounding his first summit, President Bush Tuesday ruled out any chance of an arms-control deal at his Malta meeting with Soviet leader Gorbachev.

"I have made clear to Mr. Gorbachev in my own handwriting -- so he knows it comes from me, not from the bureaucracy -- that this is not a summit for arms-control agreement," Bush told reporters who had been summoned to the Oval Office.

Bush said he wanted to shoot down any "euphoric expectation of some deal. There isn't going to be such a deal."

The time for arms negotiations is at the full-dress summit scheduled for next spring or summer, he said.

The President stressed that he is willing to talk about anything during the talks aboard warships that begin Saturday off Malta. But he said he won't "tie the (NATO) alliance up by unilateral commitments."

(Maureen Santini, New York Daily News, A15)

Bush: No Troop Deal At Summit

President Bush -- hoping to "gun down" talk of a superpower pact to withdraw troops from Europe -- Tuesday nixed "euphoric expectations of some deal."

Bush called reporters into the Oval Office to say he has written Soviet President Gorbachev -- "in my own handwriting, so he knows it comes from me, not from the bureaucracy" -- that he will not sign an arms deal at Malta when the two leaders meet this weekend.

"There isn't going to be such a deal," Bush said, voice rising. "It takes two to make a deal."

The reason: Bush told NATO allies he'd take no action at Malta before consulting them.

"It is very important that they know that I'm not going to go off and prematurely jump out there and try to grandstand by committing them to something," he said. "That's not the way you keep an alliance strong, nor is that the way you affect permanent change."

(Johanna Neuman, USA Today, A4)

Bush Pledges 'No Surprises' At Malta On Cutting Troops

President Bush declared Tuesday that he does not intend to strike a deal that would sharply reduce troop levels in Europe when he meets this weekend with Mikhail Gorbachev.

But Bush told reporters in a brief question-and-answer session in the Oval Office that he was eager "to talk in a general way with the Soviet-leaders about our aspirations for how a defense system will look 10 years from now." ...

In his comments, Bush also appeared to be sending a message to the Western allies that there would be "no surprises" from the Malta meeting.

(Stephen Engelberg, New York Times, A16)

BUSH TO HIT SOVIETS ON 'FEEDING CASTRO'

President Bush, denying that he will formally agree at the Malta summit to cut U.S. and Soviet troop levels in Europe, tried anew Tuesday to switch attention to Mikhail Gorbachev's failure to stop the flow of Soviet weapons into Central America.

During an impromptu 10-minute news conference in the Oval Office, the President left open the door to arms talks that do not reach the treaty stage. But Bush said that, contrary to news reports, he would not propose slashing troop levels in Europe below the 275,000 he proposed in May.

"There is all kinds of hyped speculation on the part of some that it's going to be different," Bush said.

"I will be urging Mr. Gorbachev to do what they should have done some time ago, cease support for those who are fueling revolution, exporting it in this hemisphere," he said, standing behind a desk littered with white briefing books in preparation for the summit meeting aboard warships anchored off Malta.

(Frank Murray, Washington Times, A1)

SOVIET NAVAL ARMS CONTROL INITIATIVE SAID POSSIBLE AT MALTA

Soviet President Gorbachev may propose a naval arms control initiative at his summit with President Bush but the U.S. remains firmly opposed to such negotiations, the State Department said Tuesday.

In the past, "we have opposed Soviet proposals for naval arms control, because they would hamper our ability to honor our commitments to allies and carry out our global responsibility...(and) the policy hasn't changed," spokeswoman Tutwiler said.

She said the U.S. has "observed changes in Soviet naval deployments worldwide for quite some time" prompted in part by operational problems and resource constraints.

(Carol Giacomo, Reuter)

GORBACHEV TO SEEK U.S. ASSURANCES
ON EASTERN EUROPE, IMPROVED TRADE

MOSCOW -- Mikhail Gorbachev wants assurances from President Bush this weekend that the U.S. will not exploit the Eastern European reform movement, say government officials who add the Soviet leader hopes for improved trade ties from the superpower summit.

Gorbachev also will be seeking progress on an array of arms control issues as he and Bush hold their first summit Saturday and Sunday on U.S. and Soviet warships in the waters off Malta.

"To put it in a nutshell, we need a normal external environment for our domestic work," says Gorbachev, whose economic restructuring program of perestroika has yet to produce measurable improvements in the daily life of Soviet citizens. (John-Thor Dahlburg, AP)

EAST GERMANY WISHES BUSH WELL AT MALTA SUMMIT

East Germany's communist government has sent President Bush a message wishing him a successful summit in Malta with Soviet President Gorbachev, the State Department said Tuesday.

The message was delivered by East Germany's ambassador to the U.S., Gerhard Herder, in a short meeting Tuesday with Deputy Secretary of State Eagleburger, spokeswoman Tutwiler said.

"And without characterizing their meeting or the message, it was basically to wish the two leaders, or to wish President Bush a successful meeting in Malta," she told reporters. "And we understand that a similar message was sent to President Gorbachev," she added. (Reuter)

BUSH HEADS FOR SUMMIT WITHOUT LONG-TERM MILITARY STRATEGY

President Bush, responding to growing public and budgetary pressure, has agreed to discuss with Soviet President Gorbachev at the upcoming summit a possible disengagement of military forces in Europe even though the idea hasn't been thoroughly studied by U.S. strategic planners.

The summit comes amid the crumbling of long-held assumptions by U.S. and Soviet military planners about how a European war would be fought and thus how a conflict there can be averted and a stable peace maintained amid revolutionary change.

With the U.S. heading into a suddenly critical summit without a clear, long-term plan, some senior U.S. analysts are concerned that the summit outcome could dash hopes for an orderly disengagement of military forces on that continent.

Instead, they fear the U.S. could miss historic opportunities, or could reach informal understandings with the Soviet Union that would inadvertently create new incentives for confrontation and exacerbate growing tensions among the Western allies. (David Wood, Newhouse)

MASSIVE U.S. TROOP CUTS IN EUROPE PLANNED

BRUSSELS -- American defense planners are preparing massive new troop cuts in Europe, reducing the U.S. presence here by as much as two-thirds over the next several years, a senior U.S. official said Tuesday.

The current 310,000 U.S. troops in Europe will be cut to 100,000 to 150,00 in response to a sharply reduced Soviet military threat and in recognition of severe budgetary pressures at home, said the official, who asked that his name not be used.

The new cuts would be conditioned on equal Soviet reductions and strict verification measures to ensure compliance with the agreement, U.S. officials said.

In Washington, President Bush on Tuesday sought to dampen speculation over the upcoming U.S.-Soviet summit meeting by declaring that the weekend talks in Malta will produce no deals on troop reductions in Europe. And here in Brussels, Secretary of Defense Cheney reassured West European allies that the U.S. will not unilaterally reduce forces committed to the Western military alliance.

(John Broder, Los Angeles Times, A1)

UNITED STATES REASSURES NATO ALLIES

BRUSSELS -- Secretary of Defense Cheney reassured European allies Tuesday the U.S. will not unilaterally reduce forces committed to the Western military alliance, conference officials said.

Earlier Tuesday, the chairman of the NATO Military Committee said the Western alliance should reduce its defense forces only within the framework of verifiable arms control agreements and not prematurely or unilaterally.

Cheney explained the U.S. defense budget for the coming years at a meeting of NATO defense ministers during which he also reviewed the military posture of the alliance, taking into account the fast changes in Eastern Europe. Several conference officials called Cheney's explanation reassuring.

A U.S. official said Cheney told the allies the U.S. would "not make any unilateral reductions."
(Herman Saen, UPI)

STUDY FINDS NATO WAR PLANS OUTDATED

Report Concludes Soviets Incapable Of Surprise Attack In Europe

The U.S. intelligence community, in a fundamental reassessment of the military balance in Europe, has concluded that for the past several years the Soviet Union and its Warsaw Pact allies have been incapable of quick launching a massive attack against the West -- a conclusion that undermines the assumptions behind existing NATO strategy and military deployments.

The finding is contained in a classified, 30-page study for the secretary of defense completed before political reforms swept through Eastern Europe, an upheaval that officials say has further reduced the danger of an attack against NATO from the East.

The study depicts as outdated two scenarios for war in Europe that drove the West to keep its forces at a high level of readiness over the past decade: a Soviet invasion with little advance preparation, the so-called "standing start" or "bolt out of the blue" attack; and a Soviet attack after only two weeks of mobilization.

(Patrick Tyler & Jeffrey Smith, Washington Post, A1)

BUSH SIGNS AID BILL

President Bush on Tuesday signed a bill authorizing \$938 million in U.S. aid over three years to Poland and Hungary, saying that political reforms there have "stirred the imagination of the world."

Bush signed the legislation as he prepared to send off to Poland a presidential delegation whose leaders cautioned that Poles and other Eastern Europeans may be in for some hard winters before economic changes can catch up with political reform.

"We must be careful that economic expectations do not become unrealistic. In the kind of emotional environment that exists today, that can very readily occur," said Agriculture Secretary Yeutter, who heads the mission of government, business, labor and other leaders for a four-day visit.

Yeutter said he was carrying with him to Poland an additional \$20 million installment in U.S. food aid. (Tom Raum, AP)

CONGRESSIONAL MEDDLING COULD FOUL UP AID TO POLAND

A Cabinet-level mission flies to Poland Wednesday to sell President Bush's aid package to that country's growing private industry, but Administration officials fear that congressional meddling may derail the historic program.

Provisions tacked onto the Poland aid package by Congress and the U.S. government's lack of experience in converting command economies to free enterprise could prevent speedy implementation of the aid effort, the officials said.

Congress' action may force the Agency for International Development to take the time-consuming step of establishing a mission in Poland and Hungary, a U.S. aid official said. The Administration "felt we could operate pretty much from here" but congressional requirements will make that "pretty difficult to do now," the official said.

(Paul Bedard & Warren Strobel, Washington Times, A6)

KOHL OFFERS NEW PLAN LEADING TO REUNIFICATION OF GERMANY

BONN -- West German Chancellor Kohl Tuesday proposed a 10-point plan that could rewrite the political map of Europe by rebuilding East Germany and reuniting a divided nation whose border has served for 44 years as the demarcation between East and West.

Promising that a single Germany "will never be a threat," but would rather help unite all of Europe, Kohl spelled out steps leading from economic assistance to a vague confederation of the two states and finally to a single nation -- a goal stated in the preamble to the West German constitution.

Kohl and his aides steered clear of any timetable for unity. "The way to unity cannot be planned," the chancellor told Parliament, "with an appointment calendar in hand."

In one dramatic move, Kohl, who has been accused of reacting slowly and indecisively to the opening of the Berlin Wall earlier this month, put his own political future on the line and told East Germany what Bonn expects before West Germany will put up the enormous aid package necessary to create a vital economy in the East.

(Marc Fisher, Washington Post, A1)

Wednesday, November 29, 1989 -- A-7

EAST GERMANS REJECT KOHL'S REUNIFICATION PLAN

EAST BERLIN -- Communist Party leader Krenz strongly rejected Chancellor Kohl's call for an eventually united Germany but welcomed the West German leader's proposal for closer cooperation.

In a rare moment of agreement with the embattled communist leadership, some prominent East German dissidents also said they opposed reunification.

After Kohl made his proposal on Tuesday, Krenz said a united Germany could conjure fears of a Nazi-era Germany, "and I know no one in the world who would like such a Germany." (Nesha Starcevic, AP)

WHITE HOUSE WELCOMES KOHL PLAN FOR EVENTUAL GERMAN REUNIFICATION

The Bush Administration on Tuesday welcomed West German Chancellor Kohl's plan for eventual German reunification as an expression of "the deepest aspirations of his people," possibly signalling a sharp disagreement at the Malta summit.

State Department spokeswoman Tutwiler said reunification of the divided German state is "a goal that we and (West Germany) have long shared."

The U.S. response was in stark contrast to the remarks of Soviet officials accompanying President Gorbachev in Rome, who made it clear that Moscow is not ready for any change in the postwar status of Germany. Vadim Zagladin, a Gorbachev adviser, complained that Kohl was trying to dictate the future of East Germany.

(Norman Kempster, Los Angeles Times)

CZECHOSLOVAKIA TO END COMMUNIST MONOPOLY

PRAGUE -- Premier Ladislav Adamec announced Tuesday that he would introduce in the National Assembly on Wednesday changes in the country's constitution that would drop clauses guaranteeing the leading role of the Communist Party and break its monopoly on power in this country.

The government's action came after 11 days of massive protests, culminating in a two-hour strike Monday involving millions of people nationwide. The protests have produced an increasingly headstrong mass democratic movement, which had already begun to speak of the power of the Communist Party in the past tense.

The Czechoslovak premier also announced Tuesday he would try to form a new broad-based cabinet, including non-communists, by Sunday.

(Blaine Harden, Washington Post, A1)

23,000-JOB CUT AT PENTAGON PROPOSED
But Plan May Create More Managerial Jobs And Bureaucracy

Pentagon leaders have proposed slashing 23,000 jobs from the military's weapons-buying bureaucracies in response to Defense Secretary Cheney's demands to tighten control over the procurement system and save \$30 billion over the next five years, according to congressional documents.

But military officials have recommended cutting a far greater percentage of workers and field-level positions than managerial jobs, and in some cases, may be adding new high-level manager positions and creating additional layers of bureaucracy, according to a congressional review of the preliminary plans.

"If this is what the services see as streamlining, we're in deep trouble," House Armed Services Committee leaders wrote in a letter to their members calling for hearings on the issue when Congress returns from its recess in January.

Defense Department officials, who declined to comment on the congressional analysis, said the proposed changes in procurement are still under review and subject to change by Cheney and his top deputies.

(Molly Moore, Washington Post, A21)

GANDHI RESIGNS AS INDIAN PRIME MINISTER

NEW DELHI -- Indian Prime Minister Rajiv Gandhi resigned Wednesday after his Congress party lost its parliamentary majority in elections, the Press Trust of India reported.

His resignation clears the way for President Ramaswamy Venkataraman to oversee efforts to forge a new government. Sources said earlier that Gandhi would be asked to stay as caretaker prime minister until a new government was formed. They expected Venkataraman to call on the National Front leader, expected to be a former Gandhi ally turned foe, Vishwanath Pratap Singh, to try to put a government together. (Reuter)

BAKER PLAN FOR MIDDLE EAST DIALOGUE NEAR IMPASSE
Administration Asks Egypt To Help Break
Israeli-PLO Deadlock Over Conditions For Talks

The Bush Administration is close to an impasse in its efforts to revive the long-stalled Middle East peace process following the refusal of the PLO to accept Secretary of State Baker's five-point proposal for an Israeli-Palestinian dialogue.

The PLO refusal was conveyed by a member of its executive committee, Gamal Sourani, to the Egyptian government last week, and the gist of the reply, though not the formal rejection, was forwarded to the U.S. shortly afterward.

However, the U.S. has refused to take "no" for an answer and asked Egypt to go back to the PLO another time to see if some compromise can be reached that would allow a meeting of Israeli and non-PLO Palestinians to start the dialogue.

(David Ottaway, Washington Post, A12)

U.S. SAID BOUND TO PAY U.N. DUES REGARDLESS OF ROW OVER PLO

U.N. -- The secretary-general believes the U.S. is duty-bound to pay its U.N. dues, his spokesman said Tuesday in an implied rebuke to Washington for threatening to cut off funds if the world body upgrades the PLO's status.

"He considers that the contribution of the United States to the budget is not in any way linked to anything that happens in the General Assembly but that it is an obligation under the Charter," the U.N. spokesman said.

"It is a debt by the government of the United States. It is not a loan to the United Nations or a charity," he added.

(Anthony Goodman, Reuter)

U.S. SAYS TWO PANAMANIAN OPPOSITION LEADERS ARRESTED

The U.S. charged Panama Tuesday with arresting two opposition leaders and called for their immediate release.

Guillermo Cochez and Francisco Artola were taken into custody by agents of strongman Noriega on Nov. 27 as they returned from the U.S., the State Department said in a statement....

"The regime has not yet admitted to holding these individuals, although their arrests were seen by reliable observers," the State Department charged. "We condemn this outrageous act and call for their immediate release," it added.

(Reuter)

RIGHTIST SALVADORAN JUDGE SHOT DEAD

SAN SALVADOR -- Two gunmen killed Francisco Jose Guerrero, former president of the Supreme Court and prominent rightist politician, Tuesday as he drove to his office.

Guerrero, 64, who ran for president in 1984, was shot three times in the chest, according to a doctor at the hospital to which he was rushed. The driver was shot in the arm, and police said bodyguards killed one presumed assailant and wounded another.

The assassination of Guerrero was the first to be attributed to the guerrillas since the Marxist-led FMLN launched a nationwide offensive Nov. 11, and there was no immediate acknowledgement. However, the rebels have assassinated several top government officials this year, including the attorney general and the presidential chief of staff.

(Douglas Farah, Washington Post, A29)

NTSB OFFICIAL DIES IN VENEZUELAN PLANE CRASH

CARACAS -- Joseph Nall, a member of the U.S. National Transportation Safety Board, was killed along with two Venezuelan pilots when their small plane crashed in hills west of the city, U.S. Embassy officials said Tuesday.

There were conflicting reports about the number of injured and their identities.

Embassy officials said five U.S. diplomats aboard the twin-engine Cessna 402 were seriously injured in the crash, which occurred Monday evening, apparently in bad weather.

(AP, Washington Post, A11)

FBI BOMB EXPERT JOINS CRASH PROBE

In Colombia, Anonymous Caller Linked Explosion To Cocaine Cartel

The FBI Tuesday dispatched a bomb specialist to Colombia to assist in the investigation of Monday's Avianca Airlines crash, which killed the 107 people aboard.

The bomb specialist was sent at the request of the Colombian government to help determine whether the crash was the result of a "criminal act," FBI spokesman Milt Ahlerlich said.

(Michael Isikoff, Washington Post, A7)

**CHINESE STUDENTS APPEAL TO BUSH NOT
TO VETO BILL LETTING THEM STAY IN U.S.**

Chinese students, fearful of being forced back to China during its repression of democratic activity, Tuesday appealed to President Bush to sign a bill waiving their legal requirement to return home when their studies are completed.

Bush said he will veto the measure that was approved 403 to 0 in the House and by a unanimous voice vote in the Senate last week. He has until midnight Saturday to either sign it, veto it or kill it through inaction. Because Congress is in recess, it would have no chance to override Bush's veto.

Chinese student leader Haiching Zhao, a doctoral candidate at Stanford University, said he has been assured that the bill, if vetoed, will be reintroduced when Congress reconvenes in late January. Assuming Congress and Bush don't change their minds, a second veto would be easily overridden.

"We ask you, Mr. President, to stand with the pro-democracy movement, just as you have supported Solidarity in Poland and the freedom movements throughout Eastern Europe," said Yongchuan Liu, president of the Independent Federation of Chinese Students and Scholars, which represents the estimated 40,000 students in the U.S.

(Benjamin Shore, Copley)

EDITOR'S NOTES: "Liason Officer With Contras Asks Bush To Save His Career," by Bill Gertz, appears in the Washington Times, A4.

"Syrian Forces Cross Border For Possible Assault On Aoun," by Simon Martin, appears in the Washington Times, A9.

"Don't Give Rockets To Rebels, Kabul Tells U.S.," by John Burns, appears in the New York Times, A11.

NATIONAL NEWS

FISCAL 1991 BUDGET DRAFTS FOR CONGRESS SEEK TO CURB MEDICARE DOCTOR PAYMENTS

Drafts of the fiscal 1991 budget that President Bush will send Congress in January include measures to slow the rise in doctors' payments under Medicare.

Officials at the Department of HHS and the OMB have generally agreed on provisions that would cut spending by as much as \$1.6 billion from projected levels next fiscal year by restricting fees paid to surgeons, radiologists, anesthesiologists, and for outpatient services provided by hospitals.

But a number of major HHS budget issues, including funding for AIDS and other medical research as well as an expansion of the Head Start preschool program, remain in dispute, officials say. And HHS Secretary Sullivan plans to challenge many of the OMB's funding recommendations.

(Kenneth Bacon, Wall Street Journal, A16)

KEMP WANTS \$93 MILLION RESCINDED HUD Chief Opposes Discretionary Fund

ATLANTA -- HUD Secretary Kemp said Tuesday he will ask Congress to rescind its decision to appropriate \$93.4 million for 41 projects that would come from a HUD discretionary fund that he is attempting to abolish.

At an informal news conference at the National League of Cities' annual convention, Kemp said he has asked OMB Director Darman to allow Congress to redirect the money included in the appropriations measure "into programs to help low-income housing, homeless people or perhaps put it into our service-supported housing and voucher program."

Kemp harshly criticized members of Congress for acting to spend HUD funds in a manner that he said will undercut his efforts to clean up the troubled department in the wake of revelations of widespread mismanagement and influence-peddling. "They should not have taken my discretionary account, which I have wiped out totally, and then do in the Appropriations Committee or in the Congress the type of targeting that they were critical of having been a past practice at HUD," he said.

(Gwen Ifill, Washington Post, A13)

REGULATOR WALL DOESN'T PLAN TO LEAVE

Thrift regulator Danny Wall doesn't plan to heed the latest call for his resignation, his spokesman said Tuesday.

That call came from Sen. Mitchell, who said the day before, "Everyone will be better served by a clean break and new leadership," though Wall might not be to blame for the problems of the S&L industry.

Wall declined Tuesday to respond personally to Mitchell's statement, made to reporters at a luncheon, but his spokesman, William Fulwider, said the senator's complaint "is hardly grounds for asking for his resignation."

(Dave Skidmore, AP)

U.S. SUING TO FORCE NEVADA TO ALLOW NUCLEAR WASTE SITE Facility's Opening Delayed Until At Least 2010

The Bush Administration will sue Nevada to force it to allow work to start on the proposed nuclear waste repository site at Yucca Mountain, but even under the most optimistic scenario the repository cannot open before 2010, Energy Department officials announced Tuesday night.

The announcements ensure that the political and legal struggle over disposition of tons of deadly radioactive waste piling up at the nation's power plants -- an issue Congress thought it had settled in 1987 -- will continue for many years. The facility was originally scheduled to open in 1988, then in 2003.

Deputy Energy Secretary Henson Moore, announcing a restructuring of the project at a nuclear industry convention in San Francisco, said the department is "not happy with the seven-year delay but frankly, in putting this new plan together, we have come to see just how unrealistic that earlier 2003 date was." (Thomas Lippman, Washington Post, A2)

WHITE HOUSE BACKS ENVIRONMENTALISTS ON WATER Interior Secretary Forced To Retreat On Renewed Of Contracts With California Farmers

White House officials, siding with environmentalists in a key policy dispute over the use of scarce western water, Tuesday forced Interior Secretary Lujan to retreat from a plan to renew long-term federal water supply contracts with California farmers, sources said.

Lujan has been under intense pressure from California farming interests to renew the 40-year water contracts without lengthy environmental studies. But environmentalists have argued that the contract renewals would have a profound impact on wetlands and rivers in California's Central Valley, and thus should be subject to thorough environmental impact studies.

The EPA and the Council on Environmental Quality support that view, but Lujan has maintained that he has a legal obligation to provide farmers with an uninterrupted water supply.

Lujan had planned to announce his strategy for impending renewals Tuesday, but backed down after environmental council Chairman Michael Deland and Administration officials complained that his plans gave short shrift to environmental concerns, sources said.

(John Lancaster, Washington Post, A4)

BUSH SIGNS TWO BILLS HONORING WOMEN

President Bush signed two bills Tuesday to honor women who served the nation in times of crisis, from the Civil War to the one in Vietnam.

Bush approved legislation renaming the Maryland portion of the George Washington Memorial Parkway as the Clara Barton Parkway after the founder of the American Red Cross. He also signed a separate bill favoring the location of a memorial within the District's inner core to honor the women who served in Vietnam. (John Smith, Washington Times, B3)

FORMER NEW YORK STATE SENATOR PICKED

President Bush has chosen former New York State Sen. John Dunne as assistant attorney general for civil rights, the post left vacant all year after William Lucas failed to win Senate confirmation, Administration sources said Tuesday.

Dunne belongs to the all-male Garden City Golf Club on Long Island and has said he would resign that membership if nominated to the Justice Department post. (Christopher Connell, AP)

EDITOR'S NOTES: "TALKING POINTS -- President Moves Political Adversary To The Bench," by Ann Devroy & Maralee Schwartz, appears in the Washington Post, A25.

"Treasury's Mullins Is Expected To Fill Vacant Seat On Federal Reserve Board," by Alan Murray, appears in the Wall Street Journal, A2.

-end of A-section-

NETWORK NEWS SUMMARY

(Tuesday Evening, November 28)

CZECHOSLOVAKIA

ABC's Peter Jennings: They've been using a lot of adjectives here today like amazing and astounding and, in some cases, unbelievable. The news is this: Less than two weeks after Czechoslovakia was suddenly overcome by an astonishing drive for change, the Communist Party here has virtually agreed that it will give up its monopoly on power. It has taken only 12 days to drive the Communist Party here into a state of despair. Today, when the opposition and the prime minister sat down to negotiate the future shape of the Czech political system the government was, once again, on the defensive.

ABC's Jerry King reports from Prague that Civic Forum leader Vaclav Havel met for the third time with government ministers. Prime Minister Adamec promised that he would, by next Sunday, come up with a proposal for a new government that would include non-communists. The government also announced that they would end their monopoly on political power. They've even gone further, saying the next generation of Czechs need not be educated according to Marxist-Leninist ideology. Students were generally skeptical and announced their strike is continuing; they generally welcome the package of proposals, however. Leaders of the Civic Forum disclosed seven new demands given to the government today. They called for the resignation of President Gustav Husak and they vowed to seek the prime minister's resignation too if he could not make the changes happen.

Jennings reports that the Civic Forum is struggling to adapt to the methods of democracy. The opposition suffers from a lack of leadership. At the opposition headquarters today, some of those involved are worried about being such political amateurs. They are reassured by the events of the last two weeks, however. (ABC-Lead)

NBC's Tom Brokaw: Another historic day in Eastern Europe. The Communist Party today conceded it can no longer claim constitutional control of Czechoslovakia. It is prepared now to share power through free elections and Czechoslovak communist officials are recommending an interim government made up of the best and brightest in Czechoslovakia -- whatever their political affiliation. That government could be in place by next week. So, after filling Wenceslas Square for 10 straight days and almost every other street in the country yesterday, the Czechoslovak reform movement now is prepared to move inside to the corridors of power....

The reform movement called off mass rallies temporarily so the economy won't collapse and political negotiations can proceed. There was an announcement of an end to the constitutional monopoly by the Communist Party.

(Marian Calfo, Minister without Portfolio, through interpreter: "The moving of the provision of the leading role of the party.")

Brokaw continues: Tonight, members of the party from all over the country met in Prague to discuss their future. They spoke for and against the current party leadership; state television provided lengthy coverage. One of the real heroes of the reform movement, Walter Komarek, believes the Communist Party should have no role in the future. He wants no political compromise.

(Komarek, through interpreter: "I'm just afraid that what happens here cannot be solved by normal political compromises. Can there be a compromise between moral and immoral, a compromise between good and evil, a compromise between humanity and stupidity?")

(NBC-Lead)

NBC's Rick Davis reports on the liberalization of Czech television. Tonight, state-run television allowed previously-banned performers to sing "Let My People Go" in Czech on the air.

(NBC-11)

CBS's Dan Rather: One-party communist rule is over tonight in yet another Eastern European country. Forty-one years after the Soviets first moved in, 21 years after Russian tanks crushed the Prague spring, Czechoslovakia is back on the road to democracy -- this time with the Kremlin's blessing. Here in the town square, the Czechoslovakian tri-color [flag] is up, the candles burn, placed here by women and children celebrating, savoring, a day of momentous change....

After two weeks of strikes and protests, Prague today returned to normal as people went back to work.

CBS's Richard Threlkeld reports that the normally subdued people of the Czech countryside are excited about the changes occurring in their country.

(CBS-Lead)

DEFENSE CUTS/MALTA MEETING

Jennings reports that Secretary Cheney assured the NATO defense ministers in Brussels that the U.S. intends to maintain a major military presence in Western Europe and will not make any cuts unilaterally. Mr. Bush went out of his way to make that same point at the White House today.

ABC's Brit Hume: The President protested what he called hyped speculation and euphoric expectation that his conference with Gorbachev would produce an arms deal.

(TV coverage: President speaking to reporters in Oval Office.)

Mr. Bush insisted, despite talk of deep defense cuts at home, the meeting would be just what he always said: a wide-ranging discussion with no agenda and no deal.

(President: "We don't want to get out ahead of our allies. And we're -- Secretary Cheney is taking a look at defense requirements and so -- but that's a good subject, because I am not going to enter into an arms control agreement.")

Reporter: "But you're willing to talk about deeper cuts --"

President: "I'm willing to talk about anything. That's what the meeting is about. That's why I view it as a meeting where we can discuss anything without a fixed agenda.")

Agenda or not, Mr. Bush said he would discuss the Soviets alleged support for Cuban and Nicaraguan arming of the guerrillas in El Salvador.

Hume continues: Mr. Bush said Costa Rican President Arias had called him today to ask him to press Gorbachev on that issue.

(President: "I will be urging Mr. Gorbachev to do what they should have done some time ago: cease support for those who are fueling revolution, exporting it in this hemisphere.")

A senior Administration official said tonight Central America could be the most contentious issue of the Gorbachev meeting. But he didn't seem very worried about that, and he didn't seem worried either about any bold Gorbachev plan to disarm or reorder Europe. The President, he said, would simply listen and then take the idea up with NATO. (ABC-2)

NBC's John Cochran: An irritated, grumbling President called in reporters to lodge a complaint: that what he called crazy, hyped-up news reports had fed speculation that he and Mikhail Gorbachev will agree to dramatic new cuts in weapons and troops.

(President, speaking to reporters in Oval Office: "So the surprise will be -- if you're looking for a surprise -- there won't be a surprise. That may come as a surprise.")

So, no surprises. But Bush says he does have some ideas on troop levels and arms control that he will discuss with Gorbachev.

(President: "Now, if we want to talk in a general way with the Soviet leaders about our aspirations for how our defense system will look ten years from now, of course we'll do that.")

The civil war in El Salvador is also high on Bush's list of topics for his weekend with Gorbachev. Bush blames Fidel Castro for sending arms to Nicaraguan Marxists who then supplied the FMLN rebels in El Salvador.

(President: "I had a call today, incidentally, from President Arias of Costa Rica. And I don't think I'm blindsiding Mr. Gorbachev by this, but I will raise with him, at Arias' request, the fact that the Soviet Union should stop feeding Fidel Castro, who Mr. Arias tells me is directly responsible for the export of revolution to supporting the FMLN.")

As for the crumbling of communism in Eastern Europe, Bush said he and the NATO allies agree there is no need for the U.S. to take the lead.

(President: "I think that if -- that the lead is being taken by the people in these countries. It doesn't come from somebody halfway across the world dictating how fast change should be or what change should encompass.")

Bush insists he will spring no surprises at the Malta summit, but what about Gorbachev? Tonight, a senior official here said, we're prepared for him, after all, surprises are Gorbachev's trademark.

NBC's Garrick Utley: And in Malta, preparations for the weekend summit meeting are well under way. Bush and Gorbachev will be meeting offshore on two warships, carefully chosen to be of similar size.... The ships were allowed into Maltese waters only after the United States and the Soviet Union promised that neither would be carrying nuclear weapons. (NBC-3)

CBS's Bob Schieffer: In Washington today, President Bush said there would be no deals and no surprises out of the weekend summit at sea with Soviet leader Mikhail Gorbachev. The president seemed to be trying to lower public expectations and to reassure the NATO allies in Europe.

CBS's Lesley Stahl: Worried that expectations for the Malta summit are running too high, President Bush decided he had to cool off what he called the hyped, euphoric, and frantic speculation.

(President, speaking to reporters in Oval Office: "So the surprise will be -- if you're looking for a surprise -- there won't be a surprise. That may come as a surprise.")

What the President is trying to shoot down is any suggestion that he might negotiate a quick new arms control treaty. But his own advisors are putting out the word that he is prepared to discuss deep troop cuts in Europe and even reductions in strategic weapons with Gorbachev when they meet over the weekend. That he did not deny.

(President: "I am not going to enter into an arms control agreement. Now, if we want to talk in a general way with the Soviet leaders about our aspirations for how our defense system will look ten years from now, of course we'll do that.")

Mr. Bush also said he was encouraged by President Arias of Costa Rica to challenge Gorbachev on continued Cuban and Nicaraguan shipments of Soviet weapons to leftist rebels in El Salvador.

(President: "I don't think I'm blindsiding Mr. Gorbachev by this, but I will raise with him, at Arias' request, the fact that the Soviet Union should stop feeding Fidel Castro.")

Central America may be the only issue where the President has a chance to look tough. Even if Gorbachev is not directly arming the rebels, the White House insists he has the power to stop the shipments. Said an official here, Mr. Bush will tell Gorbachev, we don't care how you do it, just do it. (CBS-3)

GERMAN REUNIFICATION

Jennings reports Chancellor Kohl today outlined what he regards as a plan to realize the goal of German reunification in the future.

ABC's Mike von Fremd reports from Berlin that Chancellor Kohl told Parliament that making Germany one state again remains the political goal of the West German government, but Kohl set no timetable and did not say specifically how the two states could become one. Instead, he offered immediate West German financial help for the East, proposed joint governmental committees on everything from the economy and the environment to culture and technology. And he promised the future design of Germany would respect the integrity and security of the rest of Europe. Kohl said he is certain unity will come if the people in Germany want it. Last night, many of the 200,000 demonstrators in Leipzig carried signs calling for one Germany. Tonight, however, East German party leader Krenz insisted there must be two independent German states and many people in both countries said they agree. Many in the West worry about taking on the financial burden of the East while many in the East do not want to be swallowed up by a powerful neighbor.

Jennings reports that a West German student studying in the United States discovered that the concrete in his souvenir chunk of the Berlin Wall was mixed with asbestos. It's only a slight risk, but he's been advised to keep his bit of history in a sealed container.

(ABC-3)

Wednesday, November 29, 1989 -- B-5

Brokaw reports that Chancellor Kohl said that East Germany must hold free elections and loosen control over its economy before cooperation can take place between East and West Germany. In West Berlin today, Senator Edward Kennedy made what he called a journey of memory and hope; he visited the site where his brother declared 26 years ago, I am a Berliner. (CBS-5, NBC-2)

SOVIET ECONOMY

NBC's Bob Abernethy reports from Moscow that most citizens do not yet agree with Gorbachev's economic plans of less central control and more economic freedom. The problem is that this will bring big inequalities of wealth among Soviet citizens; most Soviet citizens think big inequalities are wrong and are repelled by big profits in trade. A poll shows that only 25% of the people want more free markets and 40% want more discipline and order -- a return to what's called the strong hand.

NBC's John Chancellor comments on the economic woes of the Soviet Union. The Soviet Union has been lurching toward liberalism under Gorbachev, but if things go on as they are it could stagger back into conservatism without him. (NBC-10)

SOVIET UNION/RELIGION

Brokaw reports that tomorrow Mikhail Gorbachev arrives in Rome for three days of meetings, including the first ever between a general secretary of the Soviet Communist Party and the Pontiff. (NBC-9)

CBS's Tom Fenton reports that in the Soviet Ukraine, Catholicism and anti-Soviet nationalism are so closely linked that they are inseparable. On Friday, when Gorbachev meets the Pope, the main item on the agenda will be the status of the Ukrainian Catholic Church. There were indications today from the Russian Orthodox Church that they are about to reach an accommodation with the government. The Catholic Church in the Soviet Union has, since Stalin's persecution, refused to die; the faithful went underground and became the largest illegal organization in the Soviet Union. During the years of persecution, their strength has grown to an estimated five million followers. The Russian Orthodox Church is tightly controlled by Moscow while the Catholics are fiercely independent. For Gorbachev, this is not just a question of freedom, it's a question of nationalism. Catholic Ukrainians believe they will never be fully free to practice their religion until the Ukraine is free.

Rather interviews Rev. Billy Graham and Nobel Prize winner Elie Wiesel on religion and communism. (CBS-10)

EL SALVADOR

Schieffer reports the one-time head of El Salvador's supreme court and former right-wing candidate for president was assassinated today. Police blamed leftist rebels. (NBC-6, CBS-4)

COLOMBIA/PLANE CRASH

Utley reports that investigators say there was definitely an explosion on the plane disaster which killed 107 people. Authorities have no idea who or what blew up the flight, however. Passengers had time to put on emergency oxygen masks before they died. (NBC-7)

LEBANON

Schieffer reports that Syrian tanks and troops are pouring across the border into Lebanon to support the Syrian-backed Lebanese government, which earlier today fired anti-Syrian, Christian military leader Michel Aoun as Lebanese Army Commander. Aoun defied the order and has now vowed that his 15,000 soldiers will fight to the death. (CBS-2)

ABU NIDAL

Utley says one report claims Abu Nidal is under house arrest in Libya. Another says he is in a Libyan hospital with terminal cancer. We cannot confirm which one is the real story and which is the cover. (NBC-8)

ABORTION/PARENTAL CONSENT

ABC's Diane Sawyer reports that the Supreme Court will tomorrow hear arguments on the legality of parental consent laws for abortions.

ABC's Carole Simpson reports on the debate over parental consent laws. Anti-abortion groups have pushed parental consent laws as a way of making abortion so difficult for teenage girls they will decide to have their babies and either keep them or put them up for adoption.

(Darla St. Martin, National Right to Life: "Once you involve parents with the young people, a lot of the fear and the concern and the panic that a young person has that pushes them into abortion ends.") Abortion rights activists oppose the laws because they believe teens have the same right to privacy as adult women and should be allowed to make their own decisions.

(Rebecca Stone, Center Population Options: "If the threat of telling parents is going to cause kids to get information from people who don't have it or to try and do something to themselves just to avoid telling their parents, then those are not the kinds of laws we want to pass if what we care about is helping teenagers.")

Even among people who support a woman's right to choose an abortion, 70% favor parental consent laws. They say parents should be involved in all decisions affecting their daughter's lives, including reproductive decisions.

Sawyer reports that abortion rights advocates in Canada shouted down Prime Minister Mulroney as he urged Parliament to pass a bill that would restrict abortions. In spite of the protest, the bill won preliminary approval; it would end abortion on demand and make abortions legal in Canada only on the recommendation of a doctor.

(ABC-8)

5
2
Wednesday, November 29, 1989 -- B-7

FIRST LADY

Schieffer: First Lady Barbara Bush had a series of tests at the Mayo Clinic in Minnesota today. She's been under treatment this year for a thyroid condition but still having trouble with watery eyes and episodes of double vision. (CBS-9)

LIVER TRANSPLANT

Sawyer reports that, despite complications, the donor and recipient of the country's first living donor transplant are each doing well. (NBC-5, CBS-8, ABC-5)

-End of B-Section-

EDITORIALS/COLUMNISTS

MALTA MEETING

From Yalta To Malta -- "President Bush...must wrestle from the Soviets the certainty that they will cease support of dictatorial regimes and terrorist groups throughout the world, especially in Latin America and Africa. Bush must insist on the integrity of NATO and the right of the United States to match the Soviets' unabated military buildup.... Bush must not...simply give the Soviet bloc more time to continue oppressing its captive peoples. He must instead offer the Soviets a way to surrender to the inevitable as gracefully and speedily as possible. Bush must not compromise with a system that is just plain wrong at its core.... President Bush must make Malta the unconditional victory for freedom that Roosevelt was unable to bring about at Yalta."

(New York City Tribune, 11/27)

Summitry: What Can Bush Give Soviets? -- "The U.S. government should do what it can to help Gorbachev out, for it is very much in the Western interest that Gorbachev survives.... Confidential discussions about German reunification, the Middle East, and so on will take up much of the seaborne summit, but none of that will give Gorbachev any concrete accomplishments to show the Soviet people on his return. Washington's power to help Gorbachev ride out the next critical year or two in Soviet politics is only marginal, but Bush should do what he can."

(Gwynne Dyer, Cleveland Plain Dealer, 11/27)

At Summit, Bush Can Clear The Air -- "Bush should use the occasion of his shipboard rendezvous with Mikhail Gorbachev next month to re-establish his credibility on the issue of chemical weapons. The pair can simply state that they have come to an understanding on the matter and that cessation of production of chemical weapons is justified by the improvement in U.S.-Soviet relations and dynamic changes occurring in Eastern Europe. By doing that, Bush can regain the high ground on a major world issue that is known to be important to him personally. He really has little to lose because Congress is unlikely to approve giving the money to continue the production of the new chemical weapons."

(Cecil Johnson, Fort Worth Star-Telegram, 11/24)

Mr. President, Don't Waste The Summit -- "The meeting, said Bush, will 'deepen our respective understanding of each other's view.' However, to merely seek to 'deepen' both leaders' 'understanding' would waste the summit.... We need to discuss how to reshape the entire European order.... The fact that Gorbachev's future is uncertain makes it even more important to push for major agreements that no Soviet leadership coalition would likely reverse.... Instead of wasting the upcoming summit just getting acquainted with Gorbachev, President Bush should propose pulling the troops out of Europe."

(Doug Bandow, Christian Science Monitor, 11/20)

###

FOREIGN MEDIA REACTION

MALTA MEETING

"Bush Ready To Talk About Big Defense Cuts At Summit"

"[The] White House statement [on conventional arms reduction] left no doubt that the Malta discussions would be critical to arms reduction and long-range strategies of the two military alliances, possibly for years to come. The comments were also confirmation that Malta is no longer considered the feet-up get-acquainted session originally envisaged by Mr. Bush."
(Daily Telegraph, Britain)

"Tendency To Save Money"

"There is no doubt that George Bush must save money.... First, for months the pressure in the United States on the Administration has been growing to the effect that it is not only the Soviet Union that should profit from the declining Soviet threat to Europe, but also the U.S. taxpayer. And if Washington is really interested in saving funds, U.S. bases abroad will certainly be affected first.... And there is a second reason why George Bush could make an offer to reduce military spending: Last spring the President demonstrated how he can take the initiative away from Gorbachev. For instance, Bush could present an incremental plan for troop reductions and economic support for the Soviet Union. It would secure the Western superpower a political lead that promises to be decisive in the next year."
(Stuttgarter Zeitung, West Germany)

"As Long As They Want"

"There is no doubt that this is...the time for great change in the West. The West will have to draw the consequences and find new security guidelines. This includes U.S. troops in Europe, which will have to be adapted to the new reduced security threats and the U.S. budget problems.... But he who thinks that George Bush will come up with daring unilateral concepts in Malta, which may turn NATO structures upside down, underestimates this man's innate caution.... Only a week ago, he said, 'We will stay there [in Europe] as long as we are wanted and needed'. "
(Die Welt, West Germany)

"Not At The Side Table"

"Only coordination between all Western powers on both sides of the Atlantic promises success for the reform movements in Eastern Europe.... The FRG does not count on spectacular decisions off Malta. Neither George Bush nor Mikhail Gorbachev need to say anything concerning the German question. The East Germans will decide that. Kohl's contacts with Bush are therefore topic-oriented and they do not come too late."
(General-Anzeiger, West Germany)

-End of News Summary-

Presidential Phone Calls



DATE: 11-29-89 TIME: 9²⁰
incoming/outgoing

WITH: PS Bush Jr

SUBJECT: Gorb an Christian
a cardinal went

= Adamishini
with Deputy For Minister
whole group staying
with families in Green
100 Sov. " here for
conf. =

FOLLOW UP: _____

Photocopy from George Bush Presidential Library

THE WHITE HOUSE
WASHINGTON

Wednesday,
November 29, 1989
1:00 pm

PHONE CALL FOR THE PRESIDENT

FROM: JERRY WEINTRAUB
(213) 312-1301

Jerry Weintraub is requesting that the President return his call . . his office did not know what the call was regarding.

FYI: Condi Rice received this morning from Jerry Weintraub the US-Soviet tape you requested. Condi will view the tape this afternoon, and then send it over for you to view.

Mr. Weintraub is concerned that some parts of the tape might need to be cut. Condi will view the tape and then make that decision.

Bridget Montagne

it goes by 3/4th
3:30 Patty called -- told Weintraub Condi would be calling & that POTUS had not seen tape -- Condi says it needs cutting by $\frac{3}{4}$.

THE WHITE HOUSE
WASHINGTON

Wednesday,
November 29, 1989
1:00 pm

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FROM: JERRY WEINTRAUB
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Bridget Montagne

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03. Note	Handwritten notes of Presidential Phone call with Jack Brooks Re: various issues [redaction of personal information] (1 pp.)	11/29/89	(b)(6)	

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Wednesday, November 29, 1989

Date Closed: 10/27/2009 **OA/ID Number:** 90527-014

FOIA/SYS Case #: 2009-0166-S

Re-review Case #: **Appeal Case #:**

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

AR Case #: **MR Case #:**

AR Disposition: **MR Disposition:**

AR Disposition Date: **MR Disposition Date:**

RESTRICTION CODES

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

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

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.

(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

Presidential Phone Calls

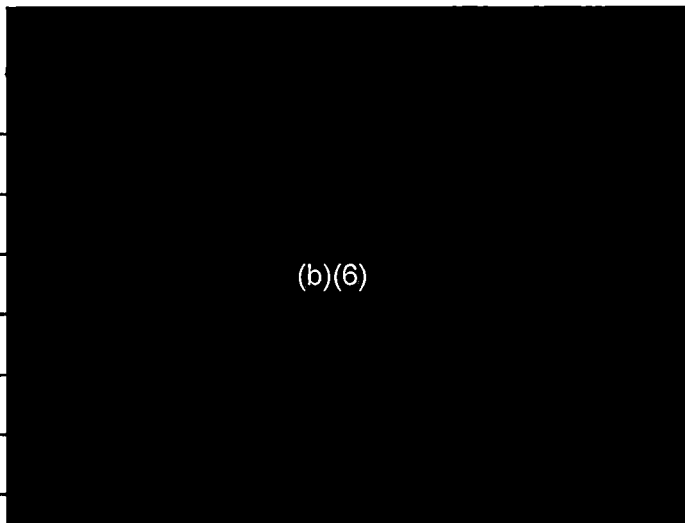


Bush's Photocopy
George Bush Handwriting

DATE: 11-29-89 TIME: incoming/outgoing

WITH: Tach Brooks, MC

SUBJECT:



(b)(6)

FOLLOW UP: Tach: "Cheney doing better"

cautious Pol. & Hungary -
sleep -

8:30 am
told Fred
McClure off
P.

Photocopy from George Bush Presidential Library

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
04. Note	Handwritten notes of Presidential Phone call with JAB [James A. Baker, III] Re: Mitterand (1 pp.)	11/29/89	(b)(1)	

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Wednesday, November 29, 1989

Date Closed: 10/27/2009	OA/ID Number: 90527-014
FOIA/SYS Case #: 2009-0166-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

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Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
05. Note	Handwritten notes of Presidential Phone call with JAB [James A. Baker, III] Re: various issues (2 pp.)	11/29/89	(b)(1)	

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Wednesday, November 29, 1989

Date Closed: 10/27/2009	OA/ID Number: 90527-014
FOIA/SYS Case #: 2009-0166-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

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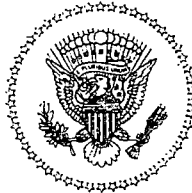
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Presidential Phone Calls



DATE: 11-29-89 TIME: 9⁵⁰
incoming/outgoing

WITH: Brevly

SUBJECT: Tried hard thru
Robson + Tach to get
out last week
Spoke again yes day
Tach
Robson had been here
yes day.

We think in 2-3 days will
leave. (no construct though)
FOLLOW UP:

legally - can't fire him
in 5-6 legisl. said in for
2 years - Seeliver + Tach
mentioned legislation -

"
honest somewhat dumb,
arrogant"

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

November 28, 1989

REMARKS BY THE PRESIDENT
DURING PHOTO OPPORTUNITY

The Oval Office

12:10 P.M. EST

Q How about the summit, Mr. President?

THE PRESIDENT: Well, I'm glad you asked that.

Q I mean, it's no longer a get-acquainted. It has a larger dimension, doesn't it, and you're going with concrete proposals? Or is that an assumption?

THE PRESIDENT: Well, I think, Helen, when I defined what I intended, I said that there's no set agenda; prepared to talk about a wide array of issues. And that's still exactly the way it's going to be. And there is all kind of hyped speculation on the part of some that it's going to be different. And I'm glad to get that question because we're together, our team, solidly together, prepared to talk about anything President Gorbachev wants to talk about, and his able team.

But it is not going to be an agreement that surprises our allies. We're part of an alliance and that alliance is very strong. And it's going to be strong after this meeting because I'm not going to surprise them. So the surprise will be, if you're looking for a surprise, there won't be a surprise. That may come as a surprise.

Q No. The question is, you have the caveats that you will inform NATO, but aren't you going with anything in your hand, anything concrete? I mean, are you going to just sit there and listen?

THE PRESIDENT: No. We'll have a wide array of areas where we think we can improve relations. We've got -- I'm very concerned about events in Central America, and I will be urging Mr. Gorbachev to do what they should have done some time ago -- cease support for those who are fueling revolution, exporting it in this hemisphere.

I had a call today, incidentally, from President Arias of Costa Rica, and I don't think I'm blindsiding Mr. Gorbachev by this, but I will raise with him, at Arias' request, the fact that the Soviet Union should stop feeding Fidel Castro, who Mr. Arias tells me is directly responsible for the export of revolution through supporting the FMLN. And that was a direct request from the Nobel Peace Prize winner.

So, of course, we're going to raise other subjects ourselves; go there with ideas in my mind, following up on what the Secretary did in a very constructive way in his meeting with Mr. Shevardnadze.

So it's -- the thing I wanted to shoot down, though, is this kind of frantic speculation that there is going to be -- based on crazy --

Q Well, isn't it natural --

THE PRESIDENT: Yes, it's natural. But I want to have

MORE

done it now --

Q -- for troops cuts now that there's such a change?

THE PRESIDENT: We don't want to get out ahead of our allies. And Secretary Cheney is taking a look at defense requirements and so -- but that's a good subject because I am not going to enter into an arms control agreement.

Now, if we want to talk in a general way with the Soviet leaders about our aspirations for how a defense system will look 10 years from now, of course, we'll do that; of course, we want to do it. We want to see far less than 15 percent, 17 percent of the Gross National Product of the Soviet Union spent on defense. And, obviously, we'll talk about that, Helen. It's very important we talk about it.

But that's not what I'm referring to when I talk about euphoric expectations of some deal. There isn't going to be such a deal. It takes two to make a deal.

Q Sir, is one of the ideas you're carrying with you there -- you just talked about ideas -- the idea of having lower -- much deeper cuts in conventional forces than you talked about when you were in Brussels?

THE PRESIDENT: As I say, it takes two. We need to get in there and discuss his plans with him and not tie the Alliance up by unilateral commitments.

Q -- but you're willing to talk about deeper cuts than you've talked about before?

THE PRESIDENT: I'm willing to talk about anything. That's what the meeting is about. That's why I viewed it as a meeting where we can discuss anything without a fixed agenda.

Q Mr. President, the events in Eastern Europe seem to be unfolding largely on their own. As President, do you think that you should have a major role in shaping the developments, or do you think that Europe should take the lead?

THE PRESIDENT: I think that the lead is being taken by the peoples in these countries. And I have talked, incidentally, to every single member of NATO, and I don't want to sound self-centered here, but almost every one of those leaders told me, we think the United States is handling this properly. We appreciate the way you're handling these changes, the prudent approach you are taking. And it came over and over again.

I got on that phone right there to every single prime minister or president in NATO. So I feel that they are behind us in our approach. And I think what's happening in Czechoslovakia, what has happened and will continue to happen in Poland, what's going on in the GDR and Hungary comes from the people. It doesn't come from somebody halfway across the world dictating how fast change should be or what change should encompass.

We've spelled out in speech after speech a broad perspective of how we would like to see the world evolve; talked about it months ago -- with very little attention. But our allies understood it. They understood it very well when we talk about a Europe whole and free, or when I said in an interview to David Frost, yes, that Berlin will come down in my presidency.

But that -- I think we're handling it about right. And I say that based on the input from our allies. And we are part of an Alliance, and that Alliance is going to stand. And it is very important that they know that I'm not going to go off and prematurely jump out there and try to grandstand by committing them to something. That's not the way you keep an alliance strong, nor is that the way you effect permanent change either.

MORE

Q Mr. President, you said there won't be a deal in Malta. There have been reports, though, that you would propose to President Gorbachev going below the 275,000 troop ceiling for the U.S. and the Soviet Union.

THE PRESIDENT: I've seen the stories about that.

Q Are they true?

THE PRESIDENT: No. I've told you that we don't go there with specific proposals. If we want to discuss something of this nature, we'll discuss it. But that's what I want to shoot down. There are no arms control proposals. In writing I have made clear to Mr. Gorbachev -- in my own handwriting, so he knows it comes from me, not from the bureaucracy -- that this is not a summit for arms control agreement.

We've got a meeting set, a summit set, in which we will, after consultation with our allies, move forward. So I don't think there's any misunderstanding on that.

I read some copy here about what one of these Soviet spokesmen said and it sounded to me like we're pretty much on the same wavelength. The lead was a little off -- I don't want to tell you whose this was, but I -- the lead was different than what the spokesman said.

Q The spokesman said you can't believe Gorbachev would got to a summit just to get acquainted.

THE PRESIDENT: The spokesman said, they do not expect formal agreement to emerge from shipboard -- the same one when you say he doesn't want to --

Q Right.

THE PRESIDENT: -- let's see, "Gorbachev is not the sort of man for a simple get-acquainted session."

Q Yes.

THE PRESIDENT: "Ready for serious talks." I'm ready for serious talks. But there is no agenda. I don't think we're apart.

Do you, Jim? You're dealing with them day in and day out.

SECRETARY BAKER: No. No, indeed.

THE PRESIDENT: But that's my point. I'm just trying to deflect this kind of comment that somebody writes. I mean, yes, Helen, there's a lot of interest in this meeting. And I can understand why people are speculating. But I'm going to be there. I'm going to be attending this meeting.

Q Do you have a reaction to --

Q What about Kohl's proposal?

Q Do you have a reaction to the Kohl proposal for reunification?

THE PRESIDENT: I expect to talk to him soon, and I'd prefer to wait to hear from him exactly what it is.

Q You talked about your concern about events in Central America, Mr. President.

THE PRESIDENT: Absolutely.

Q You've received assurances from the Soviets that

they'd cut off the arms supply. Do you feel they --

THE PRESIDENT: They haven't cut off arms supply to Cuba. And as Mr. Arias said, there is one person most responsible for support of the FMLN trying to deny democracy to Central America, deny democracy to El Salvador -- and that is Fidel Castro. And at the same time he coupled Ortega in with that.

So this -- we've got to discuss these issues, and I think the Soviets are prepared to talk about it. If they want an agenda item, if they want a statement from the President, I'm not the sort of man that will go there and not raise it. Now you've got a headline.

Q Well, are you the sort of man who will protest the raiding of churches in Salvador?

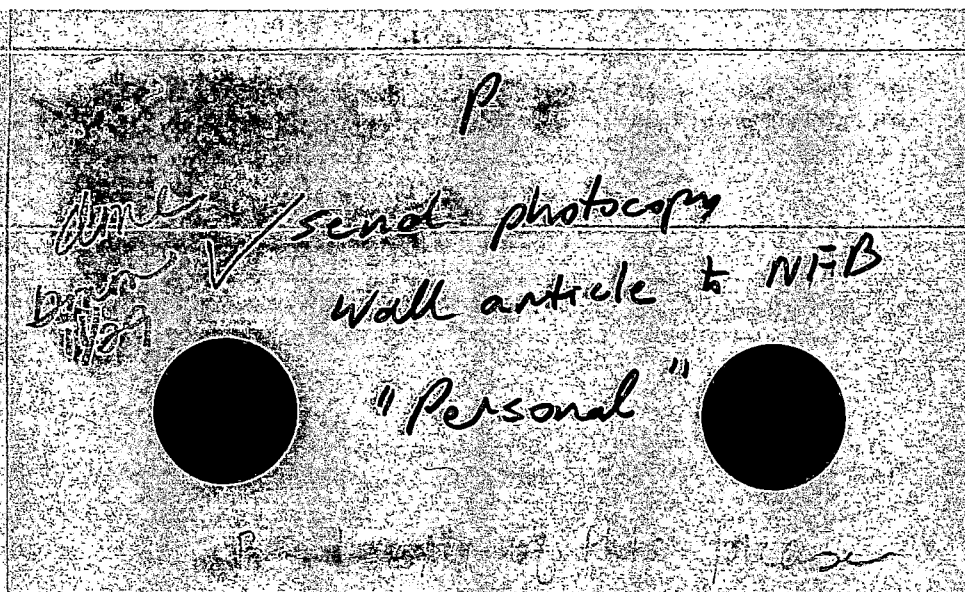
THE PRESIDENT: I'm the sort of man that will get the facts. And if there's any abuse of the rights of Americans, I will strongly protest it. And if, indeed, Americans are involved in trying to overthrow a government by arms, I will not look with favor on that, either. So, yes, I will look to the human rights and to the fact that any American is accorded proper treatment by the authorities; proper justice. And, yes, I will see to that. But I will not condone overthrowing a -- trying to overthrow an elected -- freely-elected, certifiably free elections of a government of that nature. I'm not going to do that. We're moving towards democracy in this hemisphere and this call from Oscar Arias was very -- made a big impression on me.

THE PRESS: Thank you.

THE PRESIDENT: Thank you all. See you in Malta.

END

12:20 P.M. EST



Photocopy from George Bush Presidential Library

Document Originally
Attached to
Following Page

Bush Library Photocopy
George Bush Handwriting

THE WHITE HOUSE
WASHINGTON

DATE: 11-28-89

FROM THE PRESIDENT

To: Nick Brady

Re: Danny Wall

The attached article from Regardie's
(not hte most sterling of journals
admittedly) does not help
Danny Wall's case in any way.

gb

P

send photocopy
Wall article to NFB

"Personal"

B- 1 copy of this please

AT LAST, WE'VE
FOUND THE GUY TO
BLAME FOR THE
SAVINGS AND LOAN
FIASCO.

UP AGAINST DANNY WALL

HE WROTE THE
RULES THAT
WRECKED THE
SYSTEM, THEN HE
IGNORED THE
CRISIS UNTIL THEY
THREW HIM OUT
OF OFFICE—
AND THEN,
BELIEVE IT OR NOT,
HE GOT A BOUQUET!



BY MICHAEL
BINSTEIN



ILLUSTRATION
BY PHIL HULING

FOR DANNY WALL, JULY 1, 1987 WAS A DAY of rockets' red glare and bombs bursting in air. On that day he was sworn in as the chief regulator of the nation's savings and loan industry.

Without a doubt, it was a major career move for a staff director of a Senate committee. So, in his trademark three-piece suit and shiny ankle boots, his tie wound tightly around his neck, Wall waited expectantly, surrounded by family and friends, for the ceremony to begin. But fireworks, in the form of an unexpected telephone call, interrupted his celebration.

Within minutes the caller had one of the bank board's secretaries on the verge of tears.

"I'm sorry, sir, but he's with his family about to take the oath," she said apologetically.

"I don't give a goddamn who in the hell he's talking to," the caller snapped. "I want him right now."

Wall was dutifully summoned. Some of the bank board's staffers were astonished that he took the call; in their minds it was proof that he was controlled by the very industry he was supposed to police, for the caller was Richard Hohlt, a lobbyist for the U.S. League of Savings Institutions, the savings and loan industry's most powerful trade association.

Then again, anyone who'd observed Wall over the years wouldn't have been surprised. In the dark corridors of federal Washington, where influential lobbyists can detonate legislative explosions, Hohlt had often boasted that he controlled Wall. Once, in a euphoric outburst, he exclaimed to several senior officials of the league, "When it comes to Danny Wall, he doesn't take a piss unless I give him permission."

Hohlt denies making the statement. "It sounds like something from someone on the

staff who doesn't like me," he says. "It's sick."

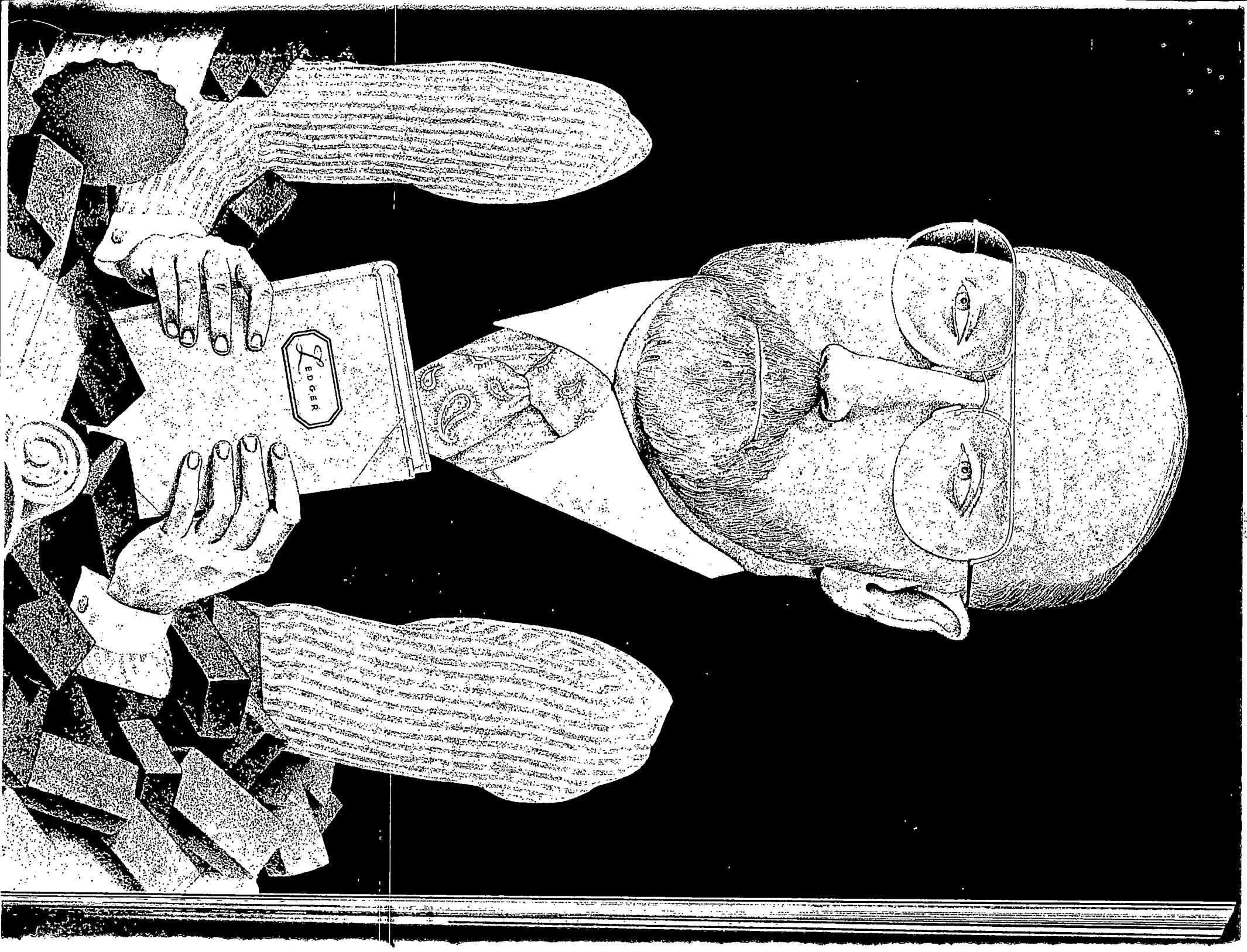
Hohlt had cultivated Wall years before, when Wall was working for Senator Jake Garn on the Senate Banking Committee. A key staffer of the committee says that Hohlt virtually camped out in Wall's office. "Rick Hohlt always felt that he was virtually a part of Jake Garn's office," says a former high-level official of the league. "It was an incestuous sort of thing. He was family."

The family includes Wall, who's been described as a "surrogate son" of Garn's, and Wall's wife, Alvina, Garn's personal assistant. And in the end the family wreaked more havoc on the nation's banking system than any since Ma Barker's.

When the final bill for the savings and loan debacle is tallied, it would be appropriate for Wall to present it to the taxpayers. Many people can be blamed for the colossal greed fest that destroyed the industry, but Wall's role was bigger than any other villain's, in part because he styled himself as the sheriff who was going to clean up Dodge City. He was at the head of the parade when the industry was deregulated, he was at the head of the parade when the industry exploded like a Roman candle, and, remarkably, he's still at the head of the parade today, as the government sifts through the rubble.

There's no reason to believe that Wall cashed in on the industry's collapse; after all, Washington isn't Wall Street. No, the Danny Wall story is, like so many others in the nation's capital, the tale of a government bureaucrat who did some favors for his friends in return for career advancement. The difference in Wall's case—and it isn't an insignificant one—is that the favors have so many zeros attached to them.

"There's no one else in the history of the U.S. government who we could say, by his personal



judgment, precipitated billion-dollar losses to taxpayers," says Jim Leach, a Republican representative from Iowa.

Wall, an urban planner-turned-bank czar, stumbled through the darkest financial crisis the United States has faced since the Great Depression. "Give me something that's logical and straightforward, and I'm in great shape," he says. "Is the law logical and straightforward? No. Is accounting logical and straightforward? No."

Airy's police department had been assigned to patrol Washington.

• Wall was more of a shill than a supervisor of the industry. When grave trouble beset thrifts as a result of deregulation, he denied the problems and accentuated the positive. Wittingly or not, in the process he bought the time that the league wanted, which ensured that the taxpayers, and not the industry, would pay for the bailout.

• Wall unceasingly underestimated the dimen-



\$99 DANNY

Talk about guys who are going places! From 1983 to 1986, as the staff director of the Senate Banking Committee, Danny Wall picked up enough frequent-flyer coupons to keep his head in the clouds for years. Of course, the government was monitoring his every move. Under the Ethics in Government Act of 1978, he was required to list where he went, why he went, and who paid for the trip, along with any gifts he received from any one source that had an aggregate value of more than \$99. He didn't have to list entertainment expenses—such as expensive dinners, theater tickets, and bar bills—unless they amounted to more than \$250 from any one source in any one year. During the time he was the staff director of the Senate Banking Committee, Wall listed no gifts worth more than \$99—just lots of travel with friendly trade groups and lots of related expenses. Due to gaps in the reporting, we pieced together the trips as best we could.

1983

FEBRUARY 23-24, SAN FRANCISCO
Law & Business Banking Expansion in the '80s, seminar
Airfare, related expenses

FEBRUARY 24-25, WASHINGTON
American Bankers Association event
Related expenses

MARCH 22, MIAMI
American Insurance Group annual seminar
Airfare, related expenses

MARCH 22, SAN FRANCISCO
Financial analysts conference
Airfare, related expenses

MARCH 23-24, SAN DIEGO
Dealer Bank Association annual meeting
Airfare, related expenses



*'Wall came in
and continued the pattern of
sweeping everything
under the rug,' says a government
official. 'I was never
sure whether I was looking at
deliberate deception
or ineptness.'*

Was Wall qualified to regulate the nation's thrifts? He believes that his college major in architecture and minor in engineering (North Dakota State University in Fargo), provided him with the financial background he required for the job. Some people who've worked with him disagree; one of his fellow regulators continues to marvel at Wall's belief that "everything would be all right if the auditors stopped making me put all those liabilities on the balance sheet."

The American people never got a chance to hear the Danny Wall story spelled out in all its gory detail. Because he was installed in his new job as the director of the new Office of Thrift Supervision without confirmation hearings—Garn's way of protecting him—his critics were effectively muzzled. Had hearings been held, here's what the nation's taxpayers would have learned:

• Wall worked hand in hand with lobbyists to write the declaration of independence for America's S&Ls, a law that left the nation's regulators outmanned and outgunned. It was as if Mount

Sions of the crisis. He insisted that the FSLIC, which insured the deposits in the S&Ls, had the money to cover the losses at a time when it was bankrupt, and he blamed the media for creating a climate of fear. More than two years ago, when the industry was losing about \$1 billion a month, he announced that "this agency, this system, and this industry are standing on the threshold of a new and brighter future." Since then Congress has authorized a \$160 billion bailout that many government insiders believe will ultimately cost \$300 billion.

• Wall ignored the appeals of the bank board's examiners and kept a politically wired S&L open for two years after it had been judged to be unsafe and unsound. His failure to act cost the nation's taxpayers nearly \$3 billion.

• Once the bailout started, Wall ran amok with the government's credit card. In December 1988, in what might be called a year-end fire sale, he dumped 75 distressed thrifts in hastily arranged deals that gave wealthy businessmen billions of dollars in tax benefits. What's more, he kept Con-

gress in the dark about the details of the deals as they were being cut.

• Thanks to a nifty power play by Garn, Wall's most dubious record of achievement won him not banishment from the government but a bouquet.

From one perspective, the Danny Wall saga is the story of an average civil servant who rose to the top of the federal government on the wings of an important senator and a rich lobby. But it's more than that. It's a testament to an enduring fact of life in Washington: that even in a government as vast and impersonal as ours, one in which responsibility is often submerged in the sluggish waters of the bureaucracy, one man can make a difference.

Mr. Wall Goes to Washington

M. Danny Wall (the M stands for Melvin) is among the finest sons ever produced by New Effington, South Dakota, a town of less than 300 people. His parents ran a grocery store. He was an Eagle Scout who at one time thought he had a higher calling—to the ministry—but he dropped the pursuit in high school.

"From a very early age I learned that I had to be straight, very proper—and I was," says Wall. "I was raised in a very Christian family, not charismatic or anything, but a very Christian family. Honesty was the principal point of our training. It's what we experienced in our own family and what we experienced in our community."

Young Danny showed some promise as a butcher, one of his duties in the family's store. And after his father gave him a big, abandoned outhouse, he discovered that he had a gift for carpentry; he installed lofts and lookouts and so enjoyed the work that in college he studied architecture and urban planning. He believes that the latter was ideal training for his job at the bank board.

"Urban renewal is buying land, clearing property, and selling land," he notes. "What have we been doing here? We've been acquiring assets, clearing assets. I never worked in a bank per se, but perhaps somebody working in a bank would be less prepared."

In 1964 Wall was appointed the executive director of Fargo's urban renewal agency, and in the early 1970s Salt Lake City beckoned. It was on the brink of winning its first HUD-assisted program, but only if it could hire a city planner who had a track record. While the city fathers huddled at HUD's regional headquarters in Denver, a HUD official recommended Wall for the job. Wasting no time, they called him and virtually offered him the job on the spot. Jake Garn, a conservative city commissioner, was one of the city fathers. Later that year he was elected mayor, and by 1975 he'd won a seat in the U.S. Senate. He and Wall had formed a close friendship over the years, so it was no surprise that he implored Wall to move to

Washington to run his Senate staff. Wall's wife, Alvina, eventually became Garn's secretary. And when Garn was named the head of the banking committee, Wall became its staff director.

The Reagan Revolution that had boosted Garn's fortunes had also stirred the juices of a number of industries that were eager to get out from under the yoke of federal control. Among the hungriest was the savings and loan industry. Its more aggressive executives wanted to be free of the antiquated regulations that forced them to keep their considerable assets in stodgy investments.

Garn agreed to push for deregulation and handed the ball to Wall, who handed it to the smartest people he knew when it came to thrifts: the industry's lobbyists. Wall later compared himself to a mere "lab assistant" in the creation of the Garn-St Germain Depository Institutions Act, the legislation that emancipated S&Ls; to sustain the metaphor, the U.S. League of Savings Institutions was Dr. Frankenstein. The league's point man on the bill was Hohlt, a Midwesterner who'd served as an aide to Richard Lugar, both when he'd been the mayor of Indianapolis and later when he'd become a senator. Hohlt had also worked for Reagan's 1980 campaign (he considers himself to be a close friend of Lee Atwater's). After Reagan's election he'd decided to put his connections to use and had gone to work as a lobbyist for the league.

Hohlt quickly latched on to Wall, and in the months that followed sometimes talked to him a dozen times a day. (At the same time, another of the league's lobbyists, James "Snake" Freeman, was wining and dining Fernand St Germain, the chairman of the House Banking Committee.)

In 1982, bowing to the wishes of the league, Wall and Garn drafted the legislation that allowed thrifts to reinvent themselves. After it was passed, S&Ls were no longer confined to financing home mortgages. They were free to invest in all manner of get-rich-quick schemes, and they did it with a vengeance; they got involved in the futures markets, commercial lending, shopping centers, horse sperm banks, windmill farms, fast-food restaurants, junk bonds, and corporate takeovers. Almost before the ink on the bill was dry, a parade of rogues had crashed the deregulation party, buying up charters for a song and turning their new acquisitions into personal piggy banks.

William O'Connell, the president of the league, called Garn-St Germain "a major step forward in preserving and strengthening the savings and loan system." But in a very short time, it looked more like the thrift industry's suicide pact.

To Have and To Hohlt

Garn-St Germain was a triumph for Wall and Hohlt, and their relationship strengthened. Some

MARCH 24, WASHINGTON
Independent Bankers Association event
Airfare, related expenses

APRIL 19-23, MAUI
BALCOR/American Express conference
Airfare, related expenses

APRIL 29-30, COLORADO SPRINGS
Securities Industry Association event
Airfare, related expenses

APRIL 30-MAY 2, PALM SPRINGS
Wells Fargo Bank Group conference
Airfare, related expenses

MAY 13, CHICAGO
Whittle Raddon Motley & Hanks seminar
Airfare, related expenses

MAY 16, WICHITA
Kansas Savings & Loan League annual conference
Airfare, related expenses

MAY 17-18, LITTLE ROCK
Arkansas Bankers Association event
Airfare, related expenses

JUNE 1-2, PALM BEACH
Sang & Stuber seminar
Airfare, related expenses

AUGUST 23-24, LOS ANGELES, DALLAS
National Association of Mutual Savings Banks seminars
Airfare, related expenses

SEPTEMBER 26-27, MINNEAPOLIS
Women in Finance meeting
Airfare, related expenses

OCTOBER 5-6, DALLAS
Bank Marketing Association meeting
Airfare, related expenses

OCTOBER 8-13, HONOLULU
American Bankers Association annual convention
Airfare, related expenses

OCTOBER 16, MAUI
National Savings & Loan League event
Airfare, related expenses

OCTOBER 20-21, OMAHA, KANSAS CITY
Nebraska Credit Union annual meeting, U.S. Credit Union inspection
Airfare, related expenses

OCTOBER 24, BOSTON
Northern New England School of Banking event
Airfare, related expenses

OCTOBER 30, SAN FRANCISCO
American Financial Services Association event
Airfare, related expenses

NOVEMBER 14-15, SAN FRANCISCO
U.S. League of Savings Institutions event
Airfare, related expenses

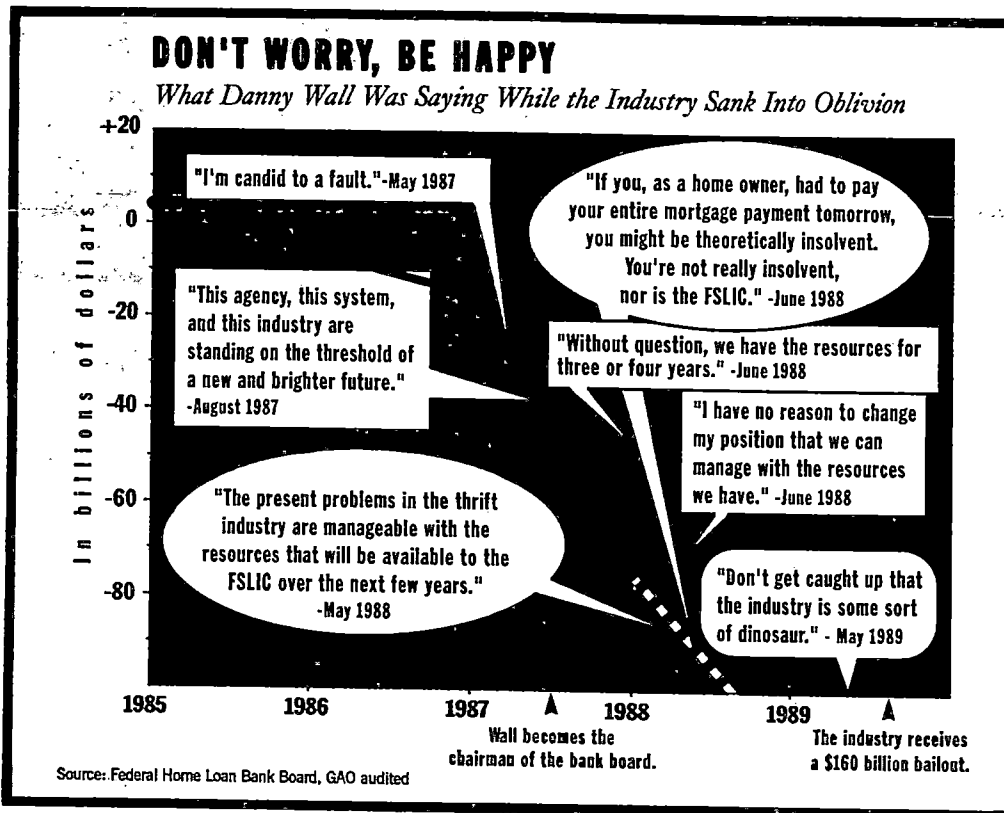
NOVEMBER 20-21, NEW YORK
GlobeCom seminar
Airfare, related expenses

staffers on the banking committee wondered what Wall, a straitlaced, soft-spoken bureaucrat, saw in Hohlt, a rather coarse lobbyist who talked about "rolling" people. Hohlt was once nearly thrown out of the Treasury building by the Secret Service after he'd engaged in a screaming match with a top official.

"Rick is a very personable fellow," says Wall. "He's someone I find very easy to get along with. I'm in a very small minority of people that can

president's trips and could easily arrange for special treatment of savings and loan executives.

But while Hohlt's tactics gave him some influential friends, they also gave him some enemies. "He was always kind of sneaking around, trying to pick up tidbits of information and make himself sort of essential," recalls a former Reagan administration official. "I found him a very oily, untruthful sort of fellow. I intensely dislike him, and I don't say that about a lot of people."



countenance him. Perhaps it's because I can get past the bluster."

"I think Danny Wall is a close personal friend," says Hohlt. "He's been someone I've talked to about my father's health. He's been someone I've introduced dates to. He's been someone I've socialized with on many occasions. At times I would've considered him a very close and confidential friend and source of stability. There are few people you run into in this town with the right basics. Call it corny: to find a person who's sincere, who'll go out of his way to be helpful."

Others in government believe that Hohlt is less concerned with basic values than he is with access and information, the major currencies of Washington. He used his expense account to procure everything from theater and football tickets to expensive meals for politicians; a former high-ranking official of the league claims that he even bought groceries for contacts on the Hill. He was invited to state dinners. A source says that he sometimes assisted the White House's advance men in planning the

Hohlt is sometimes accused of being duplicitous. In 1986 and 1987 the Treasury Department was attempting to raise \$15 billion to recapitalize the FSLIC, a move that the league opposed. George Gould, a former under secretary of the Treasury, was warned not to meet with Hohlt about the effort, sources say. Gould was told that Hohlt was deceptive and difficult to deal with. "Your predecessor wouldn't meet with [Hohlt and his superiors at the league] and practically had them carried out by the Secret Service after one stormy session," he was informed. Hohlt denies that the incident took place.

Gould met with Hohlt and other officials of the league anyway. Later, however, Gould learned that Hohlt had been covertly undercutting the Treasury's efforts despite his assurances that he and the league favored the recapitalization. Word filtered back to the Treasury that Hohlt was bragging that the league was going to "roll Treasury. They want \$15 billion. We're going to roll them and they're only going to get \$5 billion."

"I found that they were meeting with me and then

1984

- JANUARY 23, ORLANDO
Florida Bankers Association event
 Airfare, related expenses
- FEBRUARY 16, SAN FRANCISCO
Law & Business, Inc. event
(Harcourt Brace Jovanovich)
 Airfare, related expenses
- MARCH 12, PALM SPRINGS
Lillich McHose & Charles event
 Airfare, related expenses
- MARCH 26, SALT LAKE CITY
National Association of Independent Insurers event
 Airfare, related expenses
- MARCH 27, NEW ORLEANS
Independent Bankers Association event
 Airfare, related expenses
- MARCH 28, MIAMI
American Bankers Insurance Group, Inc. event
 Airfare, related expenses
- APRIL 2, MONTEREY
National Association of Home Builders event
 Airfare, related expenses
- APRIL 9, SALT LAKE CITY
U.S. League of Savings Institutions event
 Airfare, related expenses
- MAY 2, NEW ORLEANS
Bank Administration Institute event
 Airfare, related expenses
- MAY 7, SAN DIEGO
Bank Marketing Association event
 Airfare, related expenses
- AUGUST 7, SAN DIEGO
U.S. League of Savings Institutions event
 Airfare, related expenses
- SEPTEMBER 7, CHICAGO
CNA Group event
 Airfare, related expenses
- SEPTEMBER 14, SAN FRANCISCO
University of San Francisco event
 Airfare, related expenses
- OCTOBER 8, CHICAGO
Whittle Raddon Motley & Hanks event
 Airfare, related expenses
- OCTOBER 15, LEBANON, NH
New England School of Banking event
 Airfare, related expenses
- OCTOBER 24-25, NEW YORK
ESI, Morgan Stanley event
 Airfare, related expenses
- OCTOBER 31, BIRMINGHAM
Alabama Bankers Association event
 Airfare, related expenses
- NOVEMBER 28, KANSAS CITY
Financial Institutions Investment Institute event
 Airfare, related expenses

going to the Hill and totally misquoting me and/or just totally fabricating some story about the Treasury's position," recalls a former Treasury official. "I finally closed off access to my part of the Treasury."

Still, Hohlt could be effective. After steering the deregulation bill through Congress, he schemed to have Wall appointed the chairman of the bank board. The official who had the job, Edwin Gray, was beginning to cause some problems for the industry. Though he was a Reagan loyalist who'd essentially been put into the job by the league, he'd begun to comprehend the magnitude of the problem and to talk publicly about it. The league needed a new man at the top.

Gray says that Hohlt was passionate and obsessive about securing the job for Wall. As Gray recalls, just about every day Hohlt would telephone his office or home and ask, "What did you do for Danny today? What can you do for him tomorrow?"

The main stumbling blocks were the Treasury Department, the White House personnel office, and Donald Regan, the White House chief of staff, who had his own candidate for the job. Regan's choice was Lee Henkel, a Republican lawyer who'd been appointed a board member in 1986 and was in line to succeed Gray. Henkel was strongly supported by several senators who'd received large contributions from Charles Keating, a savings and loan executive from Arizona. Henkel, who had undisclosed financial ties to Keating and had voted on matters that could potentially have benefited him, was forced to resign from the board in the spring of 1987.

By then the Iran-contra scandal had also removed Regan, so only the Treasury Department and the White House personnel office needed to be persuaded. Both believed that Wall wasn't qualified for the job, that he was a lightweight when the times demanded the best brain in the business.

"I pushed hard to get a bank board chairman who had lots of administrative experience because we had to rebuild the agency," says a former high-level administration official. "When Ed Gray left, the organization had bad morale and a lot of departures. I also thought there were some complicated financial issues involved in this."

In the end, however, an old maxim proved itself to be true: It's not what you know, it's who you know that counts. Garn won the day for his loyal lieutenant by personally prevailing on President Reagan and calling in some chits.

Chairman Danny

While Rome burned, Danny Wall redecorated. Or so it seemed to his staff.

When Wall took office he decided that the bank board's headquarters needed a face-lift. So instead of putting out financial fires, he did housekeeping. He replaced and rearranged furniture. He ordered

a new desk phone because the color of his didn't match the shoulder rest. He loved to redraw organizational charts. Perhaps in the mind of an architect appearance is everything, but his staff was dismayed that serious problems were festering.

One of Wall's first requests was to call for a thorough inspection of the building. With engineers in tow, he noted the changes he wanted made. "I proceeded with the building supervision people just to try to get things going in sprucing up things so that it was a more businesslike environment," he explains. "There were letters missing from the sign downstairs. Nobody paid any attention to that." Such seemingly small acts, he believes, convey to the staff that "things are happening."

Another change at headquarters was the presence of Hohlt, who called Wall incessantly and became a frequent visitor. The agency's staffers were stunned by Hohlt's hold on Wall. The lobbyist was permitted to bypass the bank board's sign-in procedure, and he had a direct line to Wall's office. He got Super Bowl tickets for Wall and his son in 1983. Still, at first Wall won plaudits for being the calm in the center of the storm; in the summer of 1987 the scope of the crisis was apparent only to relatively few people. But as evidence that the industry was melting down became too conspicuous to ignore, many people began to wonder whether he wasn't being too calm. His "don't worry, be happy" pep talks to the government's auditors left them speechless; Gray had left office screaming fire, and Wall couldn't even smell the smoke.

Wall held his first face-to-face meeting with officials of the General Accounting Office, which was responsible for auditing the FSLIC's books, in the late summer of 1987. The GAO's auditors left the meeting fearing that Wall was papering over a potential catastrophe. "It would've helped if he'd taken Accounting 101 and 102," deadpans a senior government banking official, who recalls the accounting "breakthrough" that Wall once advertised as the solution to the crisis: a wild scheme that involved selling the FSLIC's future revenues at a discount to raise cash immediately. Several high-level auditors likened the idea to a Ponzi scheme and pointed out that it violated the basic canons of accounting. Wall is said to have gone into a snit when he was told that the idea wouldn't work.

Wall also argued with auditors over why he had to book future obligations as losses. He refused to concede that an obligation incurred by the FSLIC (such as rescue money that had been committed over five years) should be booked as a loss when the debt wouldn't be due until later. An auditor compares the idea to a home owner who runs up a \$1,000 bill but refuses to budget for it because it isn't due until the end of the month.

Wall also tried to pull an accounting flim-flam

DECEMBER 5, MINNEAPOLIS

NorWest event

Airfare, related expenses

DECEMBER 6, TAIPEI

USA-ROC Economic Council event

Airfare, related expenses

1985

JANUARY 24, HOUSTON

National Association of Home Builders event

Airfare

JANUARY 26, MIAMI

Hogan Systems seminar

Airfare, related expenses

FEBRUARY 7-8, CHICAGO

Chicago Mercantile Exchange event

Airfare, related expenses

FEBRUARY 13, NORTH CONWAY, NH
New England League of Savings event

Airfare, related expenses

FEBRUARY 14, HONOLULU

SMU Graduate School of Banking, assembly for bank directors

Airfare, related expenses

MARCH 5-6, PARK CITY, UTAH

Midwinter housing conference

Airfare, related expenses

MARCH 8-9, SAN ANTONIO

Independent Bankers Association convention

Airfare, related expenses

MARCH 15, SAN FRANCISCO

Law & Business seminar

Airfare, related expenses

MARCH 19, MIAMI

American Bankers Insurance Group event

Airfare, related expenses

MARCH 28, LOS ANGELES

American Bar Association event

Airfare, related expenses

MAY 10, OGDEN, UTAH

Utah League of Insured Savings event

Airfare, related expenses

MAY 21, NEW ORLEANS

National Association of Consumer Credit event

Airfare, related expenses

MAY 29, MINNEAPOLIS

Association of Bank Holding Companies event

Airfare, related expenses

MAY 31, RICHLAND, WASHINGTON

Washington Bar Association event

Airfare, related expenses

JUNE 7, BOSTON

Boston College Bank Auditing seminar

Airfare, related expenses

JUNE 16, SEATTLE

Federal Home Loan Bank of Seattle annual meeting

Airfare, related expenses

on the House Banking Committee. In March the bank board called attention to an increase in capital at the nation's savings and loans but failed to note that the capital had come from the federal government, not from the thrifts themselves. Without the government's money, the S&Ls' capital would actually have decreased by almost \$8 billion.

"The present bank board—particularly its chairman, Danny Wall—seems incapable of presenting a straightforward story to the American public," said the committee's chairman, Representative Henry Gonzalez. "The Congress and the public don't need sugarcoated news releases distorting the numbers. We need hard numbers, specific facts—the truth. This seems a short commodity at Chairman Wall's Home Loan Bank Board."

By the fall of 1988, Treasury officials were convinced that Wall's estimates of the depth of the crisis were deceptive or flawed. Larry White, one of the three members of the bank board, had made his own internal estimates that contradicted Wall's Pollyanna pronouncements and had become Treasury's secret source in keeping tabs on Wall. Because he feared to be seen with Treasury officials, whom Wall regarded as the enemy, White met with them in local dives where they weren't likely to be spotted.

Odd Numbers

The hardest question to answer about Wall was whether he truly didn't understand the severity of the crisis or deliberately lied about it. In what became a number-of-the-month game, his estimates of the industry's financial dilemma were consistently the lowest provided by an array of government and private forecasters. Intentional or not, his distorted view of reality caused confusion among the staff at the bank board, his fellow regulators, members of Congress, and financial experts. More important, it stalled the bailout process as the damage mounted.

"He came in and continued the pattern of sweeping everything under the rug," says a government official who worked closely with Wall. "With all those examiners in the field, you don't have to be a mathematical genius to get a smell of the trend out there." He adds: "I was never sure whether I was looking at deliberate deception or ineptness."

"I was getting bum numbers from Dan," says former treasury under secretary Gould. "That's a fact. This is sort of the core element. It put [the crisis] into the taxpayer domain, and that's a big change when you go from something that the industry, with a little pain, can handle to a knock on the taxpayers."

Of course, putting the financial load on the backs of taxpayers is what the industry wanted all along. By 1987 everybody in the world knew that the

FSLIC was broke—and yet Wall and his pals at the league continued to mislead the public. On March 4, 1987 the league issued a broadside that called reports that the FSLIC was bankrupt "outrageous." The report accused the GAO of "manufacturing a bookkeeping crisis to pressure Congress into passing an excessively large FSLIC funding program."

That summer, in a speech before the National Press Club, Wall rallied the industry with the promise that it "can count on Dan Wall" to emphasize the positive: to focus attention on the S&Ls that were in the black. Wall disputed claims that the FSLIC was insolvent through the end of 1988, and he didn't concede that a taxpayer bailout would be necessary until even later.

Garn says that Wall deliberately underestimated the cost of the bailout to avoid a panic. "We were all trying to stop a run and ensure that people didn't take their money out," he explains. "You couldn't be in there and have a fire going and put gas on it."

Wall blames the league and presidential politics for the numbers mess. "I think they were simply trying to buy their way past the next presidential election," he says of the league's strategy of denial. "I'm not defending it."

Wall claims that he never wanted to engage in forecasts but was badgered to do so during a hearing before the House Banking Committee in September 1987. He says that when Fernand St Germain, then the committee's chairman, pressured him to estimate the size of the FSLIC's losses, he buckled. "He kept pressing me until off the top of my head I came up with a number," says Wall.

More than a year passed before Wall's estimate matched the one he'd inherited from his predecessor—a remarkable fact, considering that they'd both relied on the same analysts for data.

"We were trying to put in a mechanism [to calculate the losses], but it wasn't there," Wall says. "So we had to go into 1988 still building a mechanism to collect the numbers. We made that very clear. Now I understand people didn't hear it, and they don't want to acknowledge it. But obviously, I'm very frustrated by it. That's the fact. I didn't look at Ed Gray and make any assessment at all. I looked at the problem and said I don't know what the number is. But there wasn't one malevolent bone in my body."

Despite his growing credibility problem, Wall remained secure in large part because of his political patron, Jake Garn. Several senior Reagan administration officials say that the notion of replacing Wall had crossed their minds, but they were quickly dissuaded by the prospect of confronting Garn.

"Danny was a surrogate son of Garn's, and all I would do [by complaining] is alienate my relationship with Garn," says a high-level financial official in the Reagan administration. "And secondly, Garn's

- AUGUST 6, SEATTLE
National Convention of State Legislators
Airfare, related expenses
- AUGUST 20, TAMPA
Tampa Chamber of Commerce event
Airfare, related expenses
- AUGUST 28, NEW YORK
Public Securities Association event
Airfare, related expenses
- SEPTEMBER 6, SAN FRANCISCO
Dean Witter Reynolds training seminar
Airfare, related expenses
- SEPTEMBER 12, MINNEAPOLIS
Larkin Hoffman Daly & Lindgran event
Airfare, related expenses
- OCTOBER 30, ST. LOUIS
Deloitte Haskins & Sells Financial Institutes event
Airfare, related expenses
- OCTOBER 31, SALT LAKE CITY
Utah State University banking seminar
Airfare, related expenses
- NOVEMBER 3, DALLAS
U.S. League of Savings Institutions event
Airfare, related expenses
- NOVEMBER 6-7, DALLAS
First Texas Savings board of directors event
Airfare, related expenses
- NOVEMBER 7, SAN FRANCISCO
Law & Business seminar
Airfare, related expenses
- NOVEMBER 9, CORONADO, CA
SMU Graduate School, assembly for bank directors
Airfare, related expenses
- NOVEMBER 19, ORLANDO
USA-ROC Economic Council conference
Airfare, related expenses
- NOVEMBER 22, MIAMI
Barnett & Alagia financial seminar
Airfare, transportation expenses
- DECEMBER 9, NEW YORK
National Council of Savings Institutions event
Airfare, related expenses
- 1986**
- JANUARY 31, RENO
National Association of Realtors event
Airfare
- FEBRUARY 13, SAN FRANCISCO
Hoover Institute, Stanford University event
Airfare, related expenses
- FEBRUARY 18, COLORADO SPRINGS
Colorado Bankers Association event
Airfare, related expenses
- MARCH 5, MIAMI
American Bankers Insurance Group event
Airfare, related expenses

personal secretary was Danny's wife. Danny knew every time I came to see Garn because his wife would walk me from the waiting room into Garn's office. So I was always concerned about anything of that nature getting back to Danny, that I was running to the Hill to tattletale about him."

Then again, who would've replaced Wall? The bank board consisted of three members, all of whom were confirmed and none of whom could be fired; Wall could be relieved of the chairmanship but not of a position on the board. According to a source, Roger Martin, the other Republican on the board, would have been the logical alternative, but the job was considered to be over his head. White was a Democrat, and the idea of the S&L industry being saved by a Democrat was too loathsome for the administration to consider.

Danny Wall as Monty Hall

By the fall of 1988 Wall had retreated into a bunker mentality, tightening his inner circle and shutting out outside voices. At the time he was trying to launch his one great initiative, the Southwest Plan, to stop the bleeding where it was worst. The plan, which was designed to infuse more capital into failing institutions through a series of what were called "shotgun marriages and funerals," became the bureaucratic equivalent of a massive

fire sale. Since the market for deeply insolvent thrifts is small and the likely buyers were sharp-eyed financiers who knew the financial score, Wall sweetened the deals by issuing government IOUs.

The result: hundreds of what were soon called "McDeals."

The FSLIC disposed of 205 thrifts in 1988, 75 in December alone, at an estimated cost of more than \$32 billion in future government obligations. Wall had virtually set up his own printing press and had handed out 10-year notes and long-term guarantees that allowed the richest corporations in America to become even richer. Among the recipients of Wall's largess were Ford Motor Company (\$212 million in tax breaks), Texas billionaire Robert Bass (\$218 million), and corporate raider Ronald Perelman (\$900 million).

The specter of the giveaways alarmed Gould, a professional deal-maker before he came to work at Treasury. He wanted details.

"It was goddamned uncontrollable," says Gould. "I really worried for the budget, the taxpayer. You can't run the federal government that way. You can't have a guy over here with a printing press going his own way."

On the other hand, Gould weighed the implication of reviewing the deals before they were made. Would the Treasury Department be providing

MARCH 6, SALT LAKE CITY
Midwinter housing conference

Airfare, related expenses

APRIL 7, MIAMI

Ameri-First Savings & Loan directors event

Airfare, related expenses

MAY 20, ROCHESTER

Bank Administration Institute event

Airfare, related expenses

JUNE 2, COLORADO SPRINGS

Financial Stationers Association event

Airfare, related expenses

JUNE 13, ST. LOUIS

Illinois Bankers Association event

Airfare

JUNE 20, MIAMI

Florida International Bankers event

Airfare

JULY 28, DENVER

American Bankers Association event

Airfare, related expenses

AUGUST 18, MONTEREY

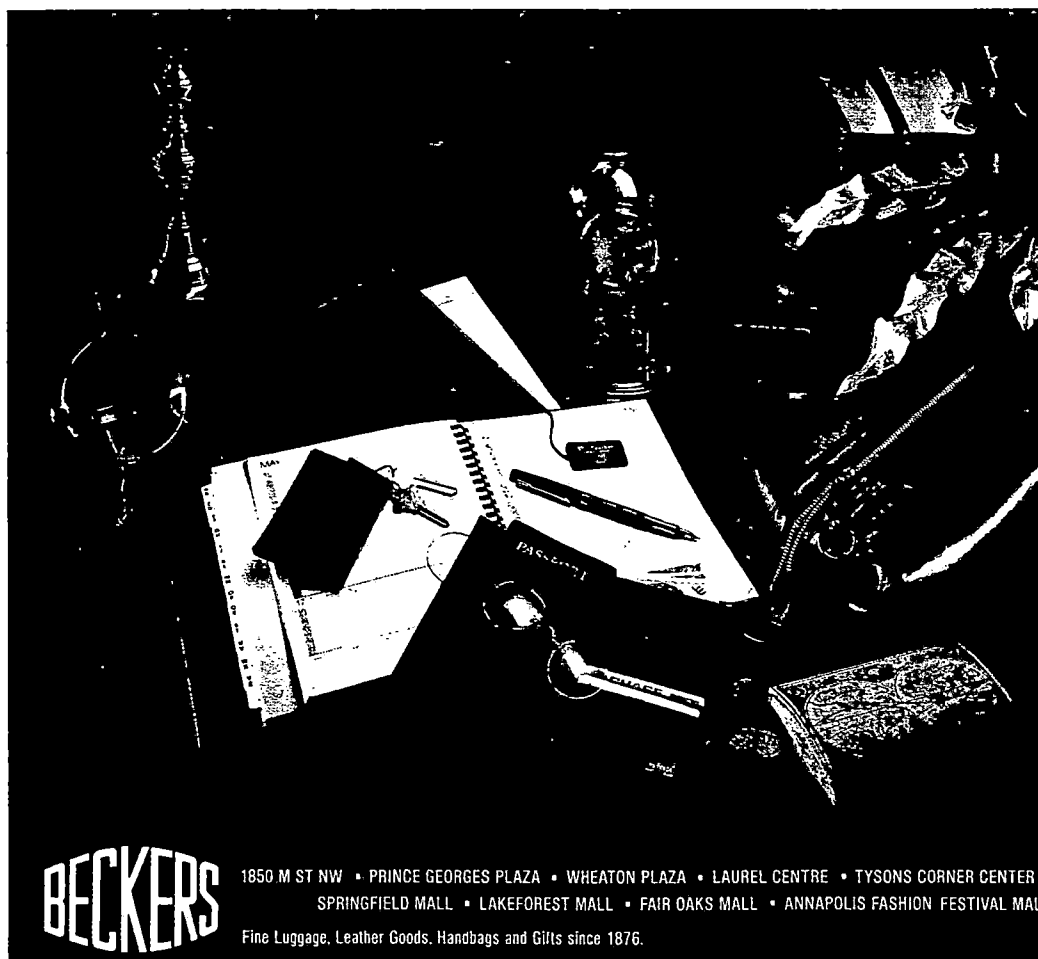
U.S. League of Savings Institutions event

Airfare, hotel, and related expenses

AUGUST 20, WINNIPEG

Federal Home Loan Banks of Des Moines and Cincinnati event

Airfare, hotel, and related expenses



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implicit approval of them? In this case, was ignorance desirable?

Gould didn't press the issue.

The Land of Lincoln

Of all Wall's curious dealings, the most curious was his handling of Lincoln Savings & Loan, Charles Keating's institution, which had virtually abandoned home loans and had embraced dubious ventures, many of which were going sour. Lincoln was being run like a federally owned casino. Gray considered it to be one of the worst examples of abuse in the country, and as early as May 1987 the bank board's examiners in San Francisco wanted to shut it down.

For months Lincoln had complained about the manner in which it was being regulated, to no avail. When Wall took office, however, its complaints received more sympathetic hearings. Wall broke with his agency's custom by meeting with Keating several times. Within a month of taking office Wall made a futile bid, on Keating's behalf, to kill a reprint of an exposé about Lincoln that was scheduled to run in *Arizona Trend*; the article had originally appeared in *Regardie's*. Then, in the spring of 1988, Wall transferred Lincoln's regulation to Washington, where little was done to pressure the S&L to change its ways.

Lincoln was finally shut down this spring, perhaps too late for taxpayers. It's expected to require a \$3 billion rescue, an amount that will make it the largest bank bust in history. Wall's inexplicable cover-up for the S&L, which lasted from mid 1987 until April 14, added a substantial amount to the cost. During the time it should have been under the closest scrutiny by the bank board its assets grew by almost 40 percent, to nearly \$5.6 billion, mostly as a result of large increases in its portfolio of speculative investments: raw land, construction loans, nonresidential real estate loans, and junk bonds. During Wall's stalling Lincoln was able to foist some \$220 million worth of uninsured bonds on investors; one of them was an 80-year-old woman who was chauffeured by Lincoln to a branch of the S&L, where she shifted her money out of federally insured CDs and into the bonds.

The blatant stupidity—or venality—of the Lincoln fiasco alienated Wall's fellow regulators. During a closed-door meeting, Robert Clarke, the comptroller of the currency, called Wall's action "the most outrageous act" he'd witnessed in government. William Seidman, the chairman of the Federal Deposit Insurance Corporation, which is to commercial banks what the bank board was to thrifts, was just as furious. Seidman and his agency had dealt astutely with hundreds of commercial bank

SEPTEMBER 4, TAIPEI
U.S. Chamber of Commerce-Taiwan event
Airfare, hotel, and related expenses

SEPTEMBER 10, MINNEAPOLIS
Larkin Hoffman event
Airfare

SEPTEMBER 18, MILWAUKEE
Wisconsin League of Savings Associations event
Airfare

OCTOBER 20, SAN FRANCISCO
American Financial Services Association event
Airfare

OCTOBER 24, SAN DIEGO
Far West Regional Managers event
Airfare, hotel, and related expenses

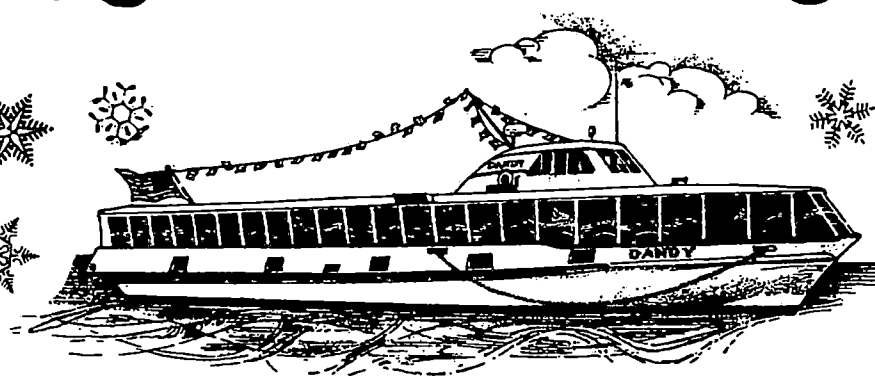
NOVEMBER 10, SAN FRANCISCO
U.S. League of Savings Institutions event
Airfare, hotel, and related expenses

NOVEMBER 13-14, PALO ALTO
Hoover Institute event
Airfare, hotel, and related expenses

NOVEMBER 16, HONOLULU
North American Securities Administrators Association event
Airfare, hotel, and related expenses

DECEMBER 4, TAIPEI
USA-ROC conference
Airfare, hotel, and related expenses

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closures; he felt that he knew how to rescue the thrift industry and that Wall didn't have a clue.

One afternoon Wall paid a rare visit to Seidman. Those who saw Wall describe him as being in "a blue funk" and eager to berate Seidman for having broken rank with him. According to sources, Seidman lectured Wall on the role of bank supervision and made the point that keeping people happy wasn't what the job was all about. "God, Danny, nobody ever said that a test of a supervisor is whether the guy he's supervising agrees with him or not," he said. "If you had somebody you didn't think was doing a good job in San Francisco. I can understand why you'd get rid of him and put someone else in there. But why would you want to bring this thing to Washington?"

And then Seidman told Wall bluntly: "You're responsible for Keating, you know that?"

Ever the bureaucratic fighter, Wall returned the favor by trying to cut Seidman out. He went so far as to have his staff repeatedly attempt to enlist the press to write stories that challenged Seidman's loyalty to the administration.

From that point on, recalls a source, "Danny and Seidman had such bad blood that Danny wouldn't even listen to Seidman. At one point I said to Danny, 'Seidman is overstaffed. He's going to lay off some people and has invested a lot of money in computer field systems. Why don't you let him lend you a couple of guys and the systems?' Danny wouldn't take them."

Wall's apparent indifference to the alarms that were sounded by his regulators has become the subject of an inquiry by the House Banking Committee. The bank board's regional regulators have testified that they tried to take action against Lincoln but were stopped by their superiors.

"The failure of the bank board to pursue Lincoln," chairman Gonzalez wrote in a letter to President Bush, "is not an isolated case but rather an example of the mismanagement and closeness to the industry of the bank board during Danny Wall's leadership, which lie at the root of [the FSLIC's] collapse." ▶

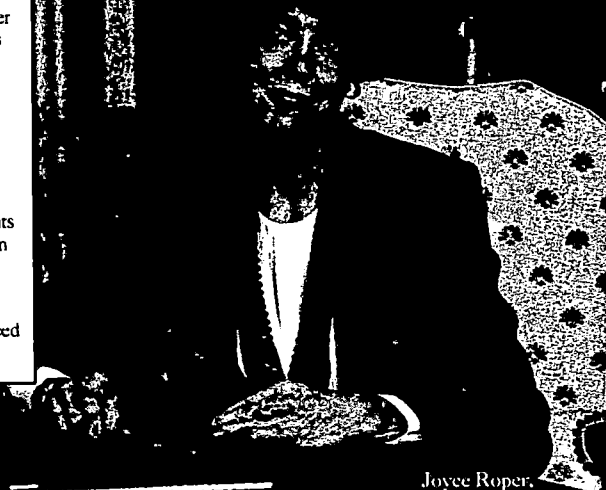
Michael Binstein, a contributing editor of *Regardie's*, has written several landmark stories about the S&L industry for the magazine, including an exposé of Charles Keating's Lincoln Savings & Loan in July 1987.

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Secretary of State

Hon. (Gov.) John H. Sununu
Chief of Staff to the President

Hon. (Gen.) Brent Scowcroft
Assistant to the President for National Security Affairs

Hon. Robert M. Gates
Assistant to the President for National Security Affairs

Hon. (Amb.) Edward N. Ney
United States Ambassador to Canada

THE RIGHT HONORABLE THE PRIME MINISTER OF CANADA

The Right Honorable Joseph Clark
Secretary of State for External Affairs

Mr. Stanley H. Hartt
Chief of Staff to the Prime Minister

His Excellency Derek Burney
Ambassador of Canada

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
06a. Note	Handwritten notes of Presidential Phone call with President Roh Re; meeting (1 pp.)	11/29/89	(b)(1)	

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Wednesday, November 29, 1989

Date Closed: 10/27/2009	OA/ID Number: 90527-014
FOIA/SYS Case #: 2009-0166-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

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

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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.

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(b)(1) National security classified information [(b)(1) of the FOIA]
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(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

THE WHITE HOUSE

WASHINGTON

9607

1989 NOV 29 PM 4:11

November 29, 1989

FOR: THE PRESIDENT

FROM: BRENT SCOWCROFT 

SUBJECT: Telephone Call from President Roh Tae Woo of Korea

DATE: November 29, 1989

PURPOSE: To reassure President Roh that Korean interests will not be jeopardized in talks with the USSR at Malta.

Following his dinner with Prime Minister Thatcher last night in London, President Roh indicated a desire to phone you prior to your departure for Malta.

SECURE OR OPEN: Open Line

INTERPRETER: Mr. Tong Kim, 647-3492

PHONE NUMBER: Call originating from London

CONTACT PERSON: Karl Jackson, 395-6173

TIME DIFFERENCE: 5 hours

SUGGESTED TIMES: 5:00 p.m. EST

TOPICS OF DISCUSSION:

1. Reassure Korea that you will keep Korea's interests in mind.
2. The Soviets have not applied new thinking in Asia as they have in Europe.
3. Improved relations with the Soviet Union require resolution of regional issues.
4. Pacific arms control proposals will not be discussed at Malta.

Attachment
Tab A Points to be Made

cc: Vice President
Chief of Staff

THE WHITE HOUSE
WASHINGTON

09382055

POINTS TO BE MADE FOR
TELEPHONE CONVERSATION WITH
SOUTH KOREAN PRESIDENT ROH TAE WOO

- Thank you very much for your call.
- I want to consult with our allies.
- This is not a formal summit. There is no agenda. This is not the time for specific statements or agreements.
- We will have an open agenda and will discuss a broad range of issues:
 - The situation in the Soviet Union.
 - Developments in Eastern Europe.
 - Arms control: (This is not an arms control summit, detailed negotiations best left to Geneva, Vienna and the formal U.S.-Soviet summit.)
 - Cambodia.

KOREA

- Peace and stability in the region would be well served if the North would join with the South in decreasing tensions through direct dialogue as well as practical confidence building measures.
- Soviet deliveries of increasingly sophisticated weapons to the quantitatively superior armed forces of North Korea continue to increase tension.
- North Korea's nuclear program could provide it with the capability to produce nuclear weapons by the mid-1990s and

this would be a fundamentally destabilizing event. The Soviets will be asked to persuade North Korea to sign the Non Proliferation Treaty (NPT) safeguards agreement. Our two countries must avoid unilateral actions that could undermine these diplomatic efforts.

-- There will be no surprises for our allies.

-- The U.S. will not jeopardize the interests of Asia
✓ because of changes in Europe.

-- We have seen no diminution of the North Korean threat.

-- ✓ The U.S. commitment is as strong as ever.

-- There are no current plans to reduce U.S. forces in
✓ Korea. Any changes will be made only after full
✓ consultation with Seoul.

-- (IF ASKED ONLY) We support dual UN admission for the two Koreas.

-- We would listen to any Soviet proposal regarding cross
✓ recognition. However, we would consider it in
conjunction with real progress in South-North talks,
North Korean policies in the nuclear area -- including
acceptance of NPT safeguards -- and changes in its
record of terrorism.

-- I will tell Secretary Gorbachev that internationally Soviet behavior has been mixed and that the U.S. continues to worry about Soviet behavior. The Soviet Union needs to move toward being part of the solution, not part of the problem, in places such as the Korean peninsula.

-- I welcome your advice and suggestions.

098085

IR 0416-01



Nov. 29 1989

Dear President Carter,

As I head off to Malta
tomorrow, I want to thank
you so very much for your
letter and the suggestions therein.
Warm Best Wishes - *Ag*

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

The Honorable Jimmy Carter
1 Copenhill Avenue, NE
Atlanta, Georgia 30307

bcc:

Sununu

Scowcroft

} done
B.Y.

11/28

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

096098
FO006-03

His Eminence Bernard Cardinal Law
Archbishop of Boston
2101 Commonwealth Avenue
Brighton, Massachusetts 02135



NOV. 29, 1989
Malta Bond

My Friend, Your Eminence

Your letter gives me
strength and indeed points
out a most fundamental
difference between the Soviets & u.s.

Was it Abraham Lincoln
who talked about time
"spent on his knees" - He was
right on that you know.

Thank you for your
thoughts - prayers.

I'll do my very best

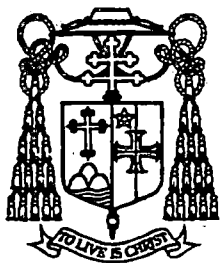
cc: Daily File - done
B.V.

cc: John Sununu
Doug Wead

INCOMING & OUT

891130

Ag B/



CARDINAL'S RESIDENCE
2101 COMMONWEALTH AVENUE
BRIGHTON, MASSACHUSETTS 02135

November 29, 1989

Dear Mr. President,

As you plan for the historic mini-summit, I want you to know you have the pledge of my prayers.

Prayer — a recognition of God — a recognition that the human person images the Divine, is destined for eternal life, and is called to a moral life based on God's law — all these are what still divide us from the official, Soviet vision. I pray that the transcendent perspective will be included in your discussions.

It would be a privilege to visit with you when you return.

Cordially yours in Christ,
Ramon Cardinal Law

cb

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

COPY
from ORN

096082
MA

Dr. Norman Vincent Peale
Pawling, New York 12564



Nov. 29, 1989

Dear Dr. Peale -

Thank you for
that wonderful letter
of Oct. 23. Well do
I recall our last
meeting at the Koppie Farm.

bcc: Sununu (fyi)
done
B.Y. { Petersmeyer (further action)
1/22 { Demarest (fyi)
Bates (fyi)
Rogich (fyi)

bcc: Elizabeth Dole

done
B.Y.
11/29

891129

I have asked my top
people to give priority
consideration to your
constructive idea of
the America Awards —
I am emphasizing "1000
Points of Light" and your
ideas right in. My thanks sir
and thank

MR. PRESIDENT:

Dave Demarest has already received this proposal direct from Dr. Peale, and is talking with Sig Rogich about doing something after Jan. 1.

We're also working on the "bravery commendations" following the recent string of disasters (per your request)

← cc Dole
jc

SECRETARY OF LABOR
WASHINGTON

November 17, 1989

MEMORANDUM TO THE PRESIDENT

FROM: ELIZABETH DOLE 

SUBJECT: "AMERICA'S AWARDS"

Dr. Norman Vincent Peale has asked that I bring to your attention the above-referenced proposed project. These awards would be presented annually, at Thanksgiving time, to a limited number of our nation's "unsung heroes" who personify the best qualities of the American character.

I understand that Dr. Peale's proposal is currently being reviewed by your Office of Communications. However, I wanted to let you know that I believe these awards would go a long way to highlight your commitment to volunteerism and basic American values.

Norman Vincent Peale

Pawling, New York 12564

October 23, 1989

The Honorable George Bush
The White House
Washington, D. C. 20500

Dear Mr. President,

Ever since we had the privilege of visiting with you and Mrs. Bush at the Chad Koppie farm in Gilbert, Ill., during the campaign, Ruth and I have wanted to do something to help you. But you are doing so magnificently as President that we didn't know what we could do, beyond praying for you.

Recently, however, some friends came to us with an idea. When we read their proposal, Ruth and I were reminded of your conversation in Illinois. What had impressed us most was the sincerity in your voice as you spoke of your desire to draw caring people together to create a beacon of hope for those in need. Our friends share that dream. So do we. After researching the idea and asking God's guidance, Ruth and I have decided to suggest a way to help you create that bright beacon of hope.

Our idea is outlined in the attached proposal. To save you time, let me summarize that document. Here is the dream:

It is Thanksgiving 1990. At 8 p.m., you gather the Bush family around the television to watch the first annual America's Awards. For the next 90 minutes, you—and 40 million other viewers—participate in a celebration of the values that make America great. Celebrities tell of times when values made a dramatic difference in their lives. Performers entertain with songs and skits that encourage values. But the real stars of this special are six unsung heroes who will receive America's Awards for personifying such qualities of the American character as courage, compassion, integrity, innovation, self-reliance and tenacity.

Each of these common extraordinary Americans is introduced in a three-minute video biography. You, perhaps, are inspired by a courageous woman who risks her life to testify against a gang member she saw murder an innocent woman. Your wife may be moved to tears by an injured—and tenacious—cop who struggles for eight years so that he can rejoin the police force. A grandchild is excited by a compassionate ten-year-old girl who finds happiness as a volunteer at a school for deaf children.

With ten minutes to go in the previously recorded telecast, our six heroes are invited onto the stage to receive America's Awards. Then you walk onto the stage, as 5000 people applaud. You say a few words about the importance of values to you

October 23, 1989

and to America. Then you place a gold medal around the neck of each winner, and Mrs. Bush hands each one a check for \$100,000. (Patrons have provided the prize money.) As the credits roll and a choir sings "God Bless America," you and a glittering array of celebrities lead the audience in a standing ovation for our six heroes.

Mr. President, our dream is a bold one: to elevate America's Awards to the heights of the Nobel Prize. Think of it: a Nobel Prize for Courage. For compassion, and other values.

Only you, Mr. President, can give America's Awards the stature of a Nobel. Only you can bestow on these wonderful people the honor they deserve. Only you can present these awards on behalf of all Americans. Only you, the experts tell us, can draw the 40 million viewers needed to attract top celebrities as co-hosts, and to persuade a television network to clear 90 minutes during prime time.

You are doing your best to create a beacon of hope. Now let the private sector help you. The America's Awards television special will provide an unequalled opportunity to dramatize, for millions of families, the values embodied by the people you characterized in your inaugural address as having successes "made not of gold and silk, but of better hearts and finer souls."

An awards program that is televised annually enables you to fulfill that inaugural promise. ("If the President can celebrate the quieter, deeper successes, then he must.") It also enables you to institutionalize your program and make it a permanent legacy of your Presidency. Who knows, you may even begin a new Thanksgiving tradition. All this at zero cost to taxpayers!

Ruth and I hope you are as excited about America's Awards as we are. Among those who share our enthusiasm are a top television producer, and a major TV sponsor and its advertising agency. (We hope to bring together several of America's finest corporations as sponsors.) If you will agree to appear on the special, I believe we can make this dream come true.

Mr. President, to move this project forward, all we need is a letter from you stating that you will appear during a videotaping of the program and, before a live audience, present the first annual America's Awards.

Later, we can work out a date, probably during the fall of 1990, to tape the special, for broadcast that Thanksgiving. In the meantime, we will organize a blue-ribbon, non-profit, secular foundation—with the sole purpose of nurturing traditional American values. That organization will select the winners and handle all other arrangements.

May we count on you?

Respectfully yours,

NVP:rc
Encl.

098090

PROO5

THE PRESIDENT



To Hugh & Betty -
Love from all Bushes
Your old friend

A Collection of Quotations from
GEORGE HERBERT WALKER BUSH

Gay Bush

11-29-89

John F. Sargent, Jr.

Editor

BRADDOCK COMMUNICATIONS



Photograph by David Valdez

FROM GEORGE

... TO GEORGE

200 Years of Presidential Quotations

*To Baine & Mildred
Love from all Bushes,*

*Compiled by
Donald L. Miller and
John Sargent*

*with special assistance from
Jason L. Stern*

Cy Bush

11-29-89

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BK PLATES SENT TO
BILL GEMMELL 11/20

Jason L. Stern, President

November 10, 1989

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12/5/89

Ms. Shirley M. Green
Special Assistant to the President for
Presidential Messages and Correspondence
The White House
Washington, DC 20500

Dear Shirley:

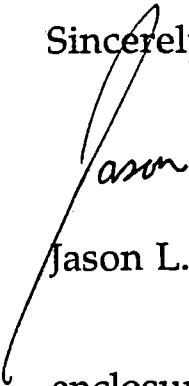
It was a pleasure to talk to you the other day. Would it be possible for the President to personally sign two copies of ***The President's Point of View***, one for Hugh Liedtke and the other for Baine Kerr?

Additionally, I would appreciate it if 50 more books could be autopenned with the names of the individuals provided on the enclosed list.
"Personal friends of President" - per Frank Feretro, VP of

If you have any questions please me. Again, thank you for your assistance.

Sincerely,

Penzance, represents
Hugh Liedtke


Jason L. Stern

enclosures

President Bush Inaugural Books

Signature/Personal Note

J. Hugh & Betty Liedtke } TAKEN CARE OF
Baine & Mildred Kerr }

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- 5 Cliff Fridge
- 6 Norm Luke
- 7 Fred Owen
- 8 James Shaddix
- 9 Dick Valentine
- 10 Jim Malone
- 11 Doug & Hilda Bourne
- 12 Kathleen Winn
- 13 Tom Powell
- 14 Terry & Gloria Hemeyer
- 15 Cheryl Santia
- 16 Mary Beth Simcik
- 17 Paul Kruse
- 18 Mike & Darlene White
- 19 Anthony Cavender
- 20 Tracey McMinn
- 21 Marie Verrastro
- 22 Dom & Margaret Verrastro
- 23 Pamela Verrastro
- 24 Alexandra Israel
- 25 Robert & Edith Price
- 26 J. Lisle Reed
- 27 James Hemphill
- 28 Linda Carlton
- 29 Donald & Celia Dobruck
- 30 Gil & Betty Tetrault
- 31 Sophie Simcik
- 32 Margaret Simcik
- 33 Kathy Simcik
- 34 Brent & Cynthia Wrasman
- 35 Gary & Donna Dockall
- 36 Harry Barsh
- 37 John Sharp
- 38 Bill Simpson
- 39 Wes McAden
- 40 JoAnn Wilson
- 41 Arlene Phillips

- 42 The Tierney Family
- 43 The Carpentieri Family
- 44 Dr. Mario Lauro
- 45 John Santa Barbara
- 46 Lisa Jones
- 47 Ron Huber
- 48 Rev. Henry Murphy
- 49 Bill Roden
- 50 Britt & Sara Mayo

*Pencil people - Bd.
Operating Comm., worked on b.
5000 given out
by Eng. Comm. to VIPs
Inaug.*

*2nd Version given to WH. Pub.
Liaison*

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PROO5



Nov. 29, 1989

Dear Diane -

Now what will you
do with this giant photo?

Never mind - it reminds
me, at least, of a pleasant
encounter -

Back to Back we
faced each other - and
all was kind & gentle

Off to Malta tomorrow.

My best to Mike, too.

Ag Buhl

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Ms. Diane Sawyer
ABC News
1965 Broadway
New York, New York 10023

bcc: Governor Sununu }
Marlin Fitzwater } done
B.Y.
1/19

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

who is

Mr. Richard G. Merrill
Miller Road
New Vernon, New Jersey 07976



THE PRESIDENT

November 29, 1989

Dear Dick:

It was so good to hear from you and I appreciate your thoughtfulness in sending a copy of that old 1977 United Way Campaign Leadership organizational chart. It brought back a lot of pleasant memories.

Thanks, too, for your kind words about Scott Pierce. I shared your letter with Bar and she joins me in sending our warmest best wishes.

Sincerely,

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

NOTE TO RECORDS:

Please note that the
organizational chart
goes back to Mr. Merrill

thanks.

JB

1:30 P.M. NEWS UPDATE

MALTA MEETING/PRESIDENT (Barry Schweid, AP) -- President Bush, preparing to depart for his shipboard summit with President Gorbachev, told his Cabinet today he believes..."Gorbachev is looking at the meeting very much the same way we are." ...Bush, in an interview Wednesday with newspaper correspondents that was released today by the White House, was asked what changes he foresaw for NATO and the Warsaw Pact. "It's too early to predict how all this will play out, but clearly it's moving in the right direction and clearly it's moving in a way that should result in a permanent reduction of the tensions that have been the hallmark of the Cold War days," the President said. He said the unfolding changes...have given "more of an urgency" to the meeting since he first proposed it in July. But he insisted, "There's been no change, in my view, as to what this meeting is to be about." ...He said he believes the Soviets are not "looking for confrontation.... I think that it is unlikely there will be something so dramatic that it puts us in an embarrassing position."

MALTA MEETING/MIDEAST (Tunis/UPI) -- The Arab League Council called on President Bush and President Gorbachev Thursday to make the "explosive" Palestinian-Israeli conflict a priority at their superpower summit off Malta. The council closed its two-day meeting...by releasing a copy of a message it delivered to the U.S. and Soviet embassies. "The Council of the League of Arab Nations calls on the United States of America and the Soviet Union at their Malta talks to accord to the Palestinian problem the priority called for by the explosive situation in the Middle East," the message said. It also urged Bush and Gorbachev to "rapidly move the peace initiative on the Palestinian problem out of the impasse brought on by the negative and obstinate position of the Israeli government and to agree to the holding of an international peace conference on the Middle East, which has the support of the United Nations and all the parties concerned except Israel."

USS BELKNAP (Marsaxlokk Bay, Malta/AP) -- Armed with buckets of paint and soapy water, sailors scrubbed the decks and touched up bulkheads of the USS Belknap today in preparation for President Bush's seaborne summit with President Gorbachev.... "We have worked very hard for this. The day-to-day things we do have accelerated to make the ship as clean and look the way it ought to for such a visit," said Capt. John Sigler, the commander of the Belknap. "Of course I am absolutely honored to have our President aboard ship.... I am also very honored to have Mr. Gorbachev aboard because I think the changes that are occurring in the world right now are due in large part to his diplomacy," said Sigler.

WARSAW PACT/U.S. (Reuter) -- The tide of reform sweeping Eastern Europe is leading to a radical reassessment among U.S. strategic planners of the military threat posed by the Warsaw Pact. One pointer to changed thinking was in a leaked Pentagon document challenging the accepted wisdom concerning the amount of warning time the West was likely to receive of an impending Soviet attack. The document, entitled "Using Earlier Warning to Improve Crisis Deterrence and Warning Capabilities," and published by the The Washington Post Wednesday, said the West would have much longer advance warning of a planned Soviet attack than had previously been assumed. A Pentagon spokesman confirmed the existence of the report but was unwilling to discuss its contents in detail. "These issues are obviously under review as events develop," he said.

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PHILIPPINES COUP ATTEMPT (Manila/Reuter) -- Army rebels, backed by armored cars, have occupied part of a Manila air base in an apparent coup attempt against Philippine President Aquino, Defense Secretary Fidel Ramos said Friday.

(Manila/UPI) -- Soldiers linked to ex-army Col. Gregorio "Gringo" Honasan raided and crippled a vital communications relay station outside Manila in another failed coup attempt against President Aquino, the armed forces said Thursday night. Gen. Renato de Villa told a late night news conference three leaders of the attempt had been arrested after the raid, which he implied failed because of bad timing. But he said Philippine troops remained on alert because the mutineers allegedly had intended to seize installations in Manila Friday.

EL SALVADOR (San Salvador/UPI) -- The U.S. chartered two jetliners to evacuate 300 Americans out of El Salvador Thursday following a leftist rebel attack in the capital that destroyed a U.S. official's home and sent scores of Americans into emergency shelters. The rebel FMLN called a six-hour cease-fire to facilitate the evacuation of the foreigners from the exclusive neighborhoods of Escalon and San Benito, where many Americans live.... U.S. Embassy spokesman Barry Jacobs said about 300 Americans were expected to leave Thursday on two U.S. commercial airliners chartered by the government. One aircraft, expected to leave about noon, was to fly to Washington, D.C., while the other, scheduled to leave in the afternoon, was to travel to Miami.

CHINESE MISSILE/SYRIA (Reuter) -- The U.S. is concerned that China is developing a short-range ballistic missile capable of carrying nuclear or chemical warheads and is negotiating to sell it to Syria and other Middle East nations. U.S. officials and analysts said Washington had urged China not to go through with the sale of the M-9 missile to Syria, arguing that this could seriously destabilize the Middle East. "The Chinese have been out hawking the missile for some time and we indicated that we wanted them to back off," said one official who asked not to be identified.... [U.S. officials] could not confirm persistent Arab press reports that Beijing had already signed an agreement to sell the missile to Syria.

GORBACHEV/POPE (Rome/Reuter) -- Soviet President Gorbachev's visit to the Vatican is Moscow's public recognition of Pope John Paul II's international prestige and moral authority, a Soviet official said Thursday. Juri Khristoradnov, head of the Soviet Council for Religious Affairs, made the remark in an interview with Italy's Communist Party newspaper L'Unita on the eve of the historic meeting. He also said a new law on freedom of conscience would give Soviet citizens wide religious liberties.

SOVIETS/ARMENIAN UNREST (Moscow/Reuter) -- Tens of thousands of Armenians massed in the streets of their southern Soviet republic for the second day running Thursday to denounce legislation returning control of Nagorno-Karabakh to Azerbaijan..... Their numbers were expected to swell as the Armenian parliament began to debate Tuesday's decision by the Supreme Soviet in Moscow to end central control of the territory imposed in January and to return it to Azerbaijan subject to certain conditions. "The situation is very tense. People are demanding arms from the government and say they are ready to defend Armenia with their lives," [an journalist at Armenia's Armenpress news agency] said.

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EAST GERMANY/HONECKER (East Berlin/AP) -- Authorities have cleared the way for criminal charges to be filed against ousted leader Honecker and other disgraced officials of the past Communist Party leadership, East German officials announced today. A security cordon also was erected around the lavish compound where Honecker and other party figures suspected of wrongdoing live to prevent them from taking state property, the official ADN news agency reported.

CZECHOSLOVAKIA (Prague/Reuters) -- Czechoslovakia said Thursday it would dismantle its "Iron Curtain" frontier with Austria as its Prime Minister Adamec worked to form a new government and hard-line President Gustav Husak resisted demands that he step down. In the latest concession to demands to create a free and open society, Czech deputy government spokesman Marcel Jansen said the dismantling of its frontier with Austria would begin immediately. The move, which made no mention of the border with West Germany, followed a vote by parliament to eliminate the Communist Party's guaranteed political monopoly.

LEBANON/U.S. (Reuters) -- The U.S. has sent messages to Syria, Israel and other Middle Eastern governments urging restraint in the face of an increasingly menacing situation in Lebanon, an administration official said Thursday. The official, who asked not to be identified, told Reuters the U.S. ambassador in Damascus, Edward Djerejian, had met with Syrian government officials and urged them not to launch an attack on hard-line Christian Gen. Aoun.... "Our ambassador urged the Syrians to hold back. We're also telling the Israelis not to take advantage of the situation and have been in touch with the Jordanians, Iraqis and Saudi Arabians," the official said.

LEBANON (Beirut/Reuters) -- Lebanon's new president said Thursday "the Day of Judgment" was very near for Gen. Aoun, shielded from attack for a third day by thousands of supporters. President Hrawi said he wanted peace but the blame for any fighting would rest with Aoun.... "I don't want a single drop of blood to be shed in east Beirut and west Beirut or any other place," Hrawi told a news conference in the Syrian-controlled Bekaa Valley. "I confirm that we don't want to spark a war on the eastern (Christian) areas but those who are going to start this war are Aoun and the rebellious. We will never accept that they remain in their posts. The Day of Judgment is coming and it will be very soon."

LEBANON/ISRAEL (Jerusalem/Reuters) -- Israel, closely monitoring military activity in Lebanon, warned Thursday it would intervene if Syrian efforts to remove Christian leader Aoun threatened its security. The foreign ministry released a statement presented to parliament Wednesday outlining Israeli policy, warning that Israel would act if it saw its interest threatened. But it would not comment on Israeli media reports that the Jewish state was in contact with European countries to try to defuse the Lebanese crisis.... "Israel's basic policy calls for avoiding military intervention in the Lebanon crisis, but we leave ourselves the freedom of action and response if our vital interests are endangered," said the Israeli statement.

LEBANON/FRANCE (Paris/Reuters) -- France Thursday dispatched a naval vessel to the eastern Mediterranean, ready to evacuate French citizens from Lebanon if fighting breaks out. Naval authorities said the L'Orage...set out from the Mediterranean port of Toulon in the early hours of Thursday morning.

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CONSUMER SPENDING (AP) -- Consumer spending fell 0.2 percent in October, its largest decline in nearly three years, despite a 0.9 percent gain in personal incomes, the Commerce Department reported today. The drop in consumer spending, reflecting plummeting auto sales, followed a 0.3 percent advance in September.... The October report showed that Americans' incomes after taxes rose 0.9 percent, up from September's 0.2 percent gain.

ECONOMIC SUMMIT/HOUSTON (Laurence McQuillan, Reuter) -- President Bush has selected Houston as the site of the next economic summit for the seven major Western industrial countries, White House sources said Thursday. They said the summit...will take place next July. "It is expected to be announced tomorrow," said one White House official.... The Houston Chronicle reported Thursday that the summit would take place on July 7 to 9.

ROCKY FLATS/ENERGY DEPT. (Denver/AP) -- The Energy Department says it is suspending plutonium operations at Rocky Flats while a new contractor takes over at the weapons plant, which is under FBI investigation for alleged safety violations. Catherine Kaliniak, an Energy Department spokeswoman in Washington, said today that plutonium operations at the plant...will be stopped temporarily by sometime next week.... Kaliniak said the Rocky Flats suspension had nothing to do with safety concerns.

5:15 P.M. NEWS UPDATE

SOVIETS/NICARAGUA/SALVADOR ARMS (Paris/UPI) -- Nicaraguan leaders and Cuban diplomats agreed to halt shipments of weapons to Salvadoran rebels through Nicaragua after a "stormy" meeting with Soviet diplomats in Managua, Le Monde newspaper reported Wednesday. Following the meeting Tuesday, Nicaragua's Sandinista commanders also decided to expel leaders of the Salvadoran rebel group, the FMLN, from Nicaragua, the report said. The meeting was held, "apparently at the request of the Soviets," to discuss the Salvadoran guerrilla offensive of Nov. 11 and the crash in El Salvador last Saturday of a twin-engine plane carrying anti-aircraft missiles.... Le Monde, citing unnamed Sandinista officials, said the Sandinista commanders were never informed about the shipment of weapons by Cuba through Nicaragua and said they were furious at Cuban leader Castro over the incident. The Sandinistas are worried about El Salvador's claim before the U.N. Security Council that Nicaragua is interfering with its internal affairs, the newspaper reported.... "The El Salvador affair can only serve to increase our isolation even though we have had nothing to do with recent events. The offensive and weapons deliveries were organized by the FMLN and by Cuba," a spokesman said. "We were against the offensive because we think that conditions are not favorable for a general insurrection in El Salvador," the official said. "We are paying a very high price today for our solidarity with the FMLN."

EL SALVADOR (San Salvador/Reuter) -- Leftist insurgents, apparently launching the second phase of a major offensive, struck Wednesday at targets across the capital and the fighting forced the U.S. embassy to close down. In an operation that appeared to belie government claims that the rebels were a spent force, fighters of the FMLN slipped into positions close to the Salvadoran armed forces headquarters and an army academy and opened up with mortars and machine guns.... "This is the second phase of our offensive," a guerrilla told reporters in Escalon.... He added, "We are taking the war to the homes of the bourgeoisie." ...U.S. government officials, including CIA chief Webster, reported that the Japanese Embassy had been overwhelmed and seized by the insurgents. But an official in the embassy told Reuters, "There's absolutely nothing to this. No one has taken the embassy. No one has entered and no one is occupying it except the people who work here." A broadcast by the FMLN's Radio Venceremos said U.S. personnel should stay in their residences but added Americans were not targets in the latest assault.

GORBACHEV (Rome/UPI) -- Soviet leader Gorbachev unexpectedly stopped his motorcade Wednesday for a walk near the Colosseum and thousands of cheering Italians waving Communist Party flags and chanting "Viva Gorby" gave him a tumultuous welcome on the first day of his state visit.... "Tell all the Italians that I bring them the warm and cordial wishes and greetings of all the peoples of the Soviet Union," Gorbachev told reporters.

(Rome/Reuter) -- A man police described as mentally disturbed rushed at Soviet leader Gorbachev's limousine in Rome Wednesday.... He reached the car waving what appeared to be a letter, which police said the man wanted to give to Gorbachev. Italian and Soviet security men...tackled and arrested the man.

CZECH COMMUNISTS (Prague/Reuters) -- The Czechoslovakian parliament voted Wednesday to strip the Communist Party of its guaranteed monopoly on political power. The 350-member Federal Assembly unanimously approved the abolition of Article Four of the constitution which states that the party shall have a "leading role." Ousted party leader Milos Jakes and several hard-liners who lost their ruling Politburo posts...were among those who voted for the move.

TROOP REDUCTIONS/BUDGET (UPI) -- President Bush's proposal to withdraw 30,000 troops from Europe would save only \$1.6 billion a year and more cuts would be necessary to make substantial budget savings, analysts said Wednesday. "Clearly, conventional arms reductions will have to produce larger savings if they are to have a significant budgetary impact," said the Defense Budget Project, a non-profit, non-partisan research and analysts organization.... "One way to gain larger savings would be to make corresponding cuts in U.S. forces stateside," the organization said.

WARSAW PACT (Warsaw/Reuters) -- The Warsaw Pact military alliance will meet in Moscow after next weekend's Soviet-U.S. summit off Malta, a Polish government spokesman said Wednesday. Deputy spokesman Henryk Wozniakowski did not say when the meeting would occur but Solidarity sources said it would be next Monday.... The Solidarity sources said President Gorbachev would brief the six other pact member states on his talks with President Bush.

SWEDEN/U.S. NAVAL ARMS (Reuters) -- A senior Swedish official slammed the U.S. Wednesday for its refusal to contemplate naval arms control negotiations with the Soviet Union.... Sweden's undersecretary for foreign affairs Pierre Schori told reporters his country intended to spearhead a Nordic initiative on the subject. "The United States is stonewalling on naval disarmament. We think this is unacceptable and dangerous," Schori told a group of Nordic reporters in Washington....

POLAND/YEUTTER (Warsaw/UPI) -- A special mission led by Secretary Yeutter arrived in Warsaw Wednesday to discuss with the new Solidarity government ways of overhauling Poland's devastated economy. "President Bush has asked us to come to Poland to listen, to learn and to see what we can do to help," Yeutter said after arriving at Warsaw's Okecie airport with the 50-member delegation that included Secretaries Dole and Mosbacher.... "We attach great significance to the visit," said Alfred Siennicki, a Solidarity government economic analyst.

EC92/HILLS (UPI) -- U.S. Trade Rep. Hills said Wednesday it is unclear how the political changes sweeping Eastern Europe will affect the economic changes expected from the easing of EC trade barriers in 1992. "I see EC92 as a process, an evolving process," Hills said. "The changes occurring in Eastern Europe are welcome and will add to their agenda just as they add to our agenda." ... "We don't know what will happen in the future in respect to Germany, Eastern Europe or the Soviet Union," she said.

GERMAN REUNIFICATION/MITTERRAND (Athens/UPI) -- French President Mitterrand said Wednesday he could support the reunification of Germany under a plan proposed by Chancellor Kohl, provided it was "democratic and peaceful." The French president...said: "If the two states decided democratically to form a confederation, no one can stop that." ...Asked what ramifications this could have for the rest of the EC economic partners, Mitterrand replied, "I have told Chancellor Kohl that the development of events in Eastern Germany and the whole of Germany would have to be democratic and peaceful."

KGB/WEBSTER (UPI) -- CIA Director Webster said Wednesday the Soviet KGB is "more aggressive" under President Gorbachev and is making a bigger effort to "recruit our embassy and intelligence personnel" as spies. Webster made the remarks at a National Press Club luncheon when asked if Soviet intelligence efforts had declined since Gorbachev assumed power and implemented a series of economic and social reforms. "We believe just the reverse is taking place," Webster said. "Around the world our stations are reporting more aggressive action, a more robust intelligence-collection effort, more efforts to recruit our embassy and intelligence personnel than we have seen in a long time."

CIA/EL SALVADOR (Reuters) -- El Salvador has delayed granting a visa to former attorney general Ramsey Clark, who is urgently seeking to travel to the country to represent [Jennifer Casolo]..., a Clark aide said Wednesday.... Bob Schwartz...said he was under the impression that the visa request was being held up at the Foreign Ministry in San Salvador. But he said there had been no explanation for the delay.... Officials at the embassy of El Salvador in Washington were not immediately available for comment.

CIA/WALDHEIM (New York/Reuters) -- The CIA has had in its possession since its creation 42 years ago a document that could have kept Kurt Waldheim from ever being named U.N. Secretary General, a leading Jewish group said Wednesday. The group, the World Jewish Congress, released a copy of the document. The CIA withheld immediate comment but a U.S. government source independently confirmed its authenticity.... A CIA spokesman said the agency could make no definitive comment on the document. "It will take time to investigate this," spokesman Mark Mansfield said in response to queries from Reuters.

IRAN-CONTRA/HUD/THORNBURGH (UPI) -- Attorney General Thornburgh defended his scuttling of a key Iran-Contra trial Wednesday, saying "I've got a job to do" in protecting national security secrets. In a testy session with reporters, Thornburgh also said he would "go where the evidence leads" in the HUD scandal. He did not, however, respond to demands for an independent investigation of former HUD Secretary Pierce.... "It's not easy" balancing national security against a defendant's right to a fair trial, Thornburgh said. "You can run but you can't hide from making tough decisions in this office," he added. "I've got a job to do."

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IRRIGATION/LUJAN (AP) -- Secretary Lujan tentatively has decided to renew long-term water leases for irrigation in central California, but the Bush administration remains divided on how to ease environmental concerns over the leases, administration sources said Wednesday. Objections from the White House prompted Lujan to delay announcement of the lease renewal plan on Tuesday, according to the sources, who spoke on condition of anonymity. A spokesman for the secretary disputed suggestions that the White House had blocked the decision, but acknowledged that the lease announcement was postponed. "We wanted a unified administration position on this issue. If delaying the process a few days will help us reach that, it's that much the better," said spokesman Steve Goldstein.

GOVERNMENT WASTE/GAO (UPI) -- Government waste from poor financial management may cost taxpayers up to \$150 billion beyond the cost of the S&L bailout and the HUD scandal, Comptroller General Charles Bowsher told a Senate panel Wednesday. "I think the \$100 billion range is not unrealistic," Bowsher said when asked by Sen. Glenn the potential cost of government waste and inefficiency now being uncovered in several agencies.... Glenn said the new report "indicates the atrocious condition of the federal government's management controls."

(Reuter) -- The U.S. government is losing tens of billions of dollars a year in waste and fraud because of poor financial controls and accounting procedures, according to a GAO report released Wednesday. "We have every major agency in the government acknowledging that they have weak financial management systems. It's a very scary situation for the taxpayers and the government," GAO Comptroller General Charles Bowsher said at a hearing of the Senate Governmental Affairs Committee.

NUCLEAR WASTE (UPI) -- The Energy Department said Wednesday it has pushed back the projected opening of the nation's nuclear waste dump from 2003 to 2010 because of the legal obstacles and unresolved safety questions about the proposed site in Nevada. Because of the seven-year delay in building the permanent underground dump at Yucca Mountain, Nev., the department called for quick construction of a temporary waste storage facility -- a proposal sure to ignite controversy in Congress over where such a facility should be located.

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(complete write thru, thousands cheer, updating, changing byline)

Gorbachev mania hits the Eternal City

By JOHN PHILLIPS

ROME (UPI) -- Soviet leader Mikhail Gorbachev unexpectedly stopped his motorcade Wednesday for a walk near the Colosseum and thousands of cheering Italians waving Communist Party flags and chanting "Viva Gorbachev!" gave him a tumultuous welcome on the first day of his state visit.

Gorbachev, who met with Italian leaders to discuss the future of Europe earlier in the day, threw his sightseeing tour with his wife, Raisa, off schedule when he paused to shake hands with a crowd gathered outside the Roman amphitheater.

The three-day state visit will culminate in a private audience with Pope John Paul II at the Vatican Friday, the day Gorbachev leaves Italy for Malta to attend a shipboard summit with President Bush.

"He is a lovely person," a housewife said after Gorbachev, beaming under his gray fedora, slipped away from the crowd for a 10-minute stroll around the Colosseum's gladiator pits.

Some of the bystanders raised clenched fists and sang communist hymns.

Plainclothes Kremlin and Italian security men, clearing a path for the Soviet leader, scuffled with hordes of Italian photographers scrambling to snap the enthusiastic scene.

Gorbachev later took Raisa out for coffee at the panoramic Casina Valadier restaurant overlooking the city's Seven Hills in the Pincio Gardens.

"Tell all the Italians that I bring them the warm and cordial wishes and greetings of all the peoples of the Soviet Union," Gorbachev told reporters.

Gorbachev was late for talks with Prime Minister Giulio Andreotti at the Chigi Palace because of his spontaneous exchange with the crowd.

The Italian turnout was nowhere near the size of other overseas forays by the Soviet leader but the welcome was a warm one.

Gorbachev was to finish the day with a banquet given by President Francesco Cossiga at the Quirinale Palace after attending a concert by classical violinist Salvatore Accardo.

Cossiga first welcomed Gorbachev at the 16th century palace for lunch after he arrived from Moscow at Leonardo da Vinci Airport aboard an Aeroflot Ilyushin 62. The Gorbachevs looked unusually somber as they descended from the plane, not waving to officials who stood on the tarmac waiting to greet them.

Italian security forces lined the routes of the Gorbachev motorcade. State-run television RAI estimated total police presence in the Eternal City at 5,000 with snipers posted on rooftops at strategic points and helicopters clattering overhead.

In his talks with Italian leaders, Gorbachev was expected to outline his ideas for a "Common European Home," a phrase he has used to describe a Europe unified by common goals and undivided by the Iron Curtain.

The future of Europe, especially in the wake of political upheavals in Eastern Europe, is also expected to be the main topic of Gorbachev's summit meeting with President Bush Saturday and Sunday.

Italian and Soviet officials, who will also talk about security in the Mediterranean and the Middle East situation, will sign several accords to bolster the Soviet economy during the visit. The agreements call for Italian investment in energy, agriculture and automobile and chemical production.

Gorbachev is only the second Soviet head of state to make an official visit to Italy. In January 1967, Soviet President Nikolai Podgorniy visited and had a private audience with Pope Paul VI.

Gorbachev will have an audience Friday with Pope John Paul II, unprecedented for a president who is also general secretary of the Soviet Community Party.

"The Vatican is not calling for a crusade against communism and we no longer say that religion is the opiate of the people," Moscow's Komsomolskaya Pravda newspaper said last week in a comment that captured the spirit of the new relationship.

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Soviet Leader Discusses Eastern Europe With Italians<

LaserPhotos ROM1,2,3,6<

By MICHAEL OUTZEL=

Associated Press Writer=

ROME (AP) — Soviet President Mikhail S. Gorbachev waded into throngs shouting "Bravo, Mikhail, bravo!" on Wednesday as he and his wife toured ancient Roman sites between talks with Italy's leaders on the changes in Eastern Europe.

The first Soviet Communist Party chief to visit Italy, Gorbachev was greeted like a conquering hero by thousands of flag-waving Romans who rarely display any enthusiasm for visiting foreign dignitaries.

During a 10-minute stop at the Colosseum, the Kremlin leader and his wife, Raisa, started into a crowd of spectators and were instantly engulfed by well-wishers.

A group of young people burst into singing "The Internationale," the socialist anthem, and others waved the red and yellow flag of the Italian Communist Party, the nation's perennial political runner-up now.

Surrounded by a tight knot of KGB bodyguards and Italian security agents, the Gorbachevs emerged beaming after shaking the hands of dozens in the crowd.

Italy mobilized 5,000 security agents for the visit and posted sharpshooters on rooftops along the motorcade route. Police stopped one man who rushed toward the motorcade near the premier's office. Officials said he was carrying a letter and appeared to be mentally disturbed.

Gorbachev held talks with Premier Giulio Andreotti and attended a state dinner in his honor at the Quirinal presidential palace, once the summer home of Roman Catholic popes.

"I and my colleagues were expecting serious talk and a warm welcome from the Italians," Gorbachev said during a stop at the Pincio, with a view over Rome, in the Villa Borghese Park. "My expectations were perfectly correct."

He had a cafe espresso at a restaurant, while Mrs. Gorbachev signed the guest book saying, "We found everything just perfect here."

During earlier talks with President Francesco Cossiga, the leaders discussed the dramatic developments in Eastern Europe, where former Soviet satellite countries freed from Moscow's yoke are plunging toward democratic reform.

A spokesman for Cossiga, the ceremonial head of state, said the Italian leader told Gorbachev he was regarded with "great cordiality, warmth of feeling and empathy" as he struggles to reform Soviet society.

The presidential spokesman, Ludovico Ortona, said Cossiga told Gorbachev East-West relations have moved from confrontation to détente and are at the stage where both sides can build a new relationship based on cooperation.

In a further sign of Italy's interest in the new Soviet direction, Foreign Minister Gianni De Michelis said the two countries had agreed to regular twice-yearly talks at the foreign minister level, believed to be the first such accord between Moscow and a Western European country.

An Italian jury headed by former President Sandro Pertini said it had chosen Gorbachev as winner of the "Golden Dove" peace prize that was previously awarded to late Swedish Prime Minister Olof Palme, imprisoned South African black leader Nelson Mandela and U.N. Secretary-General Javier Perez De Cuellar.

During Gorbachev's three-day visit to Italy, to be capped by a historic meeting with Pope John Paul II at the Vatican on Friday, Soviet and Italian officials will sign accords aimed at spurring trade and economic cooperation between the two countries.

Although Italy is the Soviet Union's fourth largest Western trading partner, several Italian firms have maintained business relations with the Soviets for decades and now are trying to capitalize on the new spirit of openness Gorbachev has fostered.

The visit comes just prior to a weekend summit off Malta between Gorbachev and President Bush. Italian officials said they were eager to get in "the last European word" before those talks.

Although the emphasis was on the new tolerance of Gorbachev's regime, Amnesty International's Rome office issued an appeal upon Gorbachev's arrival in Italy for the release of seven Soviet prisoners it said were being held for political reasons, including one it said was detained for religious activities.

Italy's Helsinki Committee lit 100 candles on the famed Spanish Steps to press for greater democratic freedom in the Soviet Union.

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management.

and field-level positions while not reducing the ranks of

Dongress have complained that the cuts are aimed mainly at workers

reported today. A final decision has not been made, but members of

weapons procurement for the Army and Air Force, the Washington Post

Pentagon officials recommended cutting 23,000 jobs involved in

Europe.

involve cutbacks in U.S. troops in South Korea as well as Western

The sources said a reduction of 275,000 overall inevitably would

5.1 percent.

and Army by about 17.5 percent and the Navy and Marines by about

The services' recommendation to Cheney would cut the Air Force

197,618 in the Marines.

in the Army, 590,473 in the Navy, 569,783 in the Air Force and

The U.S. armed forces on Nov. 1 stood at 2,127,965, with 770,091

even deeper cutbacks on both sides.

East-West tensions had caused the president to consider proposing

Bush administration officials confirmed on Monday an easing of

level.

provided the Soviets reduce by about 325,000 to reach the same

proposed to reduce U.S. troops in Europe from 305,000 to 275,000.

NATO and the Warsaw Pact are negotiating in Vienna on a Bush

Belgian capital on condition of anonymity.

a senior U.S. defense official who spoke to reporters in the

as long as our NATO allies want them (and) need them there," said

The United States will continue to have its forces in Europe

with Western Europe.

Brussels that they would be consulted before any U.S. troops were

Simlany, Cheney pledged to the NATO allies at a meeting in

agreement.

but he added, "I have made clear to Mr. Gorbachev -

in my handwriting, so he knows it comes from me, not the

but he added, "I have made clear to Mr. Gorbachev -

Saturday and Sunday.

possible military cutbacks, in a general way," when they meet

Bush told reporters Tuesday that he and Gorbachev may discuss

leaves for Malta.

forced to consider a U.S. armed forces cutback even before he

Fitzwater declined to comment on the report that Bush might be

spokesman said.

discussed Kohl's new proposal for the reunification of Germany, the

by phone with West German Chancellor Helmut Kohl. They also

The spokesman also said that Bush had discussed the summit today

Canadian Prime Minister Brian Mulroney.

some length at a private dinner at the White House tonight for

preparation for the summit, and would also discuss the summit at

Fitzwater said that Bush planned to spend most of the day in

successful summit. He thinks a lot will be accomplished."

spokesman said. He added that Bush "looks forward to a very

on Monday was exactly the same as what he said on Tuesday," the

I see no difference between the two. I felt that what I said

reductions in Europe with Gorbachev.

own remarks, the day before, that Bush was ready to discuss troop

produce an arms control agreement on any other surprises and his

between Bush's assertion on Tuesday that the summit would not

White House spokesman Martin Fitzwater today denied any conflict

U.S. troops overseas.

surprises them," with any agreement to cut nuclear weapons or reduce

Bush promised the allies Tuesday that "I'm not going to

before his takeoff.

It was not clear whether the president would make a decision

U.S. military, the sources said.

Management and Budget, is pushing for even deeper cutbacks in the

with Gorbachev. Richard Darman, the director of the office of

president before his departure for this weekend's summit

if Cheney accepts the recommendation, he would take it to the

to about 500 by 1994.

The fleet includes 566 vessels, and the idea would be to reduce

naval vessels, the sources said.

divisions, five and a fraction Air Force fighter wings and about 60

out by 1994, and would involve the elimination of three army combat

ties home from Europe early Thursday. The cuts would be carried

Cheney will find the recommendation on his own desk when he

identified.

U.S. armed services chiefs, said the sources, who declined to be

and the Navy and Marine Corps by 40,000 under a proposal from the

The Army would be reduced by 135,000, the Air Force by 100,000

press on Tuesday night.

percent from current levels, defense sources told The Associated

from the Army, Navy, Air Force and Marine Corps by 275,000, or 12.9

could be a recommendation from Defense Secretary Dick Cheney to

On Bush's desk before his takeoff Thursday evening for Malta

sources say.

back in his first summit with Soviet leader Mikhail S. Gorbachev,

measures the allies he will not cut a military deal behind their

Bush to confront a proposed armed forces cutback even as he

WASHINGTON (AP) - The U.S. budget squeeze may force President

AP Diplomatic Writer

By BARRY SCHWEID

he cuts last 7 grants to shorten

Fitzwater comment, Bush activities picks up at 6 p.m. 10th grad. But

eds. Subj ovs 9th grad, Bush said, with 6 grants to update with

Session)

Bush faces decision on cutting Armed Forces before Gorbachev

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MOSCOW HOPES FOR PROGRESS ON START ACCORD AT MALTA

MOSCOW, Reuter - The Soviet Union Wednesday agreed with President Bush that no arms control deals would be signed at this weekend's summit but indicated it hoped for progress on reducing strategic nuclear arms.

The talks between Bush and Kremlin chief Mikhail Gorbachev aboard ships off Malta could accelerate an accord on halving strategic nuclear weapons, Foreign Ministry spokesman Yuri Gromitskikh told a news conference.

Of course no formal agreements will be signed near Malta's shores. But I think we are all entitled to expect considerable progress as far as concepts and mutual understanding are concerned, Gromitskikh said.

The talks of the two leaders might give a new impulse to the talks on strategic arms reductions and speed up conclusion of the corresponding treaty, he said.

Bush, out to reassure allies fearing a repeat of Ronald Reagan's near-giveaway of the Western nuclear arsenal at the 1986 Reykjavik summit, vowed Tuesday to avoid surprises at his meeting with Gorbachev.

"I am not going to enter into an arms control agreement..." Bush said in Washington.

Gromitskikh's comments indicated that, while Moscow accepted this, it intended to stress the strategic armaments issue at the Dec. 2-3 summit and hoped to make progress.

Gromitskikh also said Moscow thought naval arms control should be discussed between the superpowers, suggesting this would also be brought up by the Soviet side.

"Our position is that naval armaments should become one of the directions of the disarmament dialogue," he said. "It is impossible to cut armaments in one direction, leaving aside another."

"We think that talks on cutting naval armaments will start sooner or later, and the sooner, the better."

The State Department said Tuesday that Gorbachev might propose a naval arms control initiative at the Malta summit.

Defense Secretary Dick Cheney, speaking Wednesday after a NATO defense ministers' meeting, rejected suggestions that the United States should try to reach a naval arms agreement with Moscow.

"I think we should resist any efforts by the Soviets to engage us in naval arms control," he told a news conference in Brussels.

The alliance says it needs strong naval forces to reinforce Europe from North America in a time of crisis.

One U.S. official said Moscow had reduced its nuclear force in the Mediterranean for the summit from a normal deployment of six combat vessels and 14 auxiliary vessels to four combat vessels and four auxiliaries.

REUTER

Reut11:25 11-29

AM-EAST-SOVIET

KOHL STIRRING UP NATIONALISM WITH FEDERATION CALL, MOSCOW SAYS

By Susan Cornwell

MOSCOW, Reuter - The Soviet Union Wednesday condemned a call by West German Chancellor Helmut Kohl for a federation of East and West Germany, accusing him of trying to stir up East German nationalism.

We can see clearly an attempt to push the recently-started process of renovation in the GDR (East Germany) in a nationalist direction, to prescribe the route and meaning of reform, Foreign Ministry spokesman Yuri Gremitskikh said.

He said Kohl had acted without considering the feelings of other European countries, especially East Germany, noting that East Berlin's leaders had said reunification was not on their political agenda.

It is completely clear that such actions do not correspond in any way to the Helsinki principles ... and have nothing in common with universally adopted norms of relations between sovereign states, Gremitskikh told a regular news conference.

Kohl, in a speech to parliament Tuesday, outlined a 10-point German unity program and offered economic support to East Berlin in Bonn's boldest response yet to radical changes sweeping through East Germany.

But Gremitskikh said Kohl was swimming against the tide of opinion from other European states -- including the Soviet Union -- which suffered at least 20 million killed in World War II and did not want to change the postwar borders.

We would like to hope that Bonn will not lose its sense of realism, he said.

One should not forget that there are dozens of other states in Europe which are intensely interested in preserving stability but not in the destruction of territorial political structures, with all resulting dangerous consequences for the peaceful future of European peoples, Gremitskikh said.

Gremitskikh also accused Kohl of interfering in East Germany's internal affairs by making economic aid contingent on democratic reform.

The further development of relations with the GDR is being made directly dependent on fulfillment of a number of conditions, including demands to change the political and social system, he said of Kohl's speech.

Asked whether he was saying Moscow was flatly opposed to German reunification, Gremitskikh said the division of Germany could be resolved only as part of a broader process of overcoming the division of Europe.

His words indicated that while the Kremlin was willing to talk about dissolving military blocs, it had no wish to see single Warsaw Pact countries -- especially Moscow's strategic ally East Germany -- slip out of the alliance alone and forge links with the West.

REUTER

Reut11:18 11-29

11:00 A.M. NEWS UPDATE

CZECH/FREE ELECTIONS (Prague/Reuter) -- A senior Czechoslovak Communist Party official promised Wednesday there will be free elections in the country, possibly within 12 months. Politburo member Vasil Mohorita told a news conference, "Free and democratic elections...will be held on a date which will be declared by the Federal Assembly." ...Asked how soon elections could be held, Mohorita replied: "I think they are possible within 12 months." "As the Communist Party we will compete for as many seats as possible, but I can hardly tell you now whether it will be a majority of minority." Asked whether the communists would allow another party to govern if it won the election, Mohorita replied: "It will not be up to our party to allow it."

NATO/CHENEY (Brussels/UPI) -- Secretary Cheney said Wednesday the United States remains fully committed to NATO and will not unilaterally reduce forces earmarked for the alliance. Cheney also echoed President Bush's comment Tuesday that the President has "no hidden agenda" for his shipboard summit..., such as a specific arms control plan. At the end of a two-day session of NATO defense ministers, Cheney told a news conference, "We will not act unilaterally with respect to any reductions in U.S. deployments in NATO." Western efforts should concentrate on completing talks on limiting conventional forces in Europe...with the Warsaw Pact in Vienna and having them implemented, he said. He said a CFE agreement is important because "it will not only allow for some modest reductions on our side but...it requires massive reductions on the Soviet and Warsaw Pact side."

NATO/ARMS CUTS (Brussels/AP) -- Despite the reforms sweeping the East bloc, NATO defense ministers agreed today to refrain from unilateral reductions in conventional arms until a formal agreement with the Warsaw Pact can be reached.... "A time of rapid political change presents the West with new opportunities, although the resulting uncertainty also carries potential risks," the ministers said in a statement. "Our defense requirements must continue to be assessed against the realities of Warsaw Pact military capabilities," they said.

E. GERMANY/REUNIFICATION (E. Berlin/AP) -- East Germany's state-controlled newspapers today joined Communist leaders and some dissidents in rejecting West German Chancellor Kohl's call for eventual German reunification. "What Does Bonn Want: Anschluss [Annexation] or Real Partnership?" asked the Junge Welt newspaper in a headline. After Kohl made his proposal on Tuesday, Communist Party leader Egon Krenz said reunification could conjure fears of a Nazi-era Germany, "and I know no one in the world who would like such a Germany." But Krenz welcomed Kohl's call for closer cooperation between the Germans.

AIRLINER/EXPLOSIVES (Los Angeles/UPI) -- Authorities discovered a possible bomb in a piece of luggage bound for a plane belonging to the Colombian airline that was hit by deadly explosions earlier this week, officials said Wednesday. The device was detonated early Wednesday but it was not immediately confirmed if the package inside the luggage was actually a bomb. "We have something that may or may not be a device," said Lt. Helen Kidder of the Criminal Conspiracy Section. "Because of the events in Colombia the last couple of days we're not taking any chances."

GORBACHEV (Headline News) -- Soviet President Gorbachev is on an historic visit to Italy. He and his wife arrived in Rome this morning and were greeted with a 21-gun salute. Among the first items on his diplomatic visit is a visit to Italy's tomb of the unknown soldier to pay his respects. Friday Gorbachev will be meeting with Pope John Paul II. The Vatican says the Pontiff will ask for permanent diplomatic relations and an end to Soviet repression of the Ukrainian Catholic Church. Mr. Gorbachev is said to be assessing European views before he heads off to this weekend's superpower summit.

CHINESE STUDENTS (Headline News) -- President Bush is expected to veto a bill that would extend Chinese student visas in the U.S. The students, fearing reprisals if they return right now, are urging the President to support them.... Wuer Kaixi [one of the pro-democracy protesters who escaped to the U.S.] is fighting to save legislation to let more than 40,000 Chinese students stay in the U.S. "We think what is at issue is not immigration, but human rights," he said. A bill extending the students' visas sailed through Congress, yet President Bush is expected to veto it. White House sources say the President last June let the students apply for a one-year extension and that's enough. Congressional sources say U.S. Ambassador Lilley was told by the Chinese government that unless Bush vetoes the measure, all educational exchanges would be cut off.... But the students say the U.S. is temporarily home for leaders of their pro-democracy movement and fear harsh repercussions if they're not allowed to stay. "We will face certain executions...when we are forced to return to China," one said. A small group of students delivered an appeal to the White House and State Department; 30 senators from both parties signed a letter to the President saying, "Just as you have celebrated the courage of peoples of Eastern Europe in their recent democratic successes, we ask only that you support the students of China in their continuing struggle." That jubilation over Eastern Europe's steps toward reform has been bitter sweet to Chinese students, who say they want from President Bush the same kind of unqualified support he's given the people of Poland, Hungary and East Germany.

SALVADORAN MURDERS/STATE DEPT. (Reuter) -- The Bush administration Tuesday described as "inaccurate" and "unfair" a report by a human rights organization that accused it of covering up crimes by El Salvador's military. The report by Americas Watch...said Washington was overlooking overwhelming evidence of the possibility of armed forces involvement in the killings of six Jesuit priests. "Nothing could be more inaccurate or unfair," spokeswoman Tutwiler told reporters. She said the White House and other Bush administration officials condemned the killings "in the strongest possible terms."

LEBANON (Headline News) -- Lebanon's pro-Syrian cabinet said it does not plan a military operation to remove defiant Gen. Aoun from the presidential palace. Both sides seem ready for combat. Aoun has fortified the palace with his Christian army, and Syrian soldiers have surrounded the Christian army enclave. Thousands of the general's supporters held an all-night vigil outside the palace; they protested newly elected President Hrawi's earlier request to use military force to remove Aoun.

PAN AM 103/JUSTICE DEPT. (Headline News) -- The U.S. Justice Department is trying to prevent Pan Am from obtaining government documents about the investigation of Pan Am Flight 103.... The airline subpoenaed government information in order to defend itself against law suits filed by relatives of those killed in the disaster. Government officials say they moved to quash the subpoenas last week on the grounds that the requested information is all part of an ongoing criminal investigation.

JAPAN-U.S./SATELLITES (Tokyo/UPI) -- The U.S. and Japan failed to reach agreement in their dispute over foreign access to Japan's satellite market, officials from both sides said Wednesday. "The talks produced no concrete results," Assistant U.S. Trade Representative Joseph Massey told reporters after two days of discussions.... "It will get urgent if we don't get results," said one member of the U.S. delegation, who declined to be identified.

GNP (UPI) -- The Commerce Department upped its estimate of the nation's economic growth in the third quarter to a 2.7 percent seasonally adjusted annual rate Wednesday, reflecting a lower-than-expected trade deficit during the three-month period. Meanwhile, the department confirmed that inflation during the July-September quarter rose at an annual rate of 2.9 percent as measured on a fixed rate basis, the lowest quarterly rate since the third quarter of 1986.... Still, economists warned that growth in the quarter was inflated by car sales pushed artificially higher by sales incentives and inventory build-ups in the manufacturing sector. Few analysts expect the growth to continue at the same pace in the fourth quarter.

(AP) -- The U.S. economy grew at a moderate annual rate of 2.7 percent from July through September, the government reported today, but analysts say growth is slowing in the current quarter.... Most of the revision [from an advance estimate of 2.5 percent] was attributed to a better-than-anticipated trade performance.... Still, many analysts believe the economy will have a tough time meeting the target because of a dramatic slowing in the current three-month period.... "My view is we can stay out of a recession, but just barely," said economist David Jones of Aubrey G. Lanston & Co., a government securities dealer in New York.

FOOD PRICES (UPI) -- Food prices this year are showing their largest increase since 1981 -- nearly 6 percent -- but price increases should run at a more normal level in 1990, a government economist said Wednesday.... "When data are available for all of 1989, the Consumer Price Index for food is expected to average about 6 percent above last year. This is the largest increase since 1981," economist Ralph Parlett said in comments prepared for the Agriculture Department's annual Outlook Conference. "In 1990, food prices are expected to rise 3 to 5 percent, a slower pace than this year."

2:00 P.M. NEWS UPDATE

EL SALVADOR (San Salvador/AP) -- Fighting broke out in the affluent western sectors of San Salvador again today, and U.S. officials said leftist guerrillas briefly overran the home of an American Embassy officer. The rebels also burned a mansion just blocks away from the American ambassador's official residence, but no injuries were reported to U.S. employees, according to the American officials.... The rebels said on their clandestine radio today they had attacked the headquarters of the Joint Chiefs of Staff with mortars. But officers on the scene said none had fallen in the compound, which also houses the Defense Ministry.... Secretary of State Baker later told reporters in Washington that the rebels were "shooting their way into and invading certain private homes. They briefly overran the home of a U.S. Embassy officer but were driven out by the Salvadoran armed forces."

(San Salvador/Reuter) -- Fresh battles in San Salvador Wednesday forced the U.S. embassy to close down and left-wing rebels demanded the evacuation of leading hotels in embattled districts.... Security guards and Salvadoran army officers at the bunker-like U.S. mission said it had been closed until further notice due the fighting. A Western diplomat said there was shooting throughout Escalon, San Benito and Lomas de San Francisco where most of the U.S. personnel live.

(Headline News) -- Leftist guerrillas reportedly launched a blistering pre-dawn attack in affluent neighborhoods north and south of San Salvador. One target: The home of an American diplomat; it was reportedly burned. Mark Uhlig, a reporter from the New York Times, is on the scene and reports...: "There's still fighting going on...in a number of the southern areas, although apparently the fighting has ended in the city's most affluent areas...." UPI reports the government is countering the rebel offensive with rockets, tanks and armored vehicles. Secretary Baker confirmed the renewed fighting and the attack on unidentified Americans living there. "The FMLN guerrillas attacked again last night in the Escalon neighborhood, shooting their way into and invading certain private homes. They briefly overran the home of a United States Embassy officer, but were driven out by the Salvadoran armed forces. At the moment it is our belief that all United States personnel and their families are safe, but several are in their homes in this area of heavy fighting," Baker said. The State Department also has confirmed reports the rebels have taken over the Japanese Embassy in San Salvador.

EL SALVADOR/SOVIETS/BAKER (AP) -- Secretary Baker urged the Kremlin today to stop the flow of Soviet-made weapons to leftist rebels in El Salvador and said President Bush would press President Gorbachev at their weekend summit to abandon this "Cold War relic." Baker said despite repeated and specific reassurances from Moscow of a cutoff, the arms are still flowing from Cuba and Nicaragua to rebels fighting the U.S.-backed Salvadoran government. "Either the Nicaraguans are lying to the Soviet Union or the Soviet Union is lying to us," he said at a White House news conference. "We prefer to think it's the former."

E. EUROPE/BAKER (AP) -- Secretary Baker said today the U.S. and Soviet Union should seek "mutual advantage" from the dramatic changes in Eastern Europe, and hinted that President Bush would back improved Soviet trade opportunities at this weekend's superpower summit. At the same time, Baker said the two days of talks between Bush and President Gorbachev are "not an arms control summit." ...Baker said it would be a mistake not to support the reform movement sweeping the Soviet Union and Eastern Europe even if there is a chance the pace may bring some temporary instability. "The real question is not whether perestroika will succeed or fail," he said. "The real question is this: Do you engage the Soviet Union in a search for mutual advantage in this time of uncertainty? And our answer to that is a resounding 'yes.'"

SOVIETS/AP POLL (New York/AP) -- Americans' suspicions of the Soviet Union's motives are fading rapidly, with a majority of people now convinced that the Soviets do not seek to dominate the world, a national poll has found.... The poll found overwhelming belief that the Soviet leader seeks real reform in his country, although opinion was mixed on his prospects. Both men were highly popular in the Media General-AP poll [Bush -- favorable opinion: 70%, unfavorable: 17%; Gorbachev -- favorable opinion: 68%, unfavorable: 16%], with Gorbachev out-polling Bush among the most-educated Americans. A plurality said Gorbachev has done more than Bush to ease East-West tensions [Gorbachev: 41%, Bush: 29%].... Forty percent of the 1,117 adults surveyed Nov. 17-25 rated Bush as "too cautious" in encouraging reform in the Soviet Union and Eastern Europe. Still, 46% said he was doing enough, the rest were unsure. Respondents by a 2-1 margin favored establishing normal trade relations with the Soviets.... U.S. foreign aid to the Soviets was soundly opposed.

U.S.-SOVIET TRADE/MITCHELL (UPI) -- Sen. Mitchell called Wednesday for a temporary lifting of trade restrictions against the Soviet Union and a leading U.S. role in the transformation of Europe. Mitchell pledged his full support to President Bush at this weekend's summit and said Americans share Bush's desire for an enhanced understanding between the superpowers. Mitchell also expressed hope for "specific steps" leading toward a more peaceful and productive relationship with the Soviet Union. Economics and trade "are important elements of that relationship," said Mitchell, who added Bush should offer a "more meaningful response" to the changing relationship than merely offering technical advice to the Soviets. Mitchell also said he was pleased that Bush planned to discuss arms control and military force strengths at the Malta summit with President Gorbachev to make certain "progress is on track so that an agreement can be signed" at a full-fledged summit next year.

GERMANY/NATO/CHENEY (Brussels/UPI) -- Secretary Cheney said it is too early to speculate what effect a unified East and West Germany would have on NATO. But Cheney, speaking at the end of a two-day conference of NATO defense ministers, said he is sure West Germany would remain an integral part of the alliance. "There is no question in my mind...that the Federal Republic is in fact and will continue to be an integral part of NATO just as the United States will be," Cheney said. He said the issue of reunification is best handled by the Germans themselves.

KOHL/SOVIETS (Moscow/Reuter) -- The Soviet Union Wednesday condemned a call by West German Chancellor Kohl for a federation of East and West Germany, accusing him of trying to stir up East German nationalism. "We can see clearly an attempt to push the recently-stated process of renovation in the GDR in a nationalist direction, to prescribe the route and meaning of reform," Foreign Ministry spokesman Yuri Gremitskikh said.... "It is completely clear that such actions do not correspond in any way to the Helsinki principles...and have nothing in common with universally adopted norms of relations between sovereign states," Gremitskikh told a regular news conference.

START ACCORD/SOVIETS (Moscow/Reuter) -- The Soviet Union Wednesday agreed with President Bush that no arms control deals would be signed at this weekend's summit but indicated it hoped for progress on reducing strategic nuclear weapons.... "Of course no formal agreements will be signed near Malta's shores. But I think we are all entitled to expect considerable progress as far as concepts and mutual understanding are concerned," Foreign Ministry spokesman Yuri Gremitskikh said.

DEFENSE BILL/PRESIDENT (UPI) -- President Bush signed a \$305 billion defense authorization bill Wednesday but said he is concerned Congress is meddling in his role as overseer of foreign policy and national security. Signing the bill into law, Bush said he did so "notwithstanding the reservations that I have with certain of its provisions," including congressional limits on deployment of military personnel overseas and efforts "to legislate foreign policy." "I am particularly concerned about those provisions that derogate from the President's authority under the Constitution to conduct our foreign policy, including negotiations on behalf of the United States," Bush said in a statement announcing his action.

CHEMICAL WEAPONS/SOVIETS (Geneva/Reuter) -- A U.N.-sponsored disarmament body should be able to agree by the end of January on how to conduct inspections to ensure observance of an international treaty banning chemical weapons, a Soviet negotiator said Wednesday. Sergei Batsanov, chief Soviet negotiator on chemical weapons, said 1989 had seen significant movement toward a ban but reiterated his country's worry that the U.S. might want to keep producing the weapons after a treaty comes into force.... "Hopefully we will be able to bring (it) to conclusion so as to include it in January in the draft convention," he said.

MX MISSILE BASES (AP) -- The Air Force has chosen bases in six states -- Louisiana, Texas, Washington, North Dakota, Arkansas and Michigan -- as sites for the railroad-based version of the MX nuclear missile, Defense Department sources said today.... "The missiles will come out of the silos and be put on trains," said one source. "Hopefully, it will be completed by 1994, but that clearly depends on the budget."

PLO/U.N. (Rome/AP) -- A U.N. group today ignored U.S. threats to cut its funds and voted overwhelmingly to help the PLO teach Palestinians how to grow food in Israeli-occupied territories. Only the U.S. and Israel voted against the resolution.... Gerald Monroe, the U.S. representative to the organization, demanded a roll call vote and told the conference it "should not allow this precedent by presenting highly political issues. If that occurs, the FAO will cease to be effective."

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(Headline News) -- ...[The issue of the PLO's status is] enough for the U.S. to threaten the U.N. with a total cutoff in American funding. And the PLO has a name for the American threat: blackmail. The PLO's deputy head of mission says: "In fact, it might backfire against the U.S. administration using this very ugly bad tactic." ...U.S. Ambassador Pickering says, "We're interested in finding a way to end this particularly silly idea that the Palestinians can be declared a state here in the United Nations when they have none of the attributes of a state." Pickering says the solution is not to present the resolution.... Secretary-General Perez de Cuellar says the U.S. has no business linking [the PLO status with American funding]. "I don't like the word threat, because you cannot threaten me if I ask you to pay what you owe me," [referring to back dues owed by the U.S.] Despite the U.S. threat, the PLO says it has the votes in the General Assembly to upgrade its status.

S&Ls/WALL (UPI) -- Three public interest groups, [the National Taxpayers Union, Public Citizen, and Citizens Against Government Waste], and an influential analyst, [Bert Ely], Wednesday urged President Bush to dismiss top thrift regulator M. Danny Wall, who they said appears to have knuckled under to political and industry pressure. "Mr. Wall's behavior during the savings and loan crisis, in which he frequently appeared to knuckle under to political pressure from members of Congress and the thrift industry shows that he is not qualified to hold office in an administration dedicated to high ethical standards of conduct," the advocates said in a letter to Bush.

ENVIRONMENT/POLL (AP) -- A slim majority of Americans believes the quality of the local environment has neither deteriorated in recent years nor will in the coming three years, according to a national survey released today. Smog, global warming and other threats to the atmosphere are the most troublesome of the environmental problems facing the nation now, according to the poll results. The survey was conducted by Vince Breglio, chief pollster for President Bush's 1988 campaign, and sponsored by the Union of Concerned Scientists, a public interest group. In the polling sample of 1,200 registered voters interviewed in late October and early November, 63 percent said the quality of the environment in which they live is about the same or better than it was three years ago. Thirty-six percent said it was not as good. When asked about the coming three years, 51 percent said they expected their environment to either improve or stay the same, while 45 percent said it would worsen.

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

November 29, 1989

REMARKS BY THE PRESIDENT
AND PRIME MINISTER MULRONEY
UPON DEPARTURE

The Diplomatic Entrance

8:45 P.M. EST

THE PRESIDENT: Let me just say that Prime Minister Mulroney has very generously come down here and given us a very full briefing, his observations from a long and detailed trip that he took to the Soviet Union. I don't know why he is not more wiped out by jet lag because I last saw him just a few weeks ago in Central America -- he'd come from Asia. Now he's been to the Soviet Union. But it was most generous, Mr. Prime Minister, for you to come here. And on behalf of the Secretary of State and Brent Scowcroft, John Sununu, those of us who will be in the meetings, I can't tell you how much I appreciate your advice and your observations.

And it's a little unorthodox, but if you'll excuse me -- I understand you're going to take some questions here.

PRIME MINISTER MULRONEY: I will.

THE PRESIDENT: All right. Thank you. And our love to Mila, and thank you, sir, very much. It was most generous of you.

PRIME MINISTER MULRONEY: Thank you very much.

Q What's the best advice he gave you, Mr. President?

Q What was the best advice?

Q Mr. Prime Minister, what did you give him? What did you tell him? Right off the bat, what's the big one?

Q Don't you think they ought to try to achieve something at this summit?

PRIME MINISTER MULRONEY: Well, I think they probably will. I had lengthy meetings with Mr. Gorbachev and Prime Minister Ryzhkov and Mr. Shevardnadze in the Soviet Union, and my belief is that President Gorbachev looks upon the Malta summit not with a view to achieving any miracles, but with a view to building a sustained and solid relationship with President Bush that will give rise to major accomplishments down the road.

I believe that -- I think that he's in for the long haul himself. I think he's got an ambitious, progressive agenda for the future. And given some ongoing changes, it may be an agenda that can be accommodated as time goes on.

And I had a very good meeting with the President and his advisors tonight. I find that, as the leader of the Alliance, President Bush is in a -- has a very constructive approach to the challenge that exists, the opportunities. He's very sensitive and alive to the unique opportunities that are there, not in Malta, but in the months and the years that will follow Malta. And so I'm very pleased with our meeting and I'm, as a member of the Alliance and as Prime Minister of a neighboring, friendly country, I'm very happy with the attitude and the prospects.

MORE

Q What did President Bush ask you, Mr. Mulroney? What was on the top of the agenda tonight? What did you advise him when he goes to meet with Mr. Gorbachev two days from now?

PRIME MINISTER MULRONEY: Well, as I say, we've had very extensive recent meetings with President Gorbachev and his colleagues, and I gave the President and his colleagues our view of the opportunities and the attitudes and how we best think they should be grasped. We think that President Gorbachev is for real, that he is in for the long haul, and that his -- some of his suggestions are worthy of thoughtful and generous response.

Q Like what? What in particular?

PRIME MINISTER MULRONEY: On the basis of that, there are some gestures that can be taken, to respond to Helen's question. There are gestures, for example -- we think that there is -- the President, among other things, could consider observer status at the GATT for the Soviet Union; that the President could accept an idea that at the end of every economic G-7 summit that there be a meeting with the outgoing chairman of the summit and President Gorbachev.

After all, the G-7 -- the harmonization of monetary and economic policies of the G-7 has brought about the greatest sustained economic growth in modern history. And some of those ideas would clearly be of benefit to President Gorbachev, who says very clearly that what he wants to do is integrate the economy of the Soviet Union more totally into those economies that have known such success. But there's a long way for him to go, and one of the ways that this could be done is by receiving firsthand the views and the opinions of the outgoing president -- or chairman of the G-7 summit, which this year happens to be President Bush -- and next year will be another one of us.

But it could put in train a very valuable series of consultations that would be beneficial to President Gorbachev and would bring the Soviet Union more closely into the ambit of the industrialized nations.

Q Do you think there will be any conditions, sir? Should there be any conditions, sir?

Q -- assurances should Mr. Bush give? What political assurances should he give Mr. Gorbachev?

PRIME MINISTER MULRONEY: I don't think that President Gorbachev is looking for any political assurances from President Bush beyond the assurance that he speaks very clearly for the Alliance, which he does; that the Alliance is committed to a constructive relationship. We're encouraging the events in Eastern Europe. We realize that a lot of this has come about because of the attitudes set in train by President Gorbachev. And this has to be responded to. And President Bush is in the process of preparing to do precisely that.

Q Should there be any conditions, sir? Should there be any conditions? If you're suggesting the Soviet Union should have observer status at GATT and perhaps at the G-7, is that tomorrow --

PRIME MINISTER MULRONEY: I never suggested that they have observer status at the G-7. That they should have observer status at the GATT, that there might be a series of steps to bring them more closely into the IMF and World Bank ambit in a progress manner over a period of time. But that the chairman of the G-7 be mandated on an outgoing basis to meet with President Gorbachev on an ongoing basis. That was my -- that was one of my -- one of many suggestions that we made.

Q What did he think of that? What did he say to that?

PRIME MINISTER MULRONEY: What did President Bush think of it? I think he kind of liked it.

Q Prime Minister, the administration has been criticized for reacting very slowly to events in Eastern Europe. Do you share that perception?

PRIME MINISTER MULRONEY: The administration has a responsibility to act with prudence. President Bush is President of the United States and leader of the Western Alliance. And it is important that he act not in haste, but that he act effectively. And I believe that his intensive preparations and his very constructive attitude, I believe that this is going to bring about good results. And I think that's the way that we should approach it.

Q He assured you of no surprises here? He assured you of no surprises, no foreswearing nuclear arms?

PRIME MINISTER MULRONEY: Oh, you can be certain of that.

Q Is Gorbachev in trouble?

PRIME MINISTER MULRONEY: Gorbachev is not in trouble. I think that he's remarkably popular, inside and outside the Soviet Union. The Soviet economy is in trouble. The Soviet economy is in big trouble. But he's in the -- his reforms are designed to improve that. And it is important, I think that as he seeks to improve his own economy, that it's in our interest, the interest of the West, the interest of the industrialized world, to cooperate with him, to assist him in bringing about and achieving these historic reforms.

Q Mr. Prime Minister, did you discuss any specific issues? I'm thinking of some of the highlights from your trip last week. Did you discuss, for example, any sort of environmental agreement that he might enter into with the Soviets regarding the Arctic or a demilitarization of the Arctic -- any of those things?

PRIME MINISTER MULRONEY: Well, certainly not the last two you mentioned. But we discussed many specifics, yes.

Q Bilateral issues, sir? Were any bilateral issues discussed tonight?

PRIME MINISTER MULRONEY: Yes, we discussed some bilateral issues.

Q Did you discuss lobster, sir? Anything about lobster? (Laughter.)

PRIME MINISTER MULRONEY: You can always count on the Canadians.

Q How about Salvador?

Q Did you discuss El Salvador?

PRIME MINISTER MULRONEY: Yes, we did.

END

9:00 P.M. EST

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 Photograph: P08380-04A [President Bush and Brian Mulroney]

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:**

fg

Box Number:

28

Folder Title:

Wednesday, November 29, 1989

OA/ID Number:

90527-014

Transferred by:

Deborah Wheeler

Date of Transfer:

10/27/2009

Received by:

Mary Finch

Date Received:

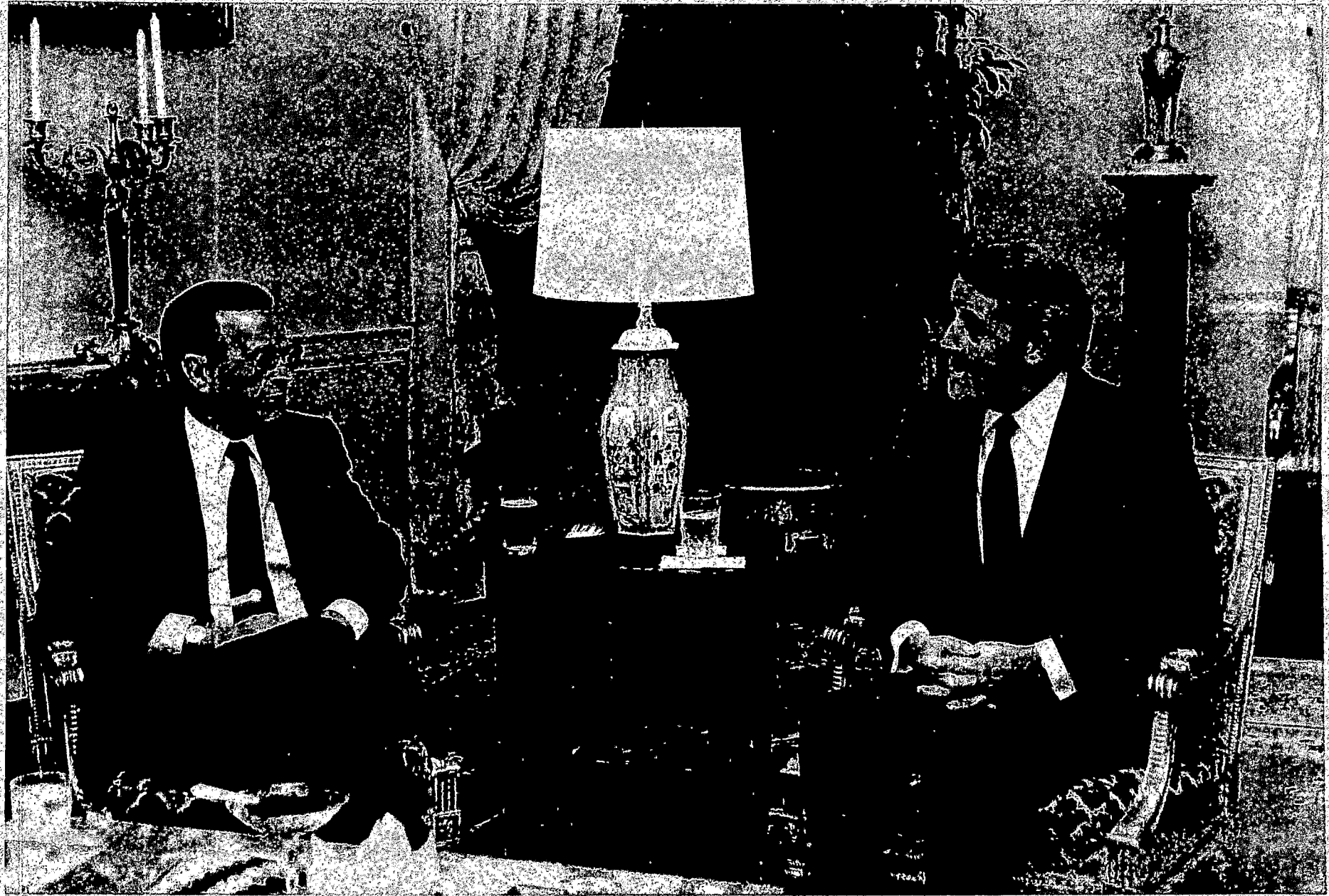
10/27/2009

Go to Database
Navigator

Go to Accession
Register

Go to Withdrawal Sheet

Print Record



ORIGINAL WHITE HOUSE PHOTOGRAPH BE NOW TO LOCATE AND PV

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

C. Dickie Williamson
2000 Spanish Trail
Fort Worth, Texas 76107



THE PRESIDENT

November 29, 1989

Dear Dick:

I was sorry to learn from Joe Tilley that you have not been well. I'm glad to know that you are now home and I hope this note finds you feeling better. Please know that Barbara and I are thinking of you.

With warmest best wishes to you and Gail,

Sincerely,

A handwritten signature in dark ink, appearing to read "George Bush".

JB

88032

WILLIAM L. SLOVER
1224 SEVENTEENTH STREET, N. W.
WASHINGTON D. C. 20036

8
x22

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Mr. William L. Slover
1224 Seventeenth Street, N.W.
Washington, D.C. 20036



THE PRESIDENT

November 29, 1989

Dear Dusty,

Please forgive the delay in responding to your good letter of October 31.

Many thanks for sending along the copy of The Deke Quarterly. Thanks, too, for coming to the dinner for Diane. Barbara and I loved seeing you and Dorothy again.

Warmest regards, in which Barbara joins.

Sincerely,

cc: J. Burmeister

Enclosure

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