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2009-0166-S

FOIA Number:
2009-0166-S

FOIA MARKER

**This is not a textual record. This is used as an
administrative marker by the George Bush Presidential
Library Staff.**

Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Office of the President
Series: Daily Files
Subseries:

OA/ID Number: 90532
Folder ID Number: 90532-010

Folder Title:
Thursday, January 18, 1990

Stack:	Row:	Section:	Shelf:	Position:
V	12	11	5	5

Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Schedule	Schedule of the President [redaction] (1 pp.)	01/18/90	(b)(3)	
02a. Memo	From Brent Scowcroft Re: National Security Council Meeting (3 pp.)	01/18/90	(b)(1)	S
02b. Talking Points	Points to be Made for NSC Meeting on International Economic Policy: Key Strategic Issues (1 pp.)	n.d.	(b)(1)	S
02c. Memo	From Nicholas F. Brady to President Bush Re: U.S. International Economic Policy in the 1990's (3 pp.)	01/17/90	(b)(1)	S
02d. Paper	U.S. International Economic Policy in the 1990s: Key Strategic Objectives and Priorities (45 pp.)	n.d.	(b)(1)	S
03a. Cable	From Manila Comms: Bob Gates to White House/Situation Room/Brent Scowcroft Re: Meeting with Aquino (1 pp.)	01/18/90	(b)(1)	S
03b. Memo	From White House/Robert Gates to White House/Situation Room Re: Meetings in Phillipines (2 pp.)	01/19/90	(b)(1)	S
04a. Talking Points	From President Ozal to President Bush (1 pp.)	01/18/90	(b)(1)	
04b. Talking Points	[From President Ozal to President Bush] (1 pp.)	01/18/90	(b)(1)	
04c. Talking Points	[From President Ozal to President Bush] (1 pp.)	01/18/90	(b)(1)	

Page 1 of 2

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Thursday, January 18, 1990

Pinksheet Number: dw1573

OA/ID Number: 90532-010

Date Closed: 1/5/2009

FOIA/Sys Case #: 2009-0166-S

Re-review Case #:

P-2/P-5 Review Case #:

Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
04d. Talking Points [From President Oza to President Bush] (1 pp.)		01/18/90	(b)(1)	

Page 2 of 2

Collection:

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WHORM Cat.:
File Location: Thursday, January 18, 1990

Date Closed: 1/5/2009	OA/ID Number: 90532-010
FOIA/SYS Case #: 2009-0166-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

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

(b)(1) National security classified information [(b)(1) of the FOIA]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information



SCHEDULE OF THE PRESIDENT

Thursday, January 18, 1990

7:40 am (5 min)	Phone Call to Astronauts aboard the Space Shuttle <u>Columbia</u> (Bates)	Oval Office (TAB A)
8:00 am (15 min)	<u>Intelligence Briefing</u> (Scowcroft/Sununu)	Oval Office
8:15 am (30 min)	<u>National Security Briefing</u> (Scowcroft/Sununu)	Oval Office
8:45 am (30 min)	<u>Meeting with Governor Sununu</u>	Oval Office
9:15 am (45 min)	<u>Administrative Time</u>	Oval Office
10:00 am (10 min)	<u>Staff Time</u> (Fitzwater)	Oval Office (TAB B)
10:10 am (20 min)	<u>Interview with Newsweek Magazine</u> (Fitzwater)	Oval Office (TAB C)
10:30 am (35 min)	<u>Personal Staff Time</u>	Oval Office
11:05 am	The President departs for Constitution Hall to <u>address Executive Forum</u> (Bates)	South Lawn (TAB D)
11:40 am	<u>Arrives White House</u>	South Lawn
12:00 pm (30 min)	Meeting with Turkish President Turgut Ozal <u>Opwp-3</u> (Scowcroft) (Distributed Separately)	Oval Office
12:30 pm (60 min)	Working Lunch with Turkish President Turgut Ozal (Scowcroft) (Distributed Separately & TAB E)	Old Family Dining Room
1:30 pm (15 min)	<u>Personal Staff Time</u>	Oval Office

UNP 01/17/90
6:00 pm



1:45 pm
(20 min)

Photo Opportunities

(TAB F) Oval Office

wires <

1. Glenn "Bo" Schembechler,
Football Coach, University
of Michigan (Demarest)
2. Dr. J. Dennis Huston,
National Professor of the
Year (Demarest)
3. John A. Galletta (Rogich)
4. Hal Stratton, New Mexico
Attorney General (Anderson)

2:15 pm
(30 min)

Staff Time

Oval Office

(Scowcroft) (Distributed Separately)

2:45 pm
(30 min)

Personal Staff Time

Oval Office

3:15 pm
(15 min)

Staff Time

Oval Office

(Demarest)

(TAB G)

3:30 pm
(20 min)

Interview with Ebony
and Jet Editors

Oval Office

(Demarest)

(TAB H)

4:00 pm
(60 min)

NSC Meeting

Cabinet Room

(Scowcroft) (Distributed Separately)

5:00 pm
(30 min)

B Staff Time
(Cicconi)

Residence

(TAB I) Office

7:40 pm

The President and Mrs. Bush
depart for the Washington
Hilton Hotel for RNC Reception
and Drop by at Bush/Quayle
Reunion
(Card/Rogich)

South Lawn

(TAB J)

8:35 pm

Arrive White House

South Lawn

7:16 add Sumner + atwater 7:26 atwater out 7:28 add Cicconi
7:29 Sumner 7:38 Cicconi out 7:39 ~~add~~ add V.P. 7:40 Phone Call to
7:47 V.P. out 8:01 add DCI, Scowcroft, Sumner + Shuttle Crew
8:27 add V.P. 8:28 (b)(3) - DCI out (b)(3)
8:49 Scowcroft out 9:25 V.P. + Sumner out
9:34 add Fitzwater 9:48 Fitzwater out 10:00 add R. Porter + Olive Glen
10:02 add Scowcroft

BNP 01/17/90
6:00 pm

10:07 Glen out 10:08 add Glen, DeFrank + McDaniel

10:11 add Fitzwater; Glen out ~~10:11~~ 10:32 all out of Oval

11:01 dpt Oval 11:03 dpt WH en rte Constitution Hall

11:05 am Holding Rm Constitution Hall (see Tab D)

11:40 Board motorcade 11:47 dpt Constitution Hall 1:50 am Oval

11:58 add Cheney 12:00 add Scowcroft 12:01 add V.P. + Fitzwater

12:02 add Pres. Ozel et al 12:33 Potus, Ozel all to Res. 12:36 Potus + Ozel on 2nd fl. res. alone to greet Mrs. Bush

12:46 Potus + Ozel on State flr - working luncheon

1:47 conclude luncheon 1:50 Pres. Ozel departs 1:53 am Oval w/ Scowcroft

1:59-2:04 add Bo Schimbeck et al 2:05-2:10 Prof Huston et al 2:10-2:12 Galletta + Peterman

2:12-2:16 A.G. Stratton + Deb Anderson

2:18 add Scowcroft et al 2:42 all out except Scowcroft

3:01 Scowcroft out 3:06 add Liz GRUNDY (former staffer), Leslie Grundy + Linda Casey

3:11 all out 3:16 add Kristen Taylor, Roger Porter, Chris Winston,

3:22 Taylor + Fitzwater out 3:24 add Taylor, Fitzwater + Editors et al

3:49 all out 4:02 Potus to Cabinet Rm for NSC mtg. 5:06 Potus to Oval

5:08 dpt Oval - ~~add~~ to Res. 5:10 on 2nd fl. res.

5:12 add mtg participants 6:34 conclude mtg - guests depart

7:41 dpt WH. en. rte Washington Hilton (see Tab "J")

8:45 arr WH

THE WHITE HOUSE

WASHINGTON

TELEPHONE MEMORANDUM

PRESIDENT BUSH

JANUARY 18, 1990

	TIME		DISC	NAME	ACTION
	PLACED				
OUT	7:56 AM			MR. FREDERICK MALEK MINNEAPOLIS, MN. 612-726-2091	CA PER PATTY PRESOCK
XXXX INC	XXXX PM				
OUT	AM				
INC	PM				
OUT	9:23 AM	9:25		MR. JAMES CICCONI OFC: WASHINGTON, D.C. WHITE HOUSE ADM EXT 693	TLKD-OK 9:24AM
XXXX INC	XXXX PM				
OUT	AM				
INC	PM				
OUT	9:29 AM	9:30		MR. FREDERICK MALEK MINNEAPOLIS, MN. 612-853-0087	TLKD-OK
XXXX INC	XXXX PM				
OUT	AM				
INC	PM				
OUT	1:29 AM			SENATOR DAVE DURENBERGER ROCHESTER, MN. MIDWAY LODGE, DO NOT KNOW #	WCB 1:35PM; PRESUS IN MEETING; TLKD OK TO BRIDGET
XXXX INC	XXXX PM				
OUT	AM				MONTAGNE 1:37PM; PRESUS WCL
INC	PM				
OUT	AM				
INC	PM				
OUT	9:31 AM	9:35		MR. MARLIN FITZWATER ARLINGTON, VA. 671-8088	TLKD-OK 9:34PM
XXXX INC	XXXX PM				
OUT	AM				
INC	PM				

TELEPHONE MEMORANDUM
SIGNAL SWITCHBOARD

[illegible]

PRESIDENTIAL MOVEMENTS

LOCATION Washington, D.C.

DATE 18 January 1990

TIME	MOVEMENTS
0705	South Grounds
0706	Oval Office
1103	South Grounds
1104	Depart South Grounds via Motorcade
1106	Arrive Constitution Hall
1147	Depart Constitution Hall via Motorcade
1150	Arrive South Grounds
1152	Oval Office
1235	South Grounds
1236	Diplomatic Reception Room
1240	State Floor
1348	South Grounds
1354	Oval Office
1604	Cabinet Room
1706	Oval Office
1711	Residence
1941	South Grounds
1942	Depart South Grounds via Motorcade
1947	Arrive Washington Hilton
2041	Depart Washington Hilton via Motorcade
2045	Arrive North Grounds
2049	Residence



News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, JANUARY 18, 1990 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Colombia Winner In Drug War, Says Cartel -- The Medellin cocaine cartel said Wednesday that the government had won the war on drugs and that the traffickers would halt their terror campaign and stop dealing drugs in exchange for a pardon. (Washington Post)

Soviets Tell Of 'Major Disaster' In Transcaucasus -- Soviet Defense Minister Yazov Thursday described the fierce fighting between Azerbaijanis and Armenians as a "major disaster" and said army reservists had been mobilized to help quell it. (Reuter, Washington Post)

NATIONAL NEWS

Sen. Hollings Proposes 5% National Sales Levy -- The debate over cutting Social Security taxes widened Wednesday as Sen Hollings (D.-S.C.) proposed a 5 percent national sales levy to offset revenue losses from both a Social Security tax rollback and President Bush's proposal to cut taxes on capital gains. (Washington Post)

NETWORK NEWS (Wednesday evening)

NORIEGA -- A federal judge ordered the drug conspiracy trial of Manuel Noriega to begin on March 5th.

CZECHOSLOVAKIA -- The Soviet government has agreed, in principle at least, to withdrawal of all its 80,000 troops from Czechoslovakia.

TRADE DEFICIT -- The Bush Administration reported that the nation's trade deficit in November widened to a whopping \$10.5 billion.

INTERNATIONAL...A-1

NATIONAL NEWS...A-8

NETWORK NEWS....B-1

EDITORIALS.....C-1

FOREIGN MEDIA...C-3

INTERNATIONAL NEWS

SOVIET UNITS TOLD TO FIRE PROTECTIVELY Troops Sent To Quell Transcaucasus Battles Take First Casualties

MOSCOW -- Kremlin authorities said Wednesday that the 11,000 troops being deployed in the Transcaucasus had suffered casualties and it authorized the force to fire protectively "in strict accordance with military rules" and to prevent further theft of army weapons caches, Soviet television reported.

Thousands of Armenians fled the Soviet republic of Azerbaijan after four days of violence there. Arriving army and KGB secret police troops used helicopters to avoid roadblocks in reaching sites of clashes in a virtual civil war that has claimed at least 60 lives, most of them Armenian....

Troops were flown in helicopters to avoid roadblocks near towns in Azerbaijan and the disputed enclave of Nagorno-Karabakh, where the fighting has been the heaviest....

The official media said there had not been any killings in Baku...for 24 hours but described the situation there as "extremely tense" and said that some attacks on Armenians continue in the city.

A spokesman for the Interior Ministry, however, said the arrival of the troops in the region's main trouble spots "has sharply reduced the level of confrontation between the two sides."

(David Remnick, Washington Post, A1)

Soviets Tell Of 'Major Disaster' In Transcaucasus

MOSCOW -- Soviet Defense Minister Yazov Thursday described the fierce fighting between Azerbaijanis and Armenians as a "major disaster" and said army reservists had been mobilized to help quell it.

Yazov, the first top Kremlin official to comment publicly on the situation on the Soviet Union's southern border with Iran and Turkey, said some military units in the area were being brought up to wartime strength. (Reuter)

WASHINGTON SAYS IT DOES NOT BACK AZERBAIJANI CALL FOR INDEPENDENCE

The Bush Administration said Wednesday that it does not support demands for an independent Azerbaijan and reaffirmed U.S. backing for Soviet President Gorbachev in his efforts to halt fighting between Azerbaijanis and Armenians.

State Department spokeswoman Tutwiler, asked whether the Administration favors independence for the Azerbaijan republic, told reporters: "Since 1933, we have recognized the territorial integrity of the Soviet Union."

Officials said that Tutwiler's terse statement was intended as a diplomatic way to convey opposition to Azerbaijani demands for secession and to reaffirm U.S. support for Gorbachev.

"If our choice came down to whether to shore up Gorbachev or let the situation collapse into chaos and anarchy...we'd rather shore up Gorbachev," a senior Administration official said.

(Doyle McManus, Los Angeles Times)

-more-

WAR REFUGEES POUR INTO ARMENIA
Destitute Evacuees Tell Of Beatings,
Violence In Azerbaijan

YEREVAN, U.S.S.R. -- ...By official estimates there are almost 500,000 refugees in the Soviet Union, people forced to flee their homes because of ethnic violence and persecution over the past two years. For a country founded on the principle of friendship among its approximately 100 ethnic groups, refugees have become an enormous problem and it is growing visibly....

The Soviet Union's latest wave of refugees...fled the anti-Armenian violence in the Soviet republic of Azerbaijan....

Relief officials here expect that an estimated 27,000 people -- virtually the entire Armenian population in Baku following earlier violence -- will be uprooted as a result of the latest violence. More than 3,000 have already arrived in Yerevan, hungry and practically penniless after being forced to leave almost all their possessions back in Azerbaijan.

Interviews with dozens of refugees suggest that the anti-Armenian disturbances that broke out in Baku on Saturday were well-organized and took place with the tacit consent of local authorities. Many refugees said Azerbaijani police officers had warned them to leave the city in the weeks leading up to the attacks. The rioters had detailed lists of names and addresses of Armenian families, the refugees said.

(Michael Dobbs, Washington Post, A1)

KOHL CALLS E. GERMAN MOVE FOR NEW POLICE 'CATASTROPHIC'
Erosion Of Confidence Could Advance Vote

BONN -- Chancellor Kohl said Wednesday that the East German communist leadership's abortive effort to reestablish a secret police force has had a "catastrophic effect" and raised serious questions about the government's commitment to establish a democracy through free elections on May 6.

In an interview, Kohl said the elections may have to be advanced to stem the rapid loss of confidence and hope by an East German populace that continues to stream West at a rate of about 1,500 a day. "I would not plead that cause in a particular way, but I think one should think about it," Kohl said about moving the elections forward....

Kohl laid heavy and repeated emphasis on two points: German awareness that the Soviet Union, the U.S. and Bonn's European neighbors are concerned about the prospect of a reunited Germany and his willingness to alleviate these concerns.

But when questioned, he appeared to take issue with the Bush Administration's insistence that unification be achieved "in the context of Germany's continued commitment to NATO."

"I don't think it would be wise to give vent to such thoughts at the present point of the discussion," Kohl said crisply.

(Jim Hoagland & Marc Fisher, Washington Post, A1)

**U.S. TO LIFT TRADE RESTRAINT ON PRAGUE
Bush Seeks To Help Shift To Democracy,
Free-Market Economy**

President Bush plans to lift long-standing trade restrictions on Czechoslovakia soon to help the new Prague government's shift from communism to democracy and free-market economics.

Administration sources said the White House and State Department are working on a program to exempt Czechoslovakia from the 1974 Jackson-Vanik amendment to the U.S. trade law within the next several weeks.
(John Goshko, Washington Post, A32)

KENNAN WARNS U.S. AGAINST SUBSIDIZING EASTERN EUROPE

The architect of America's post-war Soviet containment policy warned forcefully Wednesday against major financial assistance for Eastern Europe, telling Senate leaders the region is in an "unstable" condition with "dangerous aspects."

George Kennan said the U.S. must deal carefully and deliberately with the eventual reunification of Germany, and warned that dramatically breaking events on the ground in East Germany could bring a Russian backlash....

"We have great unsolved problems right here at home," Mr. Kennan said. "I think our first duty is to put our own country in the sort of state that it ought to be in before we get carried away by giving large financial aid anywhere else in the world."

(Martin Sieff, Washington Times, A7)

**LEADERS SAY AID CUTS COULD
HARDEN ISRAELI STANCE ON ARABS**

JERUSALEM -- Government leaders Wednesday said a reduction in U.S. aid could harden Israel's stance in efforts to arrange Palestinian-Israeli peace talks.

They also said a drop in funding from Washington could seriously hamper efforts to absorb a wave of Soviet immigrants expected to reach as many as 100,000 people this year....

Vice Premier Peres...responded indignantly to Dole's remarks, noting Israel spends nearly a quarter of its budget on defense.

"There is totally no justification to deal a blow to us instead of just dividing it up a little bit with the Europeans," Peres told economists in Jerusalem. He called Dole's comments "a very worrisome declaration."

Other leaders said the talk of cutting aid seemed to be an attempt to persuade right-wing Prime Minister Shamir to bend on his refusal to involve the PLO in peace talks.
(Allyn Fisher, AP)

Israeli Leaders Condemn Proposal To Cut U.S. Aid

Jerusalem -- Israeli leaders have condemned a proposal to cut U.S. aid to Israel and divert the savings to Eastern Europe's struggling democracies.

"A cut in U.S. aid is based on a new situation between the Warsaw Pact and NATO and not on the situation that exists in the Middle East," Lt. Gen. Shomron, chief of Israel's armed forces, told Israel Radio Wednesday....

Vice Premier Peres said he was surprised at Dole's suggestion.

"What the Soviet Union is doing, Iraq, in the Middle East, is doing the opposite. It is acquiring better and more expensive weapons and is more worrisome in that regard," Peres said on Israel Radio.

Defense Minister Rabin said in a speech in Los Angeles that the Soviet Union had not changed its policy of supplying "the most sophisticated conventional weapons" to three radical Arab countries -- Iraq, Syria and Libya. (Colleen Siegel, Reuter)

SEN. DOLE HAS 'DONE IT AGAIN'

Senate Majority Leader Dole's proposal to give Eastern Europe and Panama part of the U.S. aid to Israel has brought him into conflict with perhaps Washington's most powerful lobby....

But Mr. Dole, who has occasionally taken positions that offend the Israel lobby, has avoided retaliation because of strong support in his home state and his powerful position in the Senate.

That may be the reason the Bush Administration reportedly chose Mr. Dole to introduce the plan.

(Ralph Hallow & Alan McConagha, Washington Times, A1)

BUSH ACTS TO BUTTRESS AQUINO Envoy Bears Message Of Support And Warning

President Bush dispatched Deputy National Security Adviser Robert Gates to Manila Wednesday in a show of support for the troubled government of Philippine President Aquino. Two senior Administration officials said Gates is carrying a private message urging Aquino to "get your house in order."

The Gates mission was arranged in the last five days amid concern that Aquino may be the target of another coup attempt, the officials said. "The most pressing problem is stability," said one official familiar with the trip....

The Administration officials said Gates will urge Aquino to begin to deal forcefully with her problems. "It's time to stop putting off the hard decisions about restoring morale in the military and rebuilding the economy and shaky Philippine democracy," said a second Administration official familiar with the message Gates is carrying.

(David Hoffman, Washington Post, A1)

COLOMBIA WINNER IN DRUG WAR, SAYS CARTEL
Medellin Traffickers Vow To Halt Operations If Pardoned;
Bogota Reacts Coolly To Offer

BOGOTA -- The Medellin cocaine cartel said Wednesday that the government had won the war on drugs and that the traffickers would halt their terror campaign and stop dealing drugs in exchange for a pardon.

The cartel released two kidnap victims to back up its offer, which was similar to previous proposals that have been rejected by the government. The difference in this proposal was the cartel's statement that it accepted defeat.

The communique followed President Barco's statement Tuesday night that his government is "not inflexible" in regards to a negotiated settlement with drug lords. Previously, Barco ruled out talks.

(Tom Wells, Washington Post, A25)

GOVERNMENT SAYS DEAL UNLIKELY
WITH DRUG LORDS WHO OFFER TRUCE

BOGOTA -- Colombian drug lords have offered to halt cocaine trafficking and end a five-month drug war but cabinet ministers doubt that the proposal will be accepted.

The interior minister and attorney general said they could not offer the drug lords any different treatment than spelled out in law....

Attorney General Alfonso Gomez Mendez said that nothing could be offered than what had a basis in law.

Interior Minister Carlos Lemos Simmonds said the government had won the war against the traffickers by refusing to make concessions and halt extraditions. He said extraditions to the U.S. would continue.

"These people will enjoy all the legal guarantees," Lemos Simmonds said, adding: "Naturally, the government cannot make commitments above the law and constitution."

(Walker Simon, Reuter)

JUDGE ORDERS NORIEGA TRIAL TO BEGIN WEEK OF MARCH 5

MIAMI -- In a surprise move, U.S. District Judge Hoeveler on Wednesday ordered the drug-trafficking and money-laundering trial of deposed Panamanian dictator Noriega and a raft of co-defendants to begin the week of March 5, but he left open the possibility of postponements.

Hoeveler fixed the trial date after attorneys for Lt. Col. Luis del Cid...invoked the federal "speedy trial" statute that requires court proceedings to begin within 70 days of arraignment....

Noriega's lawyer, Frank Rubino, who was in the courtroom at the time, later told reporters: "I'm as shocked as you are.... I told the judge I'd be ready [for the trial] in nine months or a year."

Hoeveler indicated that he probably would postpone the trial if asked to do so by Noriega or any of the other defendants. But he noted del Cid could be tried separately.

(Norman Kempster, Los Angeles Times)

QUAYLE VISIT RESISTED IN LATIN AMERICA

Panama Invasion Fallout Is A Concern

President Bush's plan to send Vice President Quayle on an extensive high-profile tour of Latin America to shore up relations in the wake of the U.S. invasion of Panama has run into strong resistance from the planned host nations, Administration officials said Wednesday.

When the President announced the trip almost two weeks ago, he called it "very, very important diplomacy." He said he was sending Quayle to a number Latin American nations to "personally deliver" his message that despite the Panama invasion, U.S. policy remains that of a "friendly, supportive and respectful neighbor."

Wednesday, officials said that Quayle probably will end up taking two trips to Latin America, both tied to presidential inaugurations he has been scheduled to attend. He plans to meet at these events with leaders who were unenthusiastic about a visit to their countries when the State Department began consultations with them after Bush announced his plan on Jan. 5.

Quayle, in a question-and-answer session following a speech to the Hoover Institution, acknowledged that certain "diplomatic sensitivities require a coordination to determine the time," but added, "No country has said we don't want the Vice President period."

(Ann Devroy, Washington Post, A25)

U.S. Cuts Back Trip Quayle Will Make In Latin Countries

Lingering anxiety among Latin American nations over the American invasion of Panama has forced the Bush Administration to limit a diplomatic mission by Vice President Quayle by putting off trips to Mexico and Venezuela, Administration officials said Wednesday.

Mr. Quayle's office announced Wednesday that he would travel late this month to Honduras and Panama, two nations that are reliable supporters of U.S. policy in Latin America. The Administration added a third stop in Jamaica.

But objections from Mexico and Venezuela, two vociferous critics of the Panama invasion last month, have forced the White House to set aside stops in those countries by Mr. Quayle. President Bush has said he was sending Mr. Quayle to Latin America to repair any damage caused by the Panama operation.

(Andrew Rosenthal, New York Times, A1)

U.S. TRADE DEFICIT WIDENED IN NOVEMBER, TO \$10.5 BILLION

Imports Dipped, But Exports Fell Even More

America's trade deficit widened to \$10.5 billion in November, its worst showing in 11 months, as U.S. exports took a tumble caused in part by a strike at Boeing, the Commerce Department said Wednesday.

The Commerce Department said that while imports dipped slightly from an all-time high set in October, U.S. exports sales declined even more, falling to their lowest level since last March.

As a result, the trade deficit...rose 2.4 percent....

The increase...left private economists disheartened about the chances for further improvement in the country's trade performance any time soon....

"The trade report is most distressing," said Allen Sinai, chief economist of the Boston Co. "The United States simply is not competitive on goods. We are not selling enough overseas and Americans keep on buying."

(News Services, Washington Post, C1)

-more-

Thursday, January 18, 1990 -- A-7

SISULU SPEECH MARKS BETTER U.S.-ANC TIES
S. African Nationalist Joins King Ceremony

LUSAKA, Zambia -- In a ceremony that marked a warming of relations between the U.S. and South Africa's leading black opposition movement -- the ANC -- black nationalist leader Walter Sisulu delivered a keynote address at the American missions here Wednesday to honor slain civil-rights leader Martin Luther King Jr.

Sisulu took time out from a crucial series of meetings with the exiled leadership of the ANC here to deliver the address. He and six other black nationalist leaders, released in October after 27 years in a South African prison, are in Zambia to confer with their former colleagues on strategy in light of South African President de Klerk's offer to begin power-sharing negotiations with black leaders.

Although the U.S. has taken a strong stand against the South African government's apartheid system of racial segregation, its attitude toward the ANC...has been frosty because of the group's alliance with South Africa's Communist Party....

More recently, according to Ambassador Jeffrey Davidow, who hosted Wednesday's ceremony, there has been a "deepening and broadening" of relations. "We have been having more substantive discussions, and I think today's occasion is a reflection of that," Davidow said.

(Allister Sparks, Washington Post, A26)

EDITOR'S NOTE: "U.S. Ambassador To Israel Advised Cut In Aid To Israel," by James Dorsey & Major Garrett, appears in the Washington Times, A1.

"Powell Finds Warsaw Pact Intact Despite Shifting Focus," by AP, appears in the Washington Times, A7.

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NATIONAL NEWS

SEN. HOLLINGS PROPOSES 5% NATIONAL SALES LEVY Tax Would Cover Social Security Rollback

The debate over cutting Social Security taxes widened Wednesday as Sen Hollings (D.-S.C.) proposed a 5 percent national sales levy to offset revenue losses from both a Social Security tax rollback and President Bush's proposal to cut taxes on capital gains.

In a letter to Rep. Rostenkowski (D.-Ill.) and Sen. Bentsen (D.-Tex.), Hollings said a value-added tax (VAT), which is applied to the value of labor and materials of an item at each stage of production, would raise \$53 billion in fiscal 1991.

He said this would be enough to cover costs of the proposal by Sen. Moynihan (D.-N.Y.) to roll back Social Security tax increases for fiscal 1990 and 1991 and the costs of President Bush's capital gains tax cut. It would also make up for revenue losses from Bentsen's proposal for restoration of tax deductions for IRAs, targeted tax credits for research and investment and reinstatement of revenue sharing with the states for education, Hollings said.

(Helen Dewar, Washington Post, A4)

BUSH MEETS WITH CRIME-BUSTERS, PREPARES UPDATED DRUG STRATEGY

President Bush met with his top crime-busters as he readied an updated anti-drug plan that is to include an increased role for the military, more federal agents and a possible death sentence for drug lords....

In brief remarks Wednesday, prior to a 75-minute meeting with law enforcement directors and military officials, Bush vowed to "renew our determination to defeat drugs, defeat crime and destroy the kingpins behind it."

Bush said his first anti-drug strategy, mandated by Congress and announced last fall, has helped achieve "great progress" by expanding the battle in interdiction, law enforcement, education and treatment.

But he said more needs to be done and again called on Congress...to pass the rest of his 1989 anti-crime package, particularly legislation to toughen sentencing and expand the death sentence. (Thomas Ferraro, UPI)

GOP THROWS DOWN GAUNTLET

Republican leaders Wednesday ensured a fiery clash over the drug war with Congress' Democratic majority, as two GOP members called for a national emergency plan and President Bush chastised Congress for inaction.

"This [drug problem] is a dragon that can't be killed with one bullet. We've got to put a bullet in each of the [dragon's] heads," said Sen. Gramm (R.-Tex.), as he and Rep. Gingrich (R.-Ga.) declared that a five-year national drug emergency must be declared.

The emergency declaration, if passed, would allow overflow prisoners to be housed in makeshift tents and on military bases.

It also set mandatory sentences for violent criminals and drug felons, including death for murderers using guns in drug crimes....

Noticeably absent from the plan were firearms restrictions.

(Chris Harvey & Frank Murray, Washington Times, A1)

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SOME IN CONGRESS WORK TO STOP MOYNIHAN SOCIAL SECURITY TAX CUT PLAN

Members of Congress are worried that Sen. Moynihan's call for a Social Security tax cut has loosed a stalking-horse that can't be quickly corralled.

From conservative Republicans to Democratic liberals, lawmakers are cautioning each other not to be stampeded by the proposal's political appeal:

"I think Moynihan's right that working Americans need a tax cut, but I think this is the wrong tax to cut. I want the Social Security system to be solvent not just for my mother but for my children, too," says Sen. Gramm (R.-Tex.)....

Sen. Sasser (D.-Tenn.)...agrees philosophically that taxes should be less for lower- and middle-income taxpayers. Practically speaking, Sasser says his priorities lie in getting the federal debt down and not using Social Security surpluses to make the deficit look lower.

(analysis, Mary Deibel, Scripps Howard)

CALLS MOUNT TO ABOLISH THE OTS Backers Say Move Would Save Money

Only six months after Congress created the Office of Thrift Supervision to take over regulation of the embattled savings and loan industry, there is growing sentiment on Capitol Hill and within the industry that the OTS should simply be put out of business.

Influential members of the House Banking Committee are preparing bills to shut down the thrift agency and turn its duties over to the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corp. (FDIC) and the Federal Reserve Board -- the agencies that regulate banks but not savings and loans....

"A lot of people would love to have the opportunity to abolish what remains of the bank board," said Patrick Forte, president of the association of Thrift Holding Companies....

Bills to abolish the OTS are being prepared by two activist members of the House Banking Committee, Reps. Schumer (D.-N.Y.) and Leach (R.-Iowa).
(Jerry Knight, Washington Post, C1)

HUD TO END CO-INSURANCE PROGRAM FOR MULTIFAMILY HOUSING

Kemp Calls Controversial Privatization Attempt
'Structurally Flawed and Fundamentally Unsound'

HUD announced Wednesday that it will end its controversial co-insurance program for multifamily housing, a Reagan-era attempt at privatization that accumulated \$1 billion in defaulted mortgages during the six years of its existence.

HUD Secretary Kemp said in a statement that the program...is "structurally flawed and fundamentally unsound as well as administratively unfixable."

Given the losses it has incurred, Kemp said, co-insurance "has been a bad deal for the American taxpayer."

It is the fourth HUD program Kemp has killed or suspended since allegations of fraud and mismanagement at the department first surfaced last spring.
(Gwen Ifill, Washington Post, A5)

POLL SHOWS RISING SUPPORT FOR BUSH, REPUBLICANS
After Panama Invasion, President's 79 Percent
Approval Rating Exceeds Reagan's Peak

President Bush, riding a wave of public support for the U.S. invasion of Panama, is nearing the end of his first term in office as one of the most popular presidents of the post-war era, according to a Washington Post-ABC News poll.

The survey of 1,518 adults also showed that more Americans now consider the Republican Party best able to deal with the country's major problems.

According to the poll, 50 percent of those interviewed said they most trusted the GOP to do a better job coping with the country's biggest problems, while 38 percent named the Democrats. This marked an apparent resurgence by the Republican Party, which has not held a clear advantage over the Democrats on this question for the last three years.

While the poll held generally good news for the Republican Party, it offered better news for President Bush. Nearly eight of 10 of those interviewed -- 79 percent -- said they approved of the job Bush has done as president. This was six points higher than the best showing of Ronald Reagan during his eight years as president.

(Richard Morin, Washington Post, A9)

BUSH, ENJOYING SURPRISINGLY STRONG POSITION,
PLANS MORE-AGGRESSIVE STANCE WITH CONGRESS

These may be the best of times for George Bush, and the question is: How can he take advantage of them?...

At the moment, White House aides are deciding how to cash in on the President's surprisingly strong position as he enters his second year in the Oval Office. Under the emerging strategy, aides say, Mr. Bush plans to become more aggressive this year in his wranglings with the Democratic-controlled Congress. After stressing bipartisan compromise last year, the White House has now begun pushing lawmakers harder to pass a series of big presidential initiatives that have languished, and is more openly threatening to use the veto if lawmakers veer away from the specific approaches Mr. Bush has proposed.

Most of this more-aggressive strategy will be aimed at what some White House aides call the four C's: President Bush's proposals on clean air, crime, capital-gains taxes and child care. White House strategists calculate that Mr. Bush's proposals on those issues are generally popular, meaning he can use the muscle he has at the moment to increase public pressure on Congress.

(Gerald Seib, Wall Street Journal, A16)

LIBERAL ADA GIVES PRESIDENT FAILING MARKS
Group Criticizes Bush On Homeless,
Panama Invasion, Drug Policy

Americans for Democratic Action (ADA), one of the nation's leading liberal organizations, Wednesday called President Bush's first year in office "a disappointing rerun and stretch-out of the Reagan years."

In a review of Bush's performance, the ADA said he failed to be "kinder and gentler" to the poor and violated the Constitution with the invasion of Panama.

"Obviously the president has done a lot of things right if you are middle class and white and involved in military maneuvers," Rep. Rangel (D.-N.Y.) said at a news conference presenting the ADA report.

Rangel, the ADA president, said, "I give the President an A for military preparedness, making irrational but quick decisions, holding down the minimum wage and not getting involved with the homeless."

Rangel acknowledged that Bush scored high in national polls, but faulted the President's performance in areas such as education, civil rights and drug policy. "The President is right on target with things that feel good, unless you are down and out," he said.

(Maralee Schwartz, Washington Post, A15)

PRESIDENT'S SON NEGOTIATES WITH THRIFT REGULATORS

Neil Bush, son of President Bush, is negotiating a settlement with thrift regulators investigating the failed Silverado Banking, Savings and Loan Association, the OTS said Wednesday.

Karl Hoyle, chief spokesman for the thrift agency, said Neil Bush has met with regulators in Washington and a settlement is expected to be announced this week or later next week.

"He's been in here negotiating with our enforcement people and we expect this week or early next week to have either a consent agreement or pursue through the normal course whatever action needs to be taken," Hoyle said.

(Bob Webster, UPI)

CUSTOMER OF S&L LINKED TO NEIL BUSH,
PAID DEBT FOR PRESIDENT'S SON

DENVER -- A major customer of a now-defunct savings and loan paid a business debt for Neil Bush that grew out of their failed oil and gas exploration company, according to deed records and two former associates.

Bush, the President's son and a director of the Silverado Banking, Savings and Loan from 1985 until August 1988, was a partner with former Denver developer Ken Good in JNB Exploration.

Bush and two other partners -- James Judd and Evans Nash -- each signed personal guarantees for a line of credit that eventually ran to \$1.75 million to Cherry Creek National Bank in Denver. The bank foreclosed in December on the land Good had pledged,

"He (Good) let Neil off," Judd said in a telephone interview Wednesday from his office in Buenos Aires, Argentina. "Neil respected him for that. It was a favor."

(Keith DuBay, Scripps Howard)

\$20 MILLION TAB FOR OIL-SPILL STUDY

**Exxon Balks, Calls Alaska
Damage Assessments 'Poorly Designed'**

The federal government Wednesday presented Exxon Co. USA with a \$20 million bill to cover scientific assessments of environmental damage caused by last year's Exxon Valdez oil spill, but the oil giant was not exactly lunging for its checkbook.

While stopping short of outright rejection, an Exxon spokesman gave a less-than-flattering assessment of the government's plans to study the effects of the March 24 spill on fish, aquatic plants, water quality, marine mammals and other wildlife in Alaska's Prince William Sound.

"The unanimous opinion of these studies, based on public comment, is that they are poorly designed and fail to address restoration of the environment as they should," the spokesman said.

That is exactly what environmentalists have been saying for months, albeit for different reasons. They worry that if the government fails to account for all aspects of the spill, Exxon will escape full financial responsibility for what is often described as the nation's worst environmental disaster.

"Strange bedfellows," acknowledged Les Rogers, the Exxon spokesman. (John Lancaster, Washington Post, A21)

EDITOR'S NOTES: "WASHINGTON JOURNAL -- Say It Again, Pat," by Dale Russakoff, appears in the Washington Post, A21.

"Bush's Son May Face Regulatory Action Over Role In Thrift Failure, Official Says," by Paulette Thomas, appears in the Wall Street Journal, A16.

"GOP Blurs Anti-Abortion Focus, Dismaying Some In The Party," by Robin Toner, appears in the New York Times, A1.

-End of A-Section-

NETWORK NEWS SUMMARY

(Wednesday Evening, January 17)

COLOMBIAN CARTELS

ABC's Peter Jennings: We begin tonight with one of those headlines which millions of people would give their eye teeth to hear, or to believe: "Colombian Drug Cartel Throws In The Towel." Well, authorities in Colombia and the United States are trying this evening to figure out the meaning of a communique received today from the Medellin drug cartel. It seems to say that under certain conditions, the cartel would be willing to give up.

ABC's Gary Sheppard reports that the Medellin cartel peace offer said the cartel admits the triumph of the government in the drug war, and promises it will immediately suspend all cocaine shipments, turn over its weapons, drug labs, clandestine landing strips, and even hostages as soon as it receives certain constitutional and legal guarantees. There was no immediate explanation of what guarantees are being requested, but the drug lords, "The Extraditables," seem to want assurances they will not be turned over to American authorities for prosecution. The government's reaction is also uncertain; last night President Barco said for the first time his administration might be willing to negotiate with the drug traffickers. But today, the number two man in the government, Interior Minister Carlos Lehmos, said there is no way the policy of extraditing the drug lords will be suspended, that Colombia has won the war by not backing down, and that there is no reason to make concessions now. A U.S. government source points out there have been several peace proposals from the Medellin cartel in recent months, but that this is the first one that concedes defeat. The cartel would not be making such an offer, he said, if it were not being hurt badly by government efforts to wipe out its operation.

Jennings discusses the peace offer with ABC's Mark Potter.

Jennings: What do people in [U.S.] law enforcement think of this?

Potter: They are still analyzing the offer, but they think that it's real. The question they have is whether it's to be believed. They find it hard to accept that the traffickers would give up such a lucrative business. What some agents think is that they're simply trying to buy time against the Colombian police, who have indeed been cracking down on them and hurting them a bit.

Jennings: What if it were true? What difference would it make to the Colombian drug trade?

Potter: It would probably end some of the violence and could affect some of the cocaine trade. But this is believed to be the work of the Medellin drug cartel, and we must not forget that they are not alone. There is also the Cali drug cartel, which all during this crackdown has been doing business as usual.

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Jennings: Give us your own state of the apparent reaction.

Potter: I think the people here would be very upset if the Colombian government negotiated with the traffickers.

NBC's Tom Brokaw reports that the Medellin cartel also offered to end terror bombings and to stop executing politicians, judges and police.
(ABC-Lead, NBC-5, CBS-7)

Jennings reports that a brother and a sister were flown into Charlotte, N.C. today from Colombia to face charges of smuggling cocaine into this country over a period of the past five and a half years.(ABC-2)

COLOMBIA/PRESIDENT

Jennings: In Washington, President Bush brushed off the communique from the Medellin cartel, saying the drug lords have something of a credibility problem. Well, there are a lot of people in South America these days who have some credibility problems with the President.

ABC's Brit Hume: The President brought Gen. Maxwell Thurman, the U.S. Commander in Panama, before cameras in the Rose Garden to praise him.

(TV Coverage: President Bush, Gen. Thurman shaking hands.)
But the invasion has offended some in South America, threatening U.S.-Latin cooperation in the drug war. The President was asked if he wanted U.S. troops out of Panama before February's drug summit.
(President Bush: "It is my objective to get the troops out, and to get back to the levels before this military action, and we will do that. But it has nothing to do with the summit in Cartagena at all.")
Perhaps not, but the diplomatic fallout from the Panama invasion continues. This week it forced Secretary Cheney to put off announcing stepped-up military efforts in the drug war. The reason was this: The USS John F. Kennedy, which was to head for waters off the Colombian coast, part of a major new military effort to interdict drugs, is tied up at Mayport, Fla. Its plans were put on hold in the face of an uproar in Colombia, triggered in part by false news reports the U.S. was planning to blockade the country's coast. The President has assiduously courted President Barco, and Bush called him last week to assure him no blockade was planned. But with Latin American feelings already offended by the Panama invasion, the damage was done. Officials here think they know what it will take to undo that damage: diplomacy, and more importantly, time. What they don't know is how much time.
(ABC-4)

NORIEGA TRIAL

Jennings reports that in Miami today, a federal judge ordered the drug conspiracy trial of Manuel Noriega to begin on March 5th. Noriega's lawyers still argue that the court does not have jurisdiction.
(ABC-3)

Brokaw reports that government lawyers introduced what could be a key piece of evidence against Noriega: A photograph of Noriega meeting with Fidel Castro. A U.S. government witness has testified that the two met to discuss dealings with bosses of the Colombian cocaine cartel.
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(NBC-7)

CARLOS LEHDER/NORIEGA

NBC's Brian Ross reports that Carlos Lehder, the most important Colombian cocaine boss ever captured and convicted, has agreed to a taped three-hour interview with the German magazine Stern, which has now been obtained by NBC News. "I can tell you with complete certainty that, together with other associates of mine, Noriega was given several million dollars," Lehder said. "All cocaine, marijuana, weapons, ether, acetone, and any smuggled goods confiscated in Panama became the property of Noriega and his thugs." Lehder says Noriega then sold back the drugs and other items seized to drug dealers in Colombia, Panama and the U.S., and Lehder says the millions of dollars paid to Noriega were for what Lehder called protection. "I would not be able to go into the exact details as to the extent of that protection, because this would not be in my best interest," Lehder said. (NBC-6)

AZERBAIJAN

Brokaw: Mikhail Gorbachev's troubles are not getting better tonight, they're only getting worse. Now, Soviet troops have been killed as they try to keep order in Moslem Azerbaijan. As a result, Soviet forces have orders to fire in self-defense. So the small-scale civil war between Moslems and Armenians in that region is much wider tonight, and it is much more dangerous. The death toll from the fighting now ranges from 58 to 80.

NBC's Peter Kent reports that in the Azeri town of Genja, troops are said to have been cut off by roadblocks and attempts have been made to capture the local military airfield. In Baku, crowds are said to have formed a human wall to block Soviet tanks. (NBC-Lead)

ABC's Rick Inderfurth reports that more complaints about Moscow's handling of the Azerbaijani-Armenian crisis were heard at a rally of thousands of Armenians tonight in Yerevan. Speakers demanded that the Kremlin recognize Armenia's claim to the disputed territory of Nagorno-Karabakh, which both sides say they will never give up, and that Moscow act more decisively to end the bloodletting between Armenians and Azerbaijanis. More soldiers are needed, they say, to stop the fighting.

Jennings reports that in Moscow, a crowd of demonstrators condemned both Gorbachev and the Communist Party for allowing the killings to continue. (ABC-9, CBS-4)

Brokaw discusses the Bush Administration's reaction to the Azerbaijani fighting with NBC's Jim Miklaszewski.

Brokaw: The Administration seems to be staying out of the Azerbaijan mess. What's the reason for that?

Miklaszewski: Well, several reasons. One, they don't want to say anything here that might inflame the situation. Second, they point out that this is an ethnic, not politically-related, problem. They point out that the ethnic violence and rivalries there pre-date any current political problems. Third, they acknowledge that there's really not much the U.S. could do about it anyway.

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Brokaw: What's their analysis on how all this will affect Gorbachev in his other difficulties, especially with the economy and Lithuania?

Miklaszewski: There is some concern here that if this situation drags on for some time, it will simply exacerbate Gorbachev's political and economic problems. They point out, however, that if Gorbachev were to eventually be forced out, that it would probably be by another moderate, not a hard-liner. After all, there are still some in the Administration, like Secretary Cheney, who say Gorbachev's on shaky ground and may not succeed. But for now, the United States believes that Gorbachev's survival is in the best long-term interests of the United States. According to one official here, "It would be unfortunate if the man of the decade didn't last through the month."

(NBC-2)

SOVIETS/KENNAN

CBS's Bob Schieffer reports that former ambassador to the Soviet Union

George Kennan testified at a Senate Foreign Relations Committee hearing today. He said the violence in Armenia could spread through the Baltics and into Eastern Europe. Kennan said Gorbachev faces enormous unsolved problems at home -- problems which in a strange way have provided some job security.

(Kennan: "Such indeed is the burden of troubles that he is now carrying on his shoulders that it is questionable whether there is any among his potential rivals who would like, at the present time, to assume this burden in his place.")

Cutting back Soviet and U.S. military forces in Europe would relieve some of the pressure on Gorbachev, said Kennan, and is probably one of the few real ways America could or should help him.

(Kennan: "It is not, of course, our business to help them in the solution of his internal political problems, nor could we do so if we wanted to.")

What was most surprising today was that Kennan does not expect drastic changes in Soviet foreign policy if Gorbachev is toppled. He said that the moves Gorbachev has made in the foreign policy area have been the most popular things he has done, at least within the Kremlin.

(CBS-5)

SUPREME COURT/RELIGION

Rather: A U.S. Supreme Court ruling today on the relationship between church and state in the television age. Justices ruled that states may tax the sales of books, tapes and other merchandise offered by television preachers and other religious organizations. The high court said this does not violate Constitutional guarantees of religious freedom. The decision was unanimous. Even churches having nothing to do with TV ministries strongly oppose it.

CBS's Bruce Morton reports that Justice O'Connor, who wrote the opinion, said there is no danger that religious activity is being singled out for special and burdensome treatment.

Rather discussed the decision with University of Texas Law Prof. Douglas Laycock, who authored a National Council of Churches brief before the Supreme Court in support of the position against the tax.

Prof. Laycock: I think it's very sweeping in terms of what it authorizes. What the court says is that any generally applicable tax can be applied to churches: Sales tax, income tax, property tax, user tax, excise tax, you name it. How much of that will really happen is up to local legislatures and local taxing authorities, but everything is now authorized.

Jennings reports that at present only California taxes the sales of such items. (CBS-Lead, ABC-8)

TRADE DEFICIT

Rather: An economic story with potentially far-reaching consequences. The Bush Administration today reported that the nation's trade deficit in November widened to a whopping \$10.5 billion. That's the widest trade gap in the first 11 months of 1989. Imports dipped from October's record high, but exports fell further, in part, it is said, because of the strike at Boeing. But an economist who called the report distressing said that even without the aircraft strike, quote, "U.S. exports are going nowhere. The U.S. is simply not competitive on goods." (CBS-2, ABC-10)

OIL PRODUCTION

Jennings reports that U.S. oil production suffered its biggest decline ever last year, while the import of cheaper foreign oil reached a ten-year high. (ABC-11)

EXXON/INTERIOR DEPT.

Rather reports that the Interior Department today expressed outrage over Exxon Corp.'s apparent refusal to put up an additional \$20 million for damage assessment in Prince William Sound. Interior last week asked Exxon for the additional funds and today, according to a government spokesman, Exxon said no. The spokesman called that response unacceptable, and said that if necessary, the government will take Exxon to court. Exxon late today denied that it was actually refusing to pay, saying it has not had time to consider the request. (CBS-13)

D.C. DEATHS

Rather: President Bush today called January the month of murder in Washington D.C. as the city counted its 17th homicide since Friday. For the year so far there have been 28 murders recorded in the nation's capital, 10 more than at the same time in 1989. (CBS-10, ABC-6, NBC-8)

HARLEM DEATHS

ABC's Ned Potter reports that a report in the New England Journal of Medicine today says that in Harlem, poverty, crime, drugs and the lack of regular health care mean that a black American man is likely to die at a younger age than a counterpart from Bangladesh. The compared statistics from Harlem with an internationally-sponsored study of death rates from one region in Bangladesh and found that 55 percent of the men there live to age 65, but only 40 percent in Harlem do. The doctors suggest that Harlem actually be named a health care disaster area. (ABC-5, NBC-9, CBS-12)

PARENTAL ACCOUNTABILITY

ABC's Rebecca Chase reports that parents being are held legally responsible when their children get into trouble all over the country. In California, if a child participates in gang activity, the parents can face up to a year in prison. In Florida, if a child accidentally shoots someone, the parent who owns the gun can serve up to five years in jail. In 29 states a family can be evicted from public housing if a child is using or selling drugs. In Wisconsin, parents can be forced to support their unwed teenager's child, and under a year-old law called Learnfare, welfare recipients will get their checks docked if their child repeatedly skips school.

(Gov. Tommy Thompson: "We've been too easy on parents, allowing them not to have to take care of their children, saying the state has to do it, the federal government has to do it. This is not the government's responsibility, this is the parent's responsibility.") But...critics say these laws do not solve the problem, and so far the results are mixed.

(Prof. Erin Chernerinsky, USC Law School: "The problem with Learnfare is that it says we want kids to go to school, but it doesn't implement a program that can work with kids and families to get them to go to school, stay there and graduate.")

Lawyers across the country are questioning the basic Constitutionality of these laws. (ABC-12)

CZECHOSLOVAKIA

Brokaw reports that the Soviet government has agreed, in principle at least, to withdraw all of its 80,000 troops from Czechoslovakia, but no timetable has yet been set. (NBC-3)

POLISH STRIKES

Brokaw reports that more than 6,000 coal miners now have gone on strike in southern Poland. They say that they're being squeezed by inflation, and that they want more money. (NBC-4)

BURMESE ELECTIONS

Rather reports that the military government of Burma said it would allow free elections in May, but today barred the country's leading pro-freedom activist from running because her party is allegedly linked to an illegal student group. After announcing the decision, the dictatorial military government poured riot police and martial law troops into the streets of Rangoon. (CBS-6)

EDITORIALS/COLUMNISTS

PANAMA

Let Panama Consider Living Without An Army -- "...As the representative of a nation that more than four decades ago abolished its army, I take the liberty of proposing to the Panamanian people that they consider living without armed forces.... I want to reiterate to the Panamanian people what I have said so many times: Honor those men and women who disarm their peoples to allow them to achieve freedom and work for development, and not those who pile up arms and remain insensitive to the hunger of their fellow citizens.... There will always be those who will say that an army is necessary to protect the Panama Canal. But...various practical agreements are possible...to ensure the safety of the canal."

(Costa Rican President Arias, Houston Chronicle)

Don't Rebuild The Army In Panama -- "...Why must the new Panama have a military machine? Is there danger from its neighbors, the governments of Costa Rica and Colombia? Of course not.... Panama should heed the advice of Costa Rican President Arias, who proposed last week 'that they consider living without armed forces.'... The U.S. government is morally obligated to help in the reconstruction.... Panamanians need classrooms, hospitals, highways and decent water, sewer and electric systems. They can do well without tanks and guns.... How inspiring it would be if the Bush Administration let it be known that a Panama without an army would be advisable. It should be up to the Panamanians to decide between military uniforms and school uniforms."

(Hartford Courant, 1/14)

Panama Needs No Army -- "...The Argentine and the Panamanian militaries...proved useless against a serious enemy. In contrast, Costa Rica has long maintained stable democracy and relative economic stability without an army.... Panama is not Costa Rica. For one thing, treaties give it responsibility for defending the Panama Canal after 1999. For another, demilitarization may seem particularly hard for nationalists to swallow immediately after American intervention. Yet, as President Arias notes, the canal could be adequately defended by a regional or international force.... Too often, Washington's notions of how to expedite development in Latin America have centered on military training and assistance.... President Endara and Panama would do well to consider Costa Rica's model on their northern border: no troops at all."

(New York Times, 1/12)

A Capture Worth The Cost -- "...Washington should think in terms of a billion dollars at least in revival aid, to start Panama on the way to being a prosperous democracy. And the new Panamanian government should think in terms of demilitarizing that country -- of doing away with the army in favor of an efficient, civilian-controlled police force. That was the wise course taken by its democratic neighbor to the north, Costa Rica. Panama has no need for regular armed forces; the Panama Canal, and the Canal treaty, insure that any aggressor against that nation also would be in collision with the United States. The new government of President Endara...should know the destructive potential of military ambition. His elections were nullified by Gen. Noriega, and its winners beaten or otherwise harassed by his goon squads and his army."

(San Francisco Examiner, 1/5)

FOREIGN AID

Dole's Sensible Plan -- "Sen. Dole has made a sensible proposal.... He proposes to divert just 5 percent of congressionally mandated foreign aid funds from five nations -- Israel, Egypt, the Philippines, Turkey and Greece -- in order to help such nations as Poland, Romania and Hungary make a peaceful transition to democratic, market-oriented systems.... Why couldn't a relatively small sum of \$150 million be diverted from Israel in order to aid Hungary, or \$100 million diverted from Egypt to help Romania through its crisis? Or, as Dole asks, 'Are big gains for freedom worth a small cut in a few huge foreign aid programs?' The answer, of course, is yes." (Baltimore Evening Sun, 1/17)

A Foreign Aid Investment -- "...The most lucid contribution to [the foreign aid] challenge comes from Sen. Dole. He sees a 'peace dividend' already available in the foreign aid budget by trimming the amounts for the largest recipients.... Several of the big five [countries] are engaged in skirmishes with their neighbors, efforts that might not exist without American aid. A reduction in military supplies from Uncle Sam could be the beginning of wisdom in their foreign policy as well as that of the U.S. None of the big five is likely to threaten to get more aid from Moscow if Washington fails to deliver.... The positive aspects are aptly expressed by Sen. Dole: 'There is no better investment we can make in America in 1990 than finding ways to support the new democracies.'"

(The Boston Globe, 1/17)

SOCIAL SECURITY

Trust Fund Must Be Protected, For Now -- "...Sen. Moynihan...would return Social Security to a pay-as-you-go status, cutting payroll taxes, eliminating surplus collections and thus taking Social Security out of the deficit picture. Moynihan's plan, however, would take Social Security back to its shaky pre-1983 status, threatening its long-range integrity. His proposal may be spurred by a desire to force President Bush to raise taxes as a deficit-reduction tool. Reducing the federal deficit would be the best thing that could happen to Social Security because less government borrowing frees more capital for expansion of the economy, and the economy must grow if Social Security is to meet its obligations in the future." (Ft. Worth Star-Telegram, 1/15)

Thanks, Pat -- "...Shaving the Social Security payroll tax back to 5.1 percent by 1991 would save the taxpayers \$55 billion, money young taxpayers could sock away in retirement funds that earn something more substantial than federal IOUs.... Moynihan reportedly has proposed the cut in order to force President Bush to raise other taxes. Budget Director Darman has risen to the bait by opposing the tax cut. He worries that it would raise the official deficit \$55 billion.... The White House, perhaps in hopes of creating an alternative to the Moynihan plan, has proposed letting families that earn less than \$120,000 deposit \$5,000 annually into an account that would accrue interest and dividends tax-free.... Moynihan has thus given Bush an opportunity to privatize the Social Security system before it becomes a source of intergenerational warfare, put an end to the budgetary shell game that Congress routinely employs, and address in one grand gesture the problems of high taxes and low savings rates. The White House ought to take this gift and run with it." (Washington Times, 1/17)

FOREIGN MEDIA REACTION

AZERBAIJAN

"When Force May Be The Only Way Out"

"As armed men with hunting rifles seek revenge deep in the Caucasus, the grand design of perestroika is challenged by a new threat which it unwittingly helped to create.... Swift military action has come to look, regrettably, like the first necessary step. A world which applauded the hands-off policy of perestroika should understand that Gorbachev has no alternative but to get his hands back on this crisis."

(Guardian, Britain)

"Holding The Ring"

"The decision to intervene in force does not in any sense mark the reversal of Gorbachev's commitment to a peaceful solution to the problem posed by the Soviet Union's restless nationalities -- indeed it is legitimate to ask why the Russians hesitated so long. The West should react with sympathy and understanding to the Soviet Union's unhappy role in seeking to hold the ring between two deeply hostile communities.... Unhappily, it will almost certainly require guns, rather than the ballot box, to quell the hatred in Azerbaijan."

(Daily Telegraph, Britain)

"Swamped By Nationalisms"

"The fault...is in large measure Gorbachev's own. His original purpose, on becoming the Kremlin's No. 1, was mainly confined to a reform of the decrepit Soviet economy.... Disappointed in the results, he set out to massively tap the suppressed energies of the people by, as it were, democratizing the old party autocracy. It apparently did not occur to him that the Soviet system's Achilles heel might lie in its vaunted nationalities policy.... Only its prompt restructuring as a free commonwealth may yet prevent the Soviet Union from being swamped by its own nationalities."

(Jerusalem Post, Israel)

"War In Caucasia"

"Recently, Gorbachev was celebrated as the 'Man of the Decade.'... It is his personal tragedy that...he is seen in the Soviet Union as the man who makes the failure of old structures visible without convincing the people with new ones. More than a shadow is cast on the 'new thinking' when Moscow resorts to violence now and uses military force.... The soldiers may manage to stop the fighting but not without great sacrifices. These sacrifices may cause Gorbachev's failure to maintain the unity of the empire within a new framework." (Westdeutsche Allgemeine, West Germany)

"Gorbachev's Risposte"

"...Moscow has made the Caucasus its new Afghanistan. As in December 1979 in Kabul, the Red Army has officially as its mission the re-establishment of order and the prevention of the reversal of socialist structures. But now its task remains inside its own country. That means the extraordinary fall of the Soviet empire and...its ineluctable implosion.... Gorbachev is harvesting now the 'bitter fruit' of his political work."

(Parisien, France)

-End of News Summary-

01/5/10 MB

UNCLASSIFIED UPON
REMOVAL OF CLASSIFIED
ATTACHMENTS

06/8/11

CLASSIFIED

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02a. Memo	From Brent Scowcroft Re: National Security Council Meeting (3 pp.)	01/18/90	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Thursday, January 18, 1990

Date Closed: 1/5/2009	OA/ID Number: 90532-010
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:
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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]
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PRM. Removed as a personal record misfile.

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

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Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02b. Talking Points	Points to be Made for NSC Meeting on International Economic Policy: Key Strategic Issues (1 pp.)	n.d.	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Thursday, January 18, 1990

Date Closed: 1/5/2009	OA/ID Number: 90532-010
FOIA/SYS Case #: 2009-0166-S	Appeal Case #:
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PARTICIPANTS

The President
The Vice President
John H. Sununu, Chief of Staff
James A. Baker, Secretary of State
Nicholas F. Brady, Secretary of Treasury
Richard B. Cheney, Secretary of Defense
Richard A. Mosbacher, Secretary of Commerce
Richard G. Darman, Director, Office of Management and
Budget
William H. Webster, Director, Central Intelligence Agency
Carla Hills, United States Trade Representative
Michael J. Boskin, Chairman, Council of Economic Advisors
Gen. Robert T. Herres, Joint Chiefs of Staff
Mark L. Edelman, Director, Agency for International Development
Brent Scowcroft,
Assistant to the President for National Security Affairs
Timothy E. Deal,
Acting Senior Director for International Affairs, NSC

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02c. Memo	From Nicholas F. Brady to President Bush Re: U.S. International Economic Policy in the 1990's (3 pp.)	01/17/90	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Thursday, January 18, 1990

Date Closed: 1/5/2009	OA/ID Number: 90532-010
FOIA/SYS Case #: 2009-0166-S	Appeal Case #:
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Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02d. Paper	U.S. International Economic Policy in the 1990s: Key Strategic Objectives and Priorities (45 pp.)	n.d.	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Thursday, January 18, 1990

Date Closed: 1/5/2009	OA/ID Number: 90532-010
FOIA/SYS Case #: 2009-0166-S	Appeal Case #:
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Document Originally
Attached to
Following Page

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03a. Cable	From Manila Comms: Bob Gates to White House/Situation Room/Brent Scowcroft Re: Meeting with Aquino (1 pp.)	01/18/90	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Thursday, January 18, 1990

Date Closed: 1/5/2009	OA/ID Number: 90532-010
FOIA/SYS Case #: 2009-0166-S	Appeal Case #:
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Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03b. Memo	From White House/Robert Gates to White House/Situation Room Re: Meetings in Phillipines (2 pp.)	01/19/90	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Thursday, January 18, 1990

Date Closed: 1/5/2009	OA/ID Number: 90532-010
FOIA/SYS Case #: 2009-0166-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
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Bush Library Photocopy
George Bush Handwriting

Patty
Be sure
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done
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GARRETT & COMPANY
1630 CONNECTICUT AVENUE, N. W.
SUITE 202
WASHINGTON, D. C. 20009
(202) 332-0200

THE PRESIDENT HAS SEEN

January 17, 1990

MEMORANDUM FOR JOSEPH HAGIN

FROM: THADDEUS GARRETT, JR.

SUBJECT: JANUARY 28, 1990

All is confirmed. The church service for Sunday, January 28, 1990 will be held at 11:00a.m. at the John Wesley A.M.E. Zion Church, located at 1615 14th Street, N.W., Washington, D.C. (Corner of 14th and Corcoran Streets, N.W.).

The pastor and contact person is Dr. G. Ray Coleman. His office number is 667-3824 and his home number is 726-9202.

The President will be asked to just say a few words of greeting. He's familiar with the drill.

Just call if you need any more information.

1-18
SIR, Bush,
MRS.

fyi
P.

T.S.

THE WHITE HOUSE

WASHINGTON

TALKING POINTS FOR EBONY/JET INTERVIEW

THURSDAY, JANUARY 18, 1990 - 3:30 pm

FEBRUARY IS BLACK HISTORY MONTH. DO YOU, AS PRESIDENT, THINK THAT IT'S IMPORTANT TO RECOGNIZE SUCH A MONTH?

Certainly it's important. It's important for all of us -- and I should think black youth in particular -- to gain a better understanding of black history, of the struggle that was waged and the lives that were lost in pursuit of the civil rights we now sometimes take for granted. Black History Month provides all of us the opportunity to recognize the outstanding achievements black men and women have made to our country's heritage over the years.

DO YOU FEEL THAT THE OBSERVANCE OF DR. KING'S BIRTHDAY ADDS TO THE NATION'S UNDERSTANDING OF THE CONTRIBUTION OF BLACK AMERICANS?

Martin Luther King shone a bright light of inspiration into one of America's darkest, stormiest moments in history. By observing a national holiday in honor of his birthday, we celebrate a life dedicated to the struggle for racial equality and justice.

Just last week, we had a signing ceremony with civil rights leaders in which I signed a proclamation authorizing January 15, 1990, as a Federal holiday. Consider the greatness of such a man -- he should have his own day.

DO YOU REGARD THE RECENT WAVE OF PACKAGE BOMBINGS AGAINST FEDERAL JUDGES AS A SYMPTON OF GROWING RACIAL EXTREMISM?

I am extremely disturbed by these bombings. I met with Ben Hooks last week (January 9) to personally express to him my outrage at not only the bombings, but the obscene phone calls and hate mail that the NAACP has been receiving recently. I reassured him that my Administration will not tolerate bigotry and racial prejudice. I asked Hooks to let his membership know that we will not let up in the fight against racism and that we will work to bring the perpetrators of these hideous crimes to justice.

DURING THE CAMPAIGN, THE WILLIE HORTON CASE LEFT A BAD TASTE IN SECTIONS OF THE BLACK COMMUNITY. WHAT ARE YOUR THOUGHTS ON THE MATTER MORE THAN A YEAR LATER?

The ad was never intended to focus on Willie Horton the man, nor did it ever actually show his face. It was intended to focus on one simple issue: Massachusetts's furlough program. The color of his skin wasn't the issue; what was the issue was that he was released on furlough after having committed a heinous crime.

WHO ARE YOUR LONG-TIME BLACK FRIENDS? WHICH BLACKS DO YOU TURN TO FOR GUIDANCE AND POLITICAL ADVICE? WHO ARE THE BLACKS WHO ADVISE YOU IN THE WHITE HOUSE?

I get into trouble when I start naming names, so I hesitate to do so. When I seek advice from a person, I don't seek it because of the color of their skin, but because of their insight and political expertise. (If pressed for a few names: Colin Powell, Louis Sullivan, Art Fletcher, Josh Smith, Dorothy Height, Fred McClure, Connie Newman. In the White House: Fred McClure, Ana Perez, Jo Watkins, Kristin Taylor, Condi Rice. Lionel Hampton.)

DO YOU FEEL THAT THE REPUBLICAN PARTY WILL CRACK THE DEMOCRATIC PARTY'S DOMINATION OF THE BLACK COMMUNITY? HOW?

I've always said that we will try hard to bring more minorities into the Republican fold, and we are working on that. Lee Atwater has also been working hard to bring more blacks into the GOP. We are the Party of Lincoln. Today, more than ever, we must begin to practice the "Politics of Inclusion."

MANY BLACKS CRITICIZED YOU FOR CAMPAIGNING AGAINST DOUG WILDER AND DAVID DINKINS. HOW DO YOU RESPOND?

Wilder and Dinkins are both well-respected leaders and I wish them well as they begin their terms. I never considered myself campaigning against either of them. I think Wilder's inauguration was a history-making event. There's a tremendous feeling of respect and admiration for the Governor.

THE JUSTICE DEPARTMENT HAS COME UNDER FIRE RECENTLY FROM CIVIL RIGHTS GROUPS WHO DOUBT THAT THERE IS ANY STRONG CONCERN THERE FOR BLACKS. IS THAT CRITICISM JUSTIFIED?

I commend Thornburgh and the entire Justice Dept. for doing what I consider a great job so far. The Civil Rights Division of Justice has continued its record number of prosecutions in areas like fair housing cases and the criminal civil rights division (hate crimes). I have stated publicly before that I strongly support enabling the appropriate agencies to collect as much information as they can on crimes motivated by religious, racial or ethnic animosity. My administration has and will continue to take a strong stand against bigotry, racism and hate crimes.

Note: The acting head of the Civil Rights Division is James Turner.

ARE THERE ANY PLANS TO INVITE THE SOUTH AFRICAN PRESIDENT ON AN OFFICIAL VISIT TO WASHINGTON?

At this moment, there are no plans for (Willem) De Klerk to pay us an official visit.

On the release of Mandela: I think everyone has heard the reports (still unconfirmed) that Nelson Mandela might be released, and I strongly support that. I've always called for his release and for dialogue between the South African government and the black opposition.

On sanctions: I am not in favor of new sanctions. I've always said that they would hurt the very people they are intended to help.

THE FINAL TWO QUESTIONS REQUIRE YOUR PERSONAL REFLECTION:

ARE THERE BLACK POLITICIANS WHO CROSSED YOUR UPWARD-BOUND PATH WHO MADE AN INDELIBLE IMPRESSION?

THE FIRST LADY ENJOYS INCREASING POPULARITY IN THE BLACK COMMUNITY. TO WHAT DO YOU ATTRIBUTE HER POPULARITY?

Joe Morgan
Josh Smith
Ant
Steve Scott
Thaddeus

Ben Andrews
Bill Lucas
Bonnie
Houston
Rev. Williams

Photocopy from George Bush Presidential Library

Blacks and the Economy in the '80s

- o Although blacks continue to lag behind other economic groups in a number of areas, and economic progress has stalled among certain black groups, there are positive accomplishments that can be cited.
- o During this economic expansion, the condition of blacks has improved significantly, although further progress clearly is required:
 - The unemployment rate among blacks dropped from 18.9 percent in 1982 to 11.4 percent in 1989, the lowest rate recorded in fifteen years. (The overall rate, however, was 5.3 percent in 1989.)
 - Black family income increased by 16 percent; white family income increased by 12.4 percent.
 - The black poverty rate has dropped by 4 percentage points; the white poverty rate has dropped by 1.9 percentage points. (Although the black rate remains considerably higher.)
 - The share of black families in the highest income bracket (\$50,000 or over in 1988 dollars) more than doubled, rising from 6.0 to 12.6 percent.
 - Employment of blacks in higher paid white collar occupations increased about twice as fast as overall employment in these occupations.

Daily

phone log

... some things we've been doing.
the murder rate in 1989 would be
much higher" than it was, Barry said.

Astronauts Awakened By Engine Problem

Reuter

HOUSTON, Jan. 17—The crew of the space shuttle Columbia had to be awakened tonight when a small engine in the nose of the spacecraft began firing without reason, NASA officials said.

Flight commander Dan Brandenstein took manual control of the shuttle, which had been on automatic pilot while the astronauts slept, and put the shuttle back in its normal flight path, National Aeronautics and Space Administration spokesman Kyle Herring said.

Ground controllers told the astronauts that they thought the engine fired because it had received faulty data from an Earth computer.

Herring said the astronauts were told to go back to sleep, but ground engineers were still studying the problem. The mysterious firing occurred less than an hour after a smoke detector on board the shuttle went off for the second time today. Ground controllers blamed the smoke alarm on a faulty detector and said there was no indication of smoke on the shuttle.

The shuttle, which completed its major mission of retrieving a falling satellite Monday, is due to land in California Friday.

NASA spokesman Steve Nesbitt said the engine fired inadvertently for just over two minutes.

Photocopy from George Bush Presidential Library

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Preservation

SUGGESTED TALKING POINTS FOR TELEPHONE CALL
(SPACE SHUTTLE COLUMBIA ASTRONAUTS)

- Commander Brandenstein, I'm calling to congratulate you and your crew of the space shuttle Columbia on your mission. The LDEF (pronounced L Def) grab was exciting and a job well done. We are all very proud of you.
- By the way Dan, happy belated birthday. I hate to remind you of this, but whether you're flying at mach 25 or walking around on Earth, you are still forty seven. And no, I am not going to sing "Danny Boy".
- Jim, Marsha, and David -- you are all rookies. How does real space flight compare with the simulators?
- Jim, is it more challenging piloting the shuttle or a Navy fighter?
- Bonnie, what was the most challenging aspect of the LDEF retrieval?
- I understand LDEF will provide us with a lot of information important to the design of space station Freedom and future spacecraft.
- Tell me about a few of the experiments on board LDEF.
[Note: The astronauts will probably describe one experiment which involves the study of weightlessness using tomato seeds.]
- I am delighted that the space program is providing materials for use by school students all over the country.
- Our investment in the education of our young people, particularly in math and science, is the most important investment we can make in the future of America.
- I just want you to know that you and your colleagues are doing a tremendous job and that the space program has my strong support. Columbia's flight has been flawless and is a real tribute to the skills of your crew and all the men and women of NASA.
- You are pioneers pointing the way to the future. Your LDEF retrieval really demonstrates how people and machines can work in space to benefit us all on Earth.
- Barbara and I wish you well. We are looking forward to your return and the return of your valuable cargo. Godspeed on your journey home.

CREW BIOGRAPHIES

Daniel ("Dan") C. Brandenstein, 46, Captain, USN, is the mission commander, and is making his third Shuttle flight. He was born in Watertown, Wisconsin; graduated from Watertown High School in 1961; and received a B.S. degree in mathematics and physics from the University of Wisconsin in 1965. Brandenstein was designated a naval aviator in 1967. During the Vietnam War and later as a test pilot, he logged more than 5,200 hours of flying time in 24 types of aircraft and has more than 400 carrier landings.

Brandenstein was pilot for STS-8, the third flight of Challenger, launched on August 30, 1983. On his second flight, Brandenstein served as commander for STS-51G, launched June 17, 1985. Following STS-51G, Brandenstein became deputy director of flight crew operations at Johnson Space Center and later assumed his current post, Chief of the Astronaut Office.

James ("Jim") D. Wetherbee, 37, Lieutenant Commander, USN, is the mission pilot, and is making his first Shuttle flight. He was born in Flushing, N.Y.; graduated from Holy Family Diocesan High School, South Huntington, N.Y., in 1970 and received a B.S. in aerospace engineering from Notre Dame in 1974. Wetherbee was designated a naval aviator in December 1976. After serving aboard the aircraft carrier USS John F. Kennedy, he attended the Naval Test Pilot School and completed training there in 1981. He then tested, and later flew, the F/A-18 until NASA selected him to become an astronaut in May 1984.

Bonnie ("Bonnie") J. Dunbar, 40, is mission specialist 1, and is making her second Shuttle flight. She was born in Sunnyside, Washington; graduated from Sunnyside High School in 1967; received a B.S. degree and an M.S. degree in ceramic engineering from the University of Washington in 1971 and 1975, respectively; and received a doctorate in biomedical engineering from the University of Houston in 1983.

Dunbar served as a mission specialist on STS-61A, the West German D-1 Spacelab mission, and the first Shuttle flight to carry eight crew members. During that mission, Dunbar was responsible for operating the Spacelab and its subsystems as well as performing a variety of experiments.

Marsha ("Marsha") S. Ivins, 38, is mission specialist 2, and is making her first Shuttle flight. She was born in Baltimore, Maryland; graduated from Nether Providence High School, Wallingford, Pa., in 1969; and received a B.S. degree in aerospace engineering from the University of Colorado in 1973. Ivins began her career with NASA as an engineer in the Crew Station Design Branch at Johnson Space Center in July 1974, where her work involved Space Shuttle displays, controls, and the development of the orbiter head-up display.

G. David ("David") Low, 33, is mission specialist 3, and is making his first Shuttle flight. He was born in Cleveland, Ohio; graduated from Langley High School, McLean, Va., in 1974; received a B.S. degree in physics-engineering from Washington and Lee University in 1978; received a B.S. degree in mechanical engineering from Cornell University in 1980; and received a M.S. degree in aeronautics and astronautics from Stanford University in 1983. Low began his career with NASA in 1980 in the Spacecraft Systems Engineering Section of the NASA Jet Propulsion Laboratory, and was selected as an astronaut in May 1984.

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
04a. Talking Points	From President Ozal to President Bush (1 pp.)	01/18/90	(b)(1)	

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Thursday, January 18, 1990

Date Closed: 1/5/2009	OA/ID Number: 90532-010
FOIA/SYS Case #: 2009-0166-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

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

(b)(1) National security classified information [(b)(1) of the FOIA]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
04b. Talking Points	[From President Ozal to President Bush] (1 pp.)	01/18/90	(b)(1)	

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Thursday, January 18, 1990

Date Closed:	1/5/2009	OA/ID Number:	90532-010
FOIA/SYS Case #:	2009-0166-S	Appeal Case #:	
Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

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

- P-1 National Security Classified Information [(a)(1) of the PRA]
- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-3 Release would violate a Federal statute [(a)(3) of the PRA]
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
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PRM. Removed as a personal record misfile.

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

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- (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]
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- (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- (b)(9) Release would disclose geological or geophysical information

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
04c. Talking Points	[From President Ozal to President Bush] (1 pp.)	01/18/90	(b)(1)	

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Thursday, January 18, 1990

Date Closed:	1/5/2009	OA/ID Number:	90532-010
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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January 18, 1990

TALKING POINTS

(CFE Talks and Modernization of the Turkish Armed Forces)

-- During this period of rapid change, we share your conclusion that NATO can continue to serve allied interests by taking upon itself an increasingly political role. The prospects for arms control look good, particularly for an agreement this year in the CFE talks.

-- We attach a great importance to a CFE agreement which will stabilize and strengthen the security in Europe at lower levels of conventional arms.

-- Whatever the outcome of CFE, the need for Turkish military modernization will continue. That is why we have suggested that our modernization program be supported by transfers of allied arms slated for reduction in the context of a CFE agreement.

BEYAZ SARAY'DAKİ GÖRÜŞMEYE AMERİKAN TARAFINDAN KATILACAKLAR

- Başkan Yardımcısı Quayle
- Dışışleri Bakanı Baker
- Savunma Bakanı Cheney
- Ticaret Bakanı Moşbacher
- USTR Hills
- Ulusal Güvenlik Danışmanı Scowcroft
- Ulusal Güvenlik Danışmanı Yardımcısı Gates
- Dışışleri Avrupa işleriyle görevli Dubbins
- Beyaz Saray Ulusal Güvenlik Konseyi'nden Hutchings
- Ankara Büyükelçisi Abromowitz

CHARLES L. BARTLETT

1529 18TH ST., N.W.

WASHINGTON, D.C. 20036

Neno to the President
from Charley Bartlett

THE PRESIDENT HAS SEEN

January 18, 1990

Have you considered indorsing the Police Corps proposal in your SOU message? I am told that when the crime package comes up in the Senate on 2/7, the Democrats led by Biden, Sasser, and Bradley will push hard for it. Since the original study on the proposal was done in the Reagan administration and since the concept seems to fit so neatly into the needs of this time and into the philosophy of your administration, why wouldn't it be a smart move to plant your flag on the idea?

The big negative would be cost but the program will function as a loan guarantee program and there will be no immediate budget cost. Participating students will be given student loans to help with college expenses and the loans will be forgiven only after they have fulfilled their commitment of service on state and local police forces.

The other negative is the opposition of your supporter, Ed Gates, who argues that the police forces need career officers, not temporaries who will serve for a few years after they leave college. I am told that most other big city police chiefs say that simply isn't true - the real need is for able manpower. The ROTC programs certainly proved their value when war came and the quality of young people who would be attracted to this program could make a difference in the war we face against crime.

Your staff has all the material on the proposal,

C.B.

THE PRESIDENT HAS BEEN

THE PRESIDENT HAS SEEN



43
JANUARY 18, 1990

DEAR MR. PRESIDENT AND MRS. BUSH,

THANK YOU SO MUCH FOR HOSTING DAVID AND ME AT CAMP DAVID LAST WEEKEND. I'M GLAD I HAD A CHANCE TO VISIT WITH YOU BOTH AND PAULA, AND I ENJOYED THE AFTERNOON VERY MUCH. BOWLING AT CAMP DAVID LANES WAS AN EXPERIENCE I WILL LONG REMEMBER.

THE HOUSE IS SLOWLY DRYING OUT, AND THINGS ARE GOING WELL SO FAR HERE AT YALE. I HOPE MY MOTHER WILL HAVE A CHANCE TO SEE CAMP DAVID IN THE SPRING - SHE REGRETS NOT COMING WITH DAVID AND ME. SHE AND I BOTH LOVE OUR VOLUMES ON THE AMERICAN PRESIDENTS - THANK YOU VERY MUCH.

PLEASE GIVE MY BEST TO PAULA, DON, AND THE REST OF THE FAMILY.

THANKS AGAIN,

Bill Steiger

EXCERPT FROM NBC's "TODAY"

STORY ON PRESIDENT'S PENCHANT FOR SECRECY

Bryant Gumbel: White House secrets. Many observers, both inside as well as outside the Administration, think that President Bush is an unusually secretive president, a man who runs the White House like he used to run the CIA. Some have even expressed concern that the President's insistence on secrecy can create problems down the road.

Jim Miklaszewski: President Bush is obsessed with keeping secrets.
(TV coverage: President in Oval Office with Administration officials and congressmen.)

He not only defends his right to keep some secrets, he's defiant about it.
(President Bush, in Dec. 21 news conference: "[If] the American people don't like it, I expect they'll get somebody else to take my job. But I'm going to keep doing it.")

And by all accounts, he's good at it. President Bush controls information at the White House much like he did at the CIA, where he was director in 1976. In fact, historian Alan Lickman [phonetic] says secrecy is a big part of Bush's political breeding.

(Alan Lickman: "George Bush was the keeper and maker of secrets as head of the CIA. He was always a bureaucratic operative, someone who was always more comfortable behind the scenes than in public.")

(TV coverage: President conferring with Secretary Cheney at Cabinet meeting.)

By controlling information, Bush controls White House policy and keeps private and public criticism to a minimum. He keeps secrets not only from the press and public but from his staff and Cabinet as well.

(TV coverage: President walking with Chief of Staff Sununu on South Lawn; side shot of President in briefing room with staff in background)

Aides say Bush didn't tell Chief of Staff John Sununu about a secret policy move toward China. Sununu became furious when he found out. Bush became furious when he learned about the leak within his own staff. But Bush's penchant for secrecy has created some problems. It's led to one outright public deception, and has raised questions over the Administration's credibility.

(Chinese official toasting during Scowcroft China mission: "And also to the health of President Bush.")

One question involves this White House mission to Beijing in December. Secretary of State James Baker said it was the only such trip to China since the Tiananmen Square massacre.

(Secretary Baker, on Dec. 10 "This Week with David Brinkley": "It is the first time we've had high-level United States officials go to the People's Republic of China.")

But it was the second trip, and Baker knew it. Former CIA Director William Colby says Baker was wrong to lie.

(William Colby: "I think he made a mistake because it affects the credibility of any later statement he makes. Are you sure he's not telling another lie. I don't think he will; I think he's learned his lesson, because that's pretty serious stuff.")

Miklaszewski continues:

Bernard Kalb was State Department spokesman during the Reagan Administration. He resigned when the Administration launched a campaign of lies against Libya, and witnessed first hand how deception erodes credibility.

(Bernard Kalb: "But the idea of a country playing fast and loose with its own credibility, with its own integrity, is a very dangerous and counterproductive operation.... What happens when Uncle Sam stands up in a theater and yells, 'Fire,' and no one moves?")

Lickman warns that Bush should not squander his credibility.

(Lickman: "He may need it later. And I think he's got to be more careful in husbanding his credibility so it won't be nearly spent if indeed he does face tough times or he does face a crisis.")

And while no one argues with the Administration's right to protect legitimate secrets, few believe that includes the right to deceive.

Gumbel discusses White House secrecy with Norman Ornstein of the American Enterprise Institution:

Gumbel: How do you compare President Bush with his predecessors on secrecy?

Ornstein: Well, of course, every president is concerned -- some obsessed -- about secrecy. What I don't see in the Bush Administration is the kind of paranoia that we've had in earlier administration: In the Johnson Administration surrounding the Vietnam War, in the Nixon Administration surrounding all kinds of foreign policy issues -- India, Pakistan, for example. Even to a degree what we had in the Reagan Administration when we talked about Iran-contra. There is more concern about secrecy surrounding matters that could just simply embarrass the President, not those that are really legitimate questions of national security, in this Administration than we've seen in some earlier ones.

Gumbel: But there are some legitimate concerns. I mean, when a president plans a summit and doesn't tell some members of his own Cabinet, doesn't that indicate a phobia of some concern?

Ornstein: Yeah, that's a question that I think is more a matter of political embarrassment than anything else. There wasn't a need to maintain secrecy about the Malta summit to nearly the degree that we had, except that President Bush wanted to announce it on his terms at a given time. It wasn't going to damage national security. What he does is keep things very adroit and closed within his own Administration -- there's a danger in that, that he'll get some people whose noses are out of joint who will end up being very upset and also that you won't get the kind of input that you particularly want.

Gumbel: Isn't that the greater danger? I mean, don't you negate the advisory capacity, the experience of your staff if things are kept so close to the vest?

Gumbel/Ornstein continue:

Ornstein: Yeah, of course what you've seen in other administrations, the secrecy extends at least as much to keeping Congress and the press out of the loop as people within their own administration. You run the danger here that you are going to keep advice that you ought to be getting away from you. You saw that, to some degree, with the way then-Candidate Bush made the decision about his vice presidential nominee. He kept people out of the loop and that probably meant that he didn't get the right kind of advice.

Gumbel: So the public doesn't seem to mind. Is some of the caution coming from those who feel left out of the loop and want back in?

Ornstein: Let's face it, at this point George Bush has an 80% approval rating. That's higher than almost any other modern president at this stage of his presidency. He's not going to much care if the American people don't much care. But you run some risks here that could hurt things down the road. So far, though, he's managed to keep the Congress relatively satisfied on things like covert actions and other areas where they might be upset, and not a lot of public grumbling from the press, in part because there are frequent press conferences. So, so far he's in pretty good shape, but there are dangers down the road.

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THE WHITE HOUSE
WASHINGTON

1-18-90

REMINDER

Oval office carpet and drapes are
changed tomorrow

old rug will be "on loan to the Reagan
Presidential Library"

- Hugh Sidney -

P.

Daily

Document Originally
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White House: 'Inflation under control'

THE PRESIDENT HAS SEEN

WASHINGTON (UPI) _ The White House pointed to the latest economic news Thursday as proof inflation 'has remained very steady' and suggested the Federal Reserve Board take a cue that 'lower interest rates are justified.'

'This is not a new message,' White House press secretary Marlin Fitzwater told reporters, 'but it's important occasionally to point out that lower interest rates are normally good for the economy.'

Insisting 'we aren't telling the Fed what to do,' Fitzwater welcomed the 4.6 percent inflation rate announced earlier by the Labor Department for 1989 as below the administration's forecast of 4.9 percent and 'market expectations.'

Although the figure for 1989 marked the largest advance since 1981, Fitzwater asserted inflation remains 'under control' and said 'we don't see any dramatic problem in the immediate future' about the soundness of the economy.

From time to time over the last year, the administration has sent subtle public signals that the Fed was keeping too tight a grip on credit to keep inflation low.

Expressing a desire to 'be ever vigilant to the need for continued growth,' Fitzwater said, 'We're hopeful that they will take a look at this morning's indicators and understand that these numbers are low and indicate inflation has remained very steady over the last seven or eight years and that lower interest rates are justified.'

Even for the White House, however, not all was bright on the economic horizon Thursday. Fitzwater admitted the Commerce Department's announcement of an 8 percent drop in housing starts in December was 'not good news,' but held out hope the housing industry would rebound by a decline in interest rates.

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PARTICIPANTS IN WORKING LUNCH

U.S.

The President
The Vice President
James A. Baker, Secretary of State
Richard Cheney, Secretary of Defense
Robert Mosbacher, Secretary of Commerce
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security
Affairs
Carla Hills, U.S. Trade Representative
James F. Dobbins, Jr., Principal Deputy Assistant Secretary of
State for European and Canadian Affairs
Morton Abramowitz, Ambassador to Turkey
Robert L. Hutchings, Director for European Political Affairs, NSC
Staff (Notetaker)

Turkey

Turgut Ozal, President
Gunes Taner, State Minister for the Economy
Nuzhet Kandemir, Ambassador
Nabi Sensoy, Diplomatic Adviser to the President
Kaya Toperi, Presidential Press Spokesman

4A • THURSDAY, JANUARY 18, 1990 • USA TODAY

CAPITAL LINE

USA TODAY'S BRIEFING ON WASHINGTON

PEOPLE WATCH

► Neil Bush, President Bush's son, is negotiating a settlement with regulators investigating the failed Silverado Banking, Savings and Loan Association, the Office of Thrift Supervision said. The Denver-based Silverado collapsed in 1988 and was taken over by government regulators, four months after Bush, 34, stepped down as a director. He has not formally been accused of any wrongdoing.

✓ family

DAILY NEWS

Friday, January 19, 1990



**BREAKING UP IS
HARD TO ACCEPT**

The President and First Lady have come to terms with daughter Doro's separation from hubby Billy LeBlond. "We told him we love him and we'll help him in any way we can," Mrs. Bush told our Maureen Santini. The LeBlonds separated last summer. They wed in 1982. Their two kids live with Doro in Maine, but Mrs. Bush said, "Billy's a very good father too. She's a single mother with a very supportive husband. So she's fine."

Chi

family

JAN. 18, 1990

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Thursday

Son of Bush could face banking ban

By James Coates
Chicago Tribune

DENVER—Federal regulators in Washington said Wednesday they plan to penalize Colorado oil executive Neil Bush, son of President Bush, for his actions while he was a board member of Silverado Banking, Savings and Loan here, whose collapse threatens to cost taxpayers \$1 billion.

An investigation into the spectacular collapse of Silverado apparently failed to find any criminal activity by the 35-year-old Bush. His office at Neil Bush & Associates in Denver said he was traveling and unavailable for comment Wednesday. He has proclaimed his innocence in several published interviews.

The FBI and the Internal Revenue Service are still reviewing Bush's actions, according to a spokesman for the federal Office of Thrift Supervision. He also may face civil suits by depositors.

The Silverado affair already has inflicted at least limited political damage on the president, who was heavily criticized in December for allowing Colorado Republicans with ties to Silverado to be hosts for a party fundraising luncheon that the elder Bush attended in Denver.

Neil Bush will face one of two regulatory penalties, according to Karl Hoyle, spokesman for the federal Office of Thrift Supervision, which is investigating the causes behind the collapse of scores of lending institutions during the 1980s.

The government is expected to decide which course to pursue within a few days. Bush may be asked to sign a consent decree promising never again to engage in the sort of banking practices that he conducted at Silverado. Or the regulators may ban him from further dealings with lending institutions, a sanction already imposed on three other Silverado board members, who have been banned from banking for life.

Should Bush refuse to sign whichever measure the thrift office demands, Hoyle said, the agency will take the matter to federal court. Hoyle added that the Federal Deposit Insurance Corp. is reviewing whether Bush and

other bank officers can be sued by depositors for violating their fiduciary responsibility to safeguard depositors' money.

While on Silverado's board, Bush received hundreds of thousands of dollars in loan guarantees and financial backing from two major Colorado real estate developers, according to the Denver Post. The developers subsequently got loans that the Silverado board approved.

Reacting to media reports, First Lady Barbara Bush told reporters Wednesday that her son "hasn't done anything wrong" and added, "If he weren't my son or George's son, I don't think you'd ever have heard his name."

The political damage to the president arose from a luncheon to raise campaign funds for Rep. Hank Brown in his bid to replace retiring Republican U.S. Sen. Bill Armstrong. Brown's leading Democratic opponent, Buie Seawall, has seized upon the presidential appearance as a campaign issue.

The event last December was arranged by developer Larry Mizel, whose company, MDC Holdings, was a heavy borrower at Silverado before the institution declared itself insolvent in late 1988. When the president introduced Brown and others sitting alongside Mizel at the head table, those present noticed that he mentioned every person at the head table except Mizel.

Seawall demanded later that Brown return the \$750,000 raised by President Bush's appearance because it had been arranged by developer Mizel, whose business reversals played a major role in Silverado's collapse.

Neil Bush had resigned from the Silverado board in 1988 after his father began running for president, but before Silverado's troubles became known.

Bush's close business ties to two major borrowers from Silverado are documented in records at the Colorado secretary of state's office. The records outline how in 1983 Bush joined with Denver real estate dealers Bill Walters and Ken Good to form JNB Exploration Co.

The oil exploration company was formed with a \$150,000 contribution from Walters and \$100 from Bush. In 1985, Good invested \$10,000 in JNB and a bank owned by Walters extended Bush and the company lines of credit for \$1.2 million.

As president of the new company, Bush was paid \$66,000 a year, later raised to \$75,000 annually, the documents indicate. Bush left JNB last June, roughly a year after he stepped down from the S&L post.

In 1985, two years after forming JNB with Walters' and Good's help, Bush joined the Silverado board and subsequently the thrift lent the two developers large amounts. At one time Walters had loans totaling \$200 million from Silverado as well as \$43 million in the S&L's common stock.

Hoyle, of the federal thrift office, refused to discuss which of Bush's banking activities had triggered the agency's decision to seek sanctions against him. He emphasized that Bush still could face federal action, either civil or criminal.

Hoyle said of the decision to issue civil sanctions against Bush: "This in no way precludes us from pursuing a criminal investigation in the future. People are going to say, 'Well, we let Neil Bush cut a deal because he's the president's kid,' but that's not the case at all."

family

The Washington Times

PAGE C10 / FRIDAY, JANUARY 19, 1990

Major S&L customer paid Bush's son's debt

By Keith DuBay
ROCKY MOUNTAIN NEWS

DENVER — A major customer of a now-defunct savings and loan paid a business debt for Neil Bush that grew out of their failed oil and gas exploration company, according to deed records and two former associates.

Mr. Bush, the president's son and a director of the Silverado Banking savings and loan from 1985 until August 1988, was a partner with former Denver developer Ken Good in JNB Exploration.

Mr. Bush and two other partners — James Judd and Evans Nash — each signed personal guarantees for a line of credit that eventually ran to \$1.75 million. Mr. Good pledged land he owned as collateral.

According to Mr. Judd and Mr. Nash, Mr. Good told them and Mr. Bush that he would assume their responsibilities for repaying the \$1.75 million to Cherry Creek National Bank in Denver. The bank foreclosed in December on the land Mr. Good had pledged.

"He [Mr. Good] let Neil off," Mr. Judd said in a telephone interview Wednesday from his office in Buenos Aires, Argentina. "Neil respected him for that. It was a favor."

Mr. Bush's office in Denver said he was out of town and unavailable for comment.

Mr. Good, who left Colorado in 1985 after his multimillion-dollar real estate empire collapsed, did not return telephone calls. A White House spokesman refused comment.

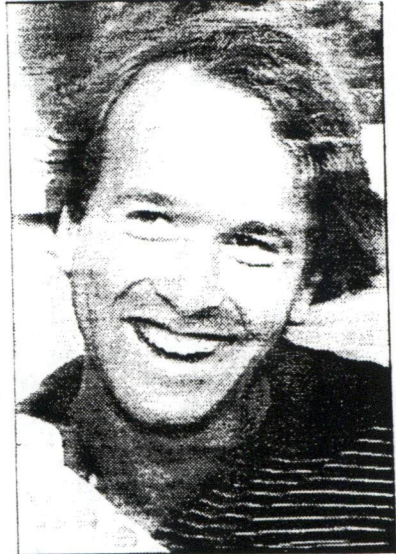
Silverado, Colorado's second-largest savings and loan, was closed by federal regulators in December 1988. In its last year alone, Silverado wrote off \$245 million in commercial real estate losses.

Investigators for the Office of Thrift Supervision have said that "regulators were particularly concerned about ... an unusually large number of problem transactions with related parties such as shareholders, officers and directors, and deficiencies in assessing the creditworthiness of borrowers."

Mr. Bush, 34, has repeatedly denied any wrongdoing in the colossal losses that led to the thrift's failure — a collapse that has been criticized by regulators for its numerous insider deals.

The Office of Thrift Supervision recently banned three former Silverado executives from the industry and has said there will be more actions against former officers and directors.

Mr. Good was among Silverado's largest borrowers. Records show he defaulted on \$32 million in loans to the Denver savings and loan. Mr. Bush reportedly sits on the board of



Neil Bush

Mr. Good's Gulfstream Housing Corp. based in Tampa, Fla.

JNB was started in January 1982, when Messrs. Bush, Judd and Nash left Amoco Corp.

Mr. Good entered the partnership in September 1983, state records show.

Mr. Nash said the extent of JNB's liabilities was "close to \$2 million." He left the partnership in 1985. He said Mr. Good and Mr. Bush relieved him of his responsibility for the loan in return for his share of the firm. Mr. Bush withdrew as a general partner in June 1989.

Mr. Nash said Mr. Bush was released from his liability, in part because "he didn't have any money anyway."

• Distributed by Scripps Howard.

✓family

Business Day

The New York Times

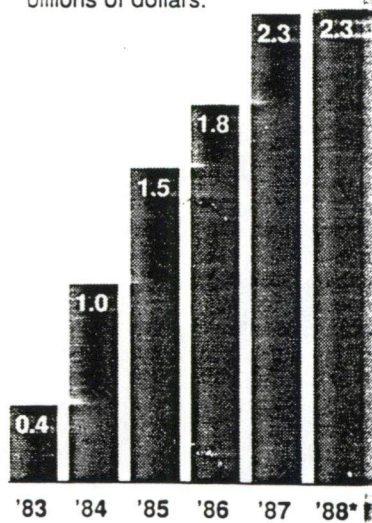
FRIDAY, JANUARY 19, 1990

Copyright © 1990 The New York Times

The Rise and Fall of Silverado

Rapid Growth in Assets ...

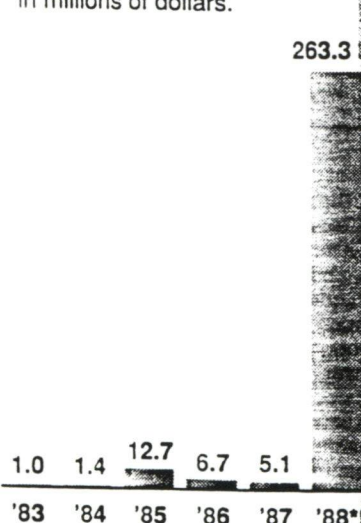
Year-end assets, in billions of dollars.



* Through Sept. 30.

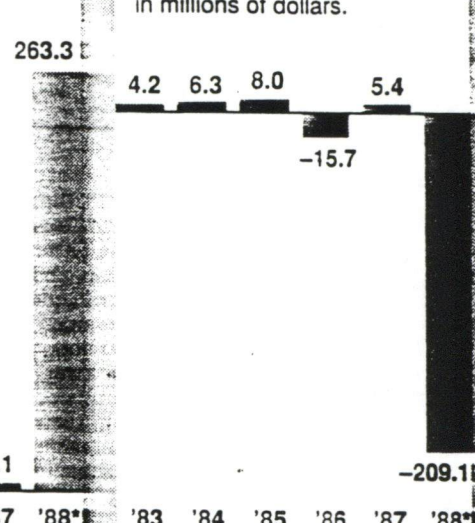
... Gave It a Portfolio of Troubled Real Estate ...

Reposessed assets, in millions of dollars.



... And Ultimately Led to Substantial Losses

Net income or losses, in millions of dollars.



Source: Sheshunoff Information Services Inc.

The New York Times / Jan. 19, 1990

Savings Failure, White House Tie

By THOMAS C. HAYES

Special to The New York Times

DENVER, Jan. 13 — In the current savings industry crisis, the collapse of Colorado's Silverado Banking, Savings and Loan Association would stand out even if one of its former directors were not Neil M. Bush, a son of the President.

The Federal bailout of Silverado is likely to be one of the troubled industry's most expensive, costing taxpayers up to \$1 billion to cover mounting losses from the savings and loan's risky investments in "junk bonds," land, office buildings and housing developments.

The precipitous fall of Silverado was partly the result of poor business judgment. When the oil-dependent Denver economy slumped in the mid-1980's, lowering real estate prices, many of the region's savings and loans tightened their belts and curbed their lending for property. But Silverado plunged ahead, investing in speculative ventures in the midst of a declining market.

Ties With Developers

But Silverado's demise also illustrates the kind of close — and sometimes questionable — links between savings institutions and developers that kept risky loans flowing and worsened the industry's troubles. The links between Silverado board members, including Neil Bush, and local developers are being scrutinized by platoons of Government investigators.

The Federal regulators are exam-



Paul Conklin

Neil M. Bush, the President's son, who was a director of Silverado Banking, Savings and Loan from 1985 to 1988.

ining several issues, but the essential question is whether Silverado's directors and local developers were engaged in self-dealing — shuffling loans and investments to make Silverado appear more financially healthy than it really was.

[Thursday, the Office of Thrift Supervision held a closed-door meeting with Neil Bush in Washington, to consider whether he had committed any improprieties during the three years he was a Sil-

verado director. The office's commissioners met into the evening and were not expected to announce their conclusions until later.]

Earlier this month, three former senior executives of Silverado, including its former chairman and chief executive, Michael R. Wise, signed orders by the Office of Thrift Supervision that permanently barred them from holding jobs in the industry.

The Justice Department and the Federal Deposit Insurance Corporation are also investigating the Silverado case.

Neil Bush, one of four sons of the President, is a 34-year-old Denver oilman and fledgling entrepreneur, whose modest style of living shows no evidence of significant personal wealth. By all accounts, he is close to his father and has served as a popular and effective fund-raiser in the Republican Party in Colorado.

Neil Bush was invited to join the Silverado board in 1985 and resigned on Aug. 30, 1988, two weeks after his father received the Republican Presidential nomination.

'Absolutely Nothing to Hide'

Neil Bush did not respond to repeated requests for an interview. In a recent interview with The Denver Post, he denied doing anything wrong during his period at Silverado. He also denied that he had sought lenient treatment from regulators for the savings association.

"I'm cooperating in every way that I can," Mr. Bush said in the interview, referring to the various Govern-

Continued on Page D2

PAGE 1 OF 3

Savings Failure With a Link to the White House

Continued From First Business Page

ment inquiries. "I have absolutely nothing to hide."

During his three years as a director, the Silverado board and executives dismissed one auditing firm and approved questionable loans that helped to gild Silverado's weak capital base, keeping regulators at bay.

The institution was finally seized by Federal regulators in December 1988. The Government sold Silverado's healthy operations to the First Nationwide Financial Corporation, a unit of the Ford Motor Company. Those operations are now part of Columbia Savings, the largest savings institution in Colorado, with more than \$5 billion in assets.

Ties to a Wealthy Borrower

For Neil Bush, the most sensitive issue now under review are his financial ties to a former investor and frequent borrower at Silverado, Bill L. Walters.

Mr. Walters, a high-profile Denver developer whose personal net worth was estimated as high as \$200 million a few years ago, was chairman of the Greater Denver Chamber of Commerce in 1987-88. He obtained more than \$200 million in loans from Silverado, and purchased \$20 million in Silverado securities in 1986. The Denver Post reported. Between 1984 and 1988, he bought \$43 million in Silverado securities, the newspaper said.

In 1983, Mr. Walters contributed

'I'm cooperating in every way that I can,' says the President's son.

\$150,000 to the formation of a an energy partnership, JNB Exploration, with Neil Bush as one of its partners, according to state records. By contrast, Mr. Bush invested just \$100. One of three banks owned by Mr. Walters, the Cherry Creek National Bank, later established a \$1.2 million credit line for JNB Exploration.

According to state records, Mr. Walters sold his interest in JNB Exploration in 1986. Neil Bush, who was a general partner of JNB, and James Judd, another general partner, withdrew from those positions last year. Neil Bush has not been associated with JNB Exploration since last May. He founded a new business, the Bush Energy Company, in March 1989.

One key issue, regulators say, was whether Neil Bush approved any transactions between Silverado and Mr. Walters while the President's son was a Silverado director, which would have been improper. He could have retained his seat on the board, but would have had to excuse himself from discussions regarding loans to investors in his energy business.

David L. Paul, the Colorado regulator of savings institutions, declined to confirm details of the loan and stock-purchase transactions between Silverado and Mr. Walters. The transactions were covered in past examinations by regulators, he said, but under state law the results of the examinations may not be publicly released.

Those transactions and others involving large borrowers and senior officers at Silverado have drawn the attention of Government investigators, according to several industry analysts and consultants. The Office of Thrift Supervision said last week that it had "grave concerns" about some of Silverado's deals.

Industry consultants and executives said the investments in Silverado by Mr. Walters and other large borrowers could have kept the institution's capital above minimum levels required by regulators at a time when earnings from its loans were falling below expectations.

New capital provided by Mr. Walters and others would have permitted Silverado to maintain its active lending practices, which were important to its ability to post profits.

Role of Federal Home Loan Bank

Kermit Mowbray, former president of the Topeka, Kan., branch of the Federal Home Loan Bank, said detailed loan examinations conducted by auditors from his bank resulted in Silverado's posting of a huge loss, of more than \$200 million, in 1988.

A former staff analyst who worked at the Topeka bank for six months in

1986, James Moroney, said in an interview that regulators under Mr. Mowbray had delayed taking action against Silverado when the questionable transactions and other unusual activities came to light in 1986.

He said an executive under Mr. Mowbray cited Neil Bush's position as a Silverado director as a reason for not cracking down on Silverado management. "If anything, Neil Bush was victimized," Mr. Moroney said. "He may have thought we were regulators doing our job."

In an interview, Mr. Mowbray, who left the Topeka home loan bank after Silverado was closed, at the end of 1988, denied that Neil Bush's presence at Silverado resulted in regulatory soft-pedaling that kept Silverado open two more years.

"It certainly had nothing to do with my actions," he said. "In retrospect, we probably should have thrown the management out. But nobody had suggested that."

'We Went Too Far'

For his part, Mr. Wise, Silverado's former chief executive, has insisted that the savings and loan made business mistakes but that it did nothing that violated the law. "It's obvious we went too far," he has said. "But we did nothing illegal or immoral."

Mr. Wise, who is 44 years old and served as treasurer of the Denver Chamber of Commerce before resigning last year, is no longer speaking with reporters about Silverado matters, said Bettina Lawton, a lawyer in Washington who has represented him in the investigations.

Mr. Wise moved from Denver to Wichita, Kan., last year. He is employed there by Jack DeBoer, a hotel developer who once obtained loans from Silverado.

Daily
family

Wed 17-Jan-90 12:48 EST

By DAVE SKIDMORE

Associated Press Writer

WASHINGTON (AP) — Federal regulators negotiating with President Bush's son to settle alleged banking law violations anticipate the matter will be resolved late this week or early next week, an official said today.

Enforcement officials met with Neil Bush several times last week in Washington to discuss allegations stemming from his role as a board member of Silverado Banking, Savings and Loan Association in Denver, said Karl Hoyle, a deputy director of the Office of Thrift Supervision.

After the thrift institution failed in December 1988, regulators blamed the collapse on management's decision to invest heavily in Colorado's ailing commercial real estate market. They also cited an unusually large number of transactions between officers of the thrift and borrowers.

Neil Bush, who owned an oil exploration firm, JNB Exploration, had business deals with two of Silverado's major borrowers. Bush was a director of Silverado from 1985 until August 1988, when his father won the Republican presidential nomination.

In an interview last week, he denied any wrongdoing and said he had "nothing to hide."

Three top officers of Silverado — its chairman, chief executive officer and chief financial officer — have already agreed to accept a thrift office order banning them from working again at a bank, S&L or credit union.

Hoyle said Bush has not yet agreed to settle the matter, but he said he anticipated a settlement or a decision by regulators on whether to move against Bush absent a settlement by early next week.

Bush would not have to admit wrongdoing as part of the settlement. Hoyle said the agreement would not preclude regulators from pursuing criminal charges against Bush in the future if that is indicated.

It also would not interfere with the right of the Federal Deposit Insurance Corp. to pursue a civil suit against Bush and other Silverado officers to recover part of the taxpayers' losses.

Bush's mother, first lady Barbara Bush, told reporters Tuesday, "I'm sorry for him. He hasn't done anything wrong. ... He's cooperating in every possible way."

Bush's Son May Face Regulatory Action Over Role in Thrift Failure, Official Says

By PAULETTE THOMAS

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—Federal regulators expect to take enforcement action against Neil Bush, the son of the president, for his role in the failure of Silverado Banking, Savings & Loan Association, a government official said.

Officials may decide as early as today what the action will be.

Mr. Bush, who served on Silverado's board from 1985 until August 1988, met yesterday with regulators from the Office of Thrift Supervision, the official said. It was the latest of several such meetings over the past 10 days in an effort to negotiate a settlement.

Silverado, based in Denver, was seized by federal regulators in December 1988. The regulators cited unusually large commercial lending in the depressed Denver market and "problem transactions" between officials associated with the thrift. Losses associated with the thrift may total \$1 billion, officials say. It was eventually sold to First Nationwide Corp., the thrift subsidiary of Ford Motor Co.

In the past week, three top executives of Silverado were barred from working in banks or savings and loans in consent agreements with the thrift office. Under the agreements, the officials didn't admit any wrongdoing.

"No matter what happens in this regard," said a thrift office spokesman, "it doesn't preclude pursuing criminal referrals or from pursuing a liability suit against directors and officers." Last week, the agency considered action against Mr.

Bush, but decided it needed more information, he added.

A former employee of the thrift regulatory agency has suggested that Mr. Bush's presence on the board made regulators reluctant to get tough with Silverado.

Mr. Bush has denied exerting any influence over regulators, and said he resigned from Silverado's board after his father received the presidential nomination to avoid any conflict of interest. He lives in Denver, and his energy company, JNB Exploration, is based there. The White House had no comment on the proceedings.

Possible actions against Mr. Bush could include a consent order in which Mr. Bush would agree not to take part in the thrift or banking business for a period of time, but other civil proceedings are also possible, the thrift agency spokesman said. If the regulators couldn't reach an agreement with Mr. Bush, the issue would go before an administrative law judge for review and possible action, the agency spokesman said.

Danny Wall, departing chairman of the Office of Thrift Supervision, recently said he gave federal prosecutors information that linked Silverado to embattled Lincoln Savings & Loan Association, a subsidiary of American Continental Corp. Both thrifts dealt extensively with a Denver real estate concern that regulators allege took part in phony land deals allowing the two thrifts to book paper profits.

The Federal Deposit Insurance Corp. is also considering litigation against former managers and directors of Silverado.

Wed 17-Jan-90 16:52 EST

President's son negotiates with thrift regulators

By BOB WEBSTER

UPI Business Writer

WASHINGTON (UPI) — Neil Bush, son of President Bush, is negotiating a settlement with thrift regulators investigating the failed Silverado Banking, Savings and Loan Association, the Office of Thrift Supervision said Wednesday.

Karl Hoyle, chief spokesman for the thrift agency, said Neil Bush has met with regulators in Washington and a settlement is expected to be announced this week or later next week.

"He's been in here negotiating with our enforcement people and we expect this week or early next week to have either a consent agreement or pursue through the normal course whatever action needs to be taken," Hoyle said.

Silverado collapsed in 1988 and was taken over by government regulators in December of that year, four months after Bush, 34, stepped down as a director. Bush, who lives in Denver and works in the oil industry, joined the Denver thrift's board in 1985.

"At any institution that fails we look at all directors and officers to determine if there is something they did or did not do to cause the failure of the institution," Hoyle said.

Bush has not been accused of any wrongdoing.

Silverado has been under investigation by federal regulators who are examining an unusual volume of activity between it and Lincoln Savings and Loan Association of Irvine, Calif.

Lincoln was seized by regulators in April and has been the focus of a highly charged congressional hearing into its operations and the intervention of five U.S. senators on behalf of its chairman, Charles Keating.

Bush's mother, Barbara Bush, said Tuesday her son "hasn't done anything wrong" and is cooperating "in every way possible."

In an interview with wire service reporters, the first lady said, "Neil is the most loving, loyal, wonderful son. He feels he is hurting his father. But we love him more than life. That is just one of the prices you have to pay."

Last week, three former Silverado officers and directors agreed to consent orders that prohibit them from working in the savings and loan industry without prior regulatory approval. None of the executives admitted any wrongdoing.

Although he declined to specify the nature of the negotiations between thrift regulators and Bush, Hoyle said he expects a resolution will be reached.

Hoyle said Bush could elect to challenge the findings of the OTS investigation of Silverado, which would result in a lengthy legal confrontation.

The settlements with Silverado's directors do not prevent the agency from making criminal referrals, Hoyle said. The agreements also do not prevent the Federal Deposit Insurance Corp. from suing the officers and directors to recover some of Silverado's losses.

Silverado collapsed after the once high-flying Denver real estate market was grounded by the troubled oil industry. Rescuing the failed thrift is expected to cost taxpayers \$1.6 billion.

Prior to closing Silverado, federal examiners had expressed concern about the soundness of the thrift's management. Examiners also were concerned with what they believed to be an "excessive concentration" of commercial lending in the depressed Denver market, the OTS said.

Also flagged for regulatory attention were deficiencies in assessing the ability of borrowers to repay loans and an unusually large number of problem transactions with shareholders, officers and directors, the agency said.

CD
THE WHITE HOUSE

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Mr. Ted Koppel
ABC News
1717 DeSales Street, NW
Washington, DC 20036



THE PRESIDENT

Jan 18, 1990

Dear Ted,

Congratulations on your
10th anniversary - it is an
"important milestone". I
will ask our people here to
consider your kind invitation, for
which I send up thanks. Good luck
Cap But

bcc:

900118

John Sununu

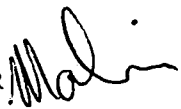
Marlin Fitzwater

Patty Presock

THE WHITE HOUSE
WASHINGTON

January 17, 1990

NOTE TO THE PRESIDENT

FROM: MARLIN FITZWATER 

RE: NIGHTLINE

I suggest a brief note to Ted Koppel
along the following lines:

"Congratulations on your tenth
anniversary. I don't know what my
schedule is for March 24. I've
asked my staff to consider the
opportunity. Thanks for inviting
me. Sincerely, George Bush."

THE PRESIDENT HAS SEEN

ABC News 1717 DeSales Street, N.W. Washington, D.C. 20036 Telephone 202 887-7364

Ted Koppel
NIGHTLINE

January 16, 1990

The President
The White House
Washington, DC 20050

My dear Mr. President:

The NIGHTLINE broadcast will reach an important milestone on March 24th. And I would be honored if you could join me on the occasion of our tenth anniversary for an extended interview.

Obviously, we can discuss details about the format and context for such an interview with members of your staff.

I hope you will be able to participate in this special broadcast.

Sincerely,

A handwritten signature in dark ink, appearing to be 'TK' or 'Koppel', with a horizontal line above it.

Ted Koppel

Mr. and Mrs. William Rouse
12141 Henderson Court
Cincinnati, Ohio 46246



THE PRESIDENT

1-18-90

Dear Sandra -

I am so glad
we met. I will never
ever forget your
courage, your family love,
your pride in your
father son - your
faith, your just plain
class -

With Best Wishes

Sincerely,

Bob

JB

*Country
music*

THE WHITE HOUSE
WASHINGTON

January 18, 1990

Dear Bob:

On October 25, 1989, I was pleased to sign H. J. Res. 401, proclaiming October as "Country Music Month".

Country music is an integral part of our American musical heritage and its popularity continues to grow. Your efforts as original sponsor made "Country Music Month" possible. Please accept this pen commemorating my signing of this legislation.

Sincerely,

George Bush

The Honorable Bob Clement
House of Representatives
Washington, D.C. 20515

JB

George Bush

who is
mom

THE WHITE HOUSE

WASHINGTON

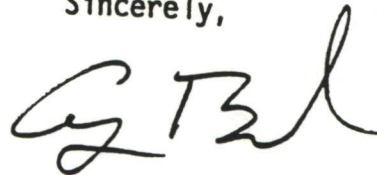
January 18, 1990

Dear Tim:

Your December 22 letter was thoughtful, and I appreciate the invitation to attend your and Tammy's wedding. I especially appreciate your very kind words about my Mother. She is truly one of God's special people.

Barbara and I wish for you and Tammy a life together that is filled with many blessings and much joy. Warmest congratulations to you both.

Sincerely,



Mr. Timothy Bourland
9612 West 86th Street
Apartment D
Overland Park, Kansas 66212



THE WHITE HOUSE

*who is
golf*

Mr. Chuck Beazley
6523 19th Place
West Hyattsville, Maryland 20782



THE PRESIDENT

January 18, 1990

Dear Chuck,

Just a quick note of thanks for your help on the golf course Monday. It was a great treat for us to be hitting the links so early in the season. By now, you should have received some Presidential golf balls -- guaranteed not to three-putt!

Sincerely,

Q B L

bcc: Tim McBride

JB

THE WHITE HOUSE
WASHINGTON

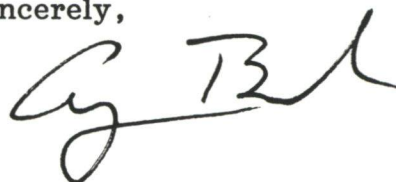
January 18, 1990

Dear Billy:

Congratulations on your retirement from the Massachusetts State Police Department. As you reflect on your achievements of the past 21 years, you can take pride in the knowledge that you have served the citizens of Massachusetts with dedication and honor.

Barbara joins me in sending you our warm best wishes.

Sincerely,



Mr. William Lisano
272 Mill Street
Burlington, Massachusetts

Billy - Good luck in your
new challenge. I'm proud
you'll be in our administration
GB,

Copy
Regis
in file
1990

THE WHITE HOUSE
WASHINGTON

January 18, 1990

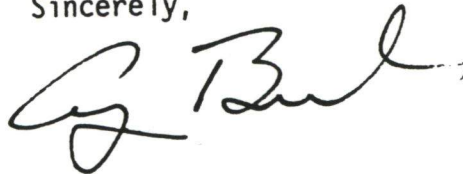
Dear Mr. Ambassador:

~~Tom Melady~~ forwarded to Barbara and me your gift of your book, Le Quai d'Orsay a L'Epreuve de la Cohabitation. Thank you very much for remembering us so thoughtfully and for your kind inscription.

I am pleased that you and our able Ambassador Melady are serving together in Rome, and I hope our paths will cross again before too long.

Barbara and I appreciate your kindness and send our respectful best wishes to you and yours for a wonderful year ahead.

Sincerely,



His Excellency
Jean-Bernard Raimond
Embassy of the French Republic
to The Holy See
Rome

P.S. I really value the warm
personal relationships with
Pres. Mitterand - GB,

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

January 18, 1990

STATEMENT BY THE PRESS SECRETARY

The President met for approximately thirty minutes in the Oval Office with President Turgut Ozal of Turkey. The meeting was followed by a working lunch in the Residence.

The two Presidents discussed a wide range of issues, including changes in the Soviet Union, the negotiations at Vienna on conventional force reductions, and NATO's vital role in a changing Europe. They engaged in detailed discussions of the situation in the Middle East and the sweeping changes in Eastern Europe, with special reference to the Balkans.

The President and President Ozal agreed to continue their pattern of close consultations and stressed the importance of U.S.-Turkish security cooperation at this time of rapid change in Europe and in East-West relations. The two Presidents also discussed Cyprus at some length and reaffirmed their support for UN-sponsored negotiations between Greek and Turkish Cypriots.

#

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

January 18, 1990

REMARKS BY THE PRESIDENT
IN TELEPHONE CONVERSATION WITH
ASTRONAUTS ABOARD THE SPACE SHUTTLE COLUMBIA

The Oval Office

7:39 A.M. EST

THE PRESIDENT: Hello, Fred, can you hear me? Dan? Are we talking to space?

COMMANDER BRANDENSTEIN: Yes, sir, Mr. President. Welcome about Columbia. We hear you very clearly.

THE PRESIDENT: Well, Dan, is that you? The Captain, the boss of that outfit?

COMMANDER BRANDENSTEIN: Well, that's what they say, but everybody contributes a lot and I just kind of stay out of the way so they can get their jobs done.

THE PRESIDENT: Well, listen, I just was calling you to congratulate you. Dan Quayle is sitting here next to me in the Oval Office and, as you know, he's taken a very active role in this Space Council. But what I'm calling to do is to congratulate you and the crew -- after all those summersaults -- for doing a superb job up there on this mission. And we followed the LDEF and the very exciting grab, and I just wanted to hear first hand how it was going.

COMMANDER BRANDENSTEIN: Well, Mr. President, I think it's going very well. We've pretty much concluded most of the major objectives of this mission and, obviously, the retrieval of the LDEF was one of the highlights and we're very happy we have it back onboard. We believe it's a real treasure that's going to help very much in designing future space satellites and shuttles and space stations.

THE PRESIDENT: Well, I think that's wonderful. And how do all the new guys behave: Jim, Marsha and David? Can they talk, or are you doing the speaking for this crowd?

COMMANDER BRANDENSTEIN: I want to give them all a chance. In fact, we'll let G. David tell you how it is to be a new guy.

THE PRESIDENT: All right, fire away, Dave.

DAVID LOW: Well, Mr. President, it's a pleasure to be up here. I've enjoyed this flight very much. We've enjoyed a lot of success with a lot of help from all the folks on the ground. It's a real pleasure to be up here to contribute to our space program.

THE PRESIDENT: Well, I'm delighted. How's Marsha doing? Is she near a mic there?

MARSHA IVINS: Yes, sir, I have a mic. I think, we new guys are really excited. We've waited a long time for this and it's sort of a dream come true. The world looking -- looking at it from up here is incredible.

MORE

THE PRESIDENT: I don't want to date your Commander -- the Captain there, Dan, but I dinner over at the White House two nights ago with Dick Truly who tells me that -- reminded me, that they had flown together sometime back. Dan, sorry about that.

COMMANDER BRANDENSTEIN: That's true. And in fact, I've been taking my share of hits this mission. I just had a birthday yesterday and I've been taking a lot of grief.

THE PRESIDENT: All right. Well, listen -- Is Bonnie there? Who else have we not -- I'd like to say hello to everybody.

COMMANDER BRANDENSTEIN: Certainly. We'll let Jim Wetherbee tell you. He's the other new guy, and we'll let him tell you what he thought of it, and then we'll turn you over to Bonnie.

JIM WETHERBEE: I'm proud to be here. It's a pleasure being part of this program. I'm happy to be part of watching Dan recover that satellite. He's about the best in the world at grabbing satellites at Mach 25.

THE PRESIDENT: Unbelievable. Well, I'm glad to see a Navy pilot -- Could you use a 65-year old Navy pilot up there?

COMMANDER BRANDENSTEIN: Navy pilots don't get that old.

THE PRESIDENT: Oh, yeah? I'm one. (Laughter.) Hey, listen -- There seems to be a long pause.

BONNIE DUNBAR: Well, I'm delighted to be here, Mr. President and feel fortunate to do it again. But I know that it takes a lot of work on the part of many, many people. And I want to thank all the people at Johnson's Space Center and NASA, in general, for making this possible. It's been an incredible mission.

THE PRESIDENT: Well, you know, that's one thing that does come through. There you all are working, and people following very keenly what you're doing. But I think one thing the American people do see as a result of a highly-complex mission like this is this enormously effective teamwork. And I must say, I'd like to join you in saluting everybody involved. And I wish you well as you wrap it up now and come on back. But we're proud of you and I look forward to seeing you at the White House, as does the Vice President, when you can get around to getting up here after you get back.

So, well done. We're proud of you and we will follow the rest of the mission as we have the beginning with great interest. And, Dan, to you and your wonderful crew, congratulations.

COMMANDER BRANDENSTEIN: Well, thank you very much for taking the time and speak with us this morning, Mr. President. And we're proud to have had the opportunity to represent our country and to conduct this mission and along with all the other people that make up the NASA and the space team in this country.

THE PRESIDENT: Okay. Well, we'll let you go to work and well done. Thank you very much. Over and out.

COMMANDER BRANDENSTEIN: Goodbye.

END

7:46 A.M. EST

1:30 P.M. NEWS UPDATE

SOCIAL SECURITY (Christopher Connell, AP) -- President Bush denounced as "a charade" a Democratic proposal to cut the Social Security payroll tax and said it was really an attempt to force him to raise other taxes. Bush also promised that he will not acquiesce in any move that would raise taxes or lead to lower Social Security benefits for older Americans. Reporters asked the President about the proposal by Sen. Moynihan at the start of a meeting between Bush and visiting Turkish President Ozal. Bush pointed to his foreign visitor and replied, "We have the same feeling about it. We both draw a blank when we hear about it. It's an effort to get me to raise taxes on the American people by the charade of cutting them, or cut benefits, and I am not going to do it to the older people of this country," he said.

EXECUTIVE FORUM SPEECH (Terence Hunt, AP) -- President Bush celebrated the completion of his first year in office, brushing aside "second-guessing" over the U.S. invasion of Panama and pledging U.S. assistance to the beleaguered country. Two days before the actual Jan. 20 anniversary of his inauguration, Bush joined members of his Cabinet, Vice President Quayle and thousands of presidential appointees at an upbeat ceremony at Constitution Hall. "All America has triumphed," Bush exclaimed. "It's been quite a year." Bush said America was enjoying "the longest peacetime boom in our history," with low unemployment and moderate inflation. As he has in recent weeks, Bush prodded Congress to reduce capital gains tax rates and enact his proposals for child-care, clean air and to combat crime. "Just wait till the second-guessers see our second year," he said.

ARAFAT (Cairo/AP) -- Yasser Arafat Thursday was quoted as saying he will resign as the leader of the PLO if U.S.-brokered Middle East peace efforts fail. Arafat blamed the current deadlock on U.S. "pampering" of Israel and said the Arabs should use oil as a weapon to win concessions from Washington. His comments appeared in the state-owned magazine Al-Mussawar. "I have told the Arab League this week that if current peace efforts reach a dead end and fail to solve our problem, I will call a meeting of the Palestine National Council that elected me," Arafat was quoted as saying.

RABIN/U.S. AID (AP) -- Israeli Defense Minister Rabin Thursday said he had received assurances that U.S. economic and military aid to his country would not be cut through 1991 even if the Bush Administration reshuffles its \$14.6 billion budget for aid worldwide. But Rabin registered concern beyond next year, saying Israel's own budget is strained by a rising influx of Soviet Jews and efforts to cope with Soviet weapons shipments to Syria, Iraq and Libya. "In view of all this, we believe that we deserve the continuation of the level of support that we get," Rabin told reporters after a 70-minute meeting with Secretary Baker.

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EXCERPT FROM NBC's "TODAY"

STORY ON PRESIDENT'S PENCHANT FOR SECRECY

Bryant Gumbel: White House secrets. Many observers, both inside as well as outside the Administration, think that President Bush is an unusually secretive president, a man who runs the White House like he used to run the CIA. Some have even expressed concern that the President's insistence on secrecy can create problems down the road.

Jim Miklaszewski: President Bush is obsessed with keeping secrets.
(TV coverage: President in Oval Office with Administration officials and congressmen.)

He not only defends his right to keep some secrets, he's defiant about it.
(President Bush, in Dec. 21 news conference: "[If] the American people don't like it, I expect they'll get somebody else to take my job. But I'm going to keep doing it.")

And by all accounts, he's good at it. President Bush controls information at the White House much like he did at the CIA, where he was director in 1976. In fact, historian Alan Lickman [phonetic] says secrecy is a big part of Bush's political breeding.

(Alan Lickman: "George Bush was the keeper and maker of secrets as head of the CIA. He was always a bureaucratic operative, someone who was always more comfortable behind the scenes than in public.")

(TV coverage: President conferring with Secretary Cheney at Cabinet meeting.)

By controlling information, Bush controls White House policy and keeps private and public criticism to a minimum. He keeps secrets not only from the press and public but from his staff and Cabinet as well.

(TV coverage: President walking with Chief of Staff Sununu on South Lawn; side shot of President in briefing room with staff in background)

Aides say Bush didn't tell Chief of Staff John Sununu about a secret policy move toward China. Sununu became furious when he found out. Bush became furious when he learned about the leak within his own staff. But Bush's penchant for secrecy has created some problems. It's led to one outright public deception, and has raised questions over the Administration's credibility.

(Chinese official toasting during Scowcroft China mission: "And also to the health of President Bush.")

One question involves this White House mission to Beijing in December. Secretary of State James Baker said it was the only such trip to China since the Tiananmen Square massacre.

(Secretary Baker, on Dec. 10 "This Week with David Brinkley": "It is the first time we've had high-level United States officials go to the People's Republic of China.")

But it was the second trip, and Baker knew it. Former CIA Director William Colby says Baker was wrong to lie.

(William Colby: "I think he made a mistake because it affects the credibility of any later statement he makes. Are you sure he's not telling another lie. I don't think he will; I think he's learned his lesson, because that's pretty serious stuff.")

Miklaszewski continues:

Bernard Kalb was State Department spokesman during the Reagan Administration. He resigned when the Administration launched a campaign of lies against Libya, and witnessed first hand how deception erodes credibility.

(Bernard Kalb: "But the idea of a country playing fast and loose with its own credibility, with its own integrity, is a very dangerous and counterproductive operation.... What happens when Uncle Sam stands up in a theater and yells, 'Fire,' and no one moves?")

Lickman warns that Bush should not squander his credibility.

(Lickman: "He may need it later. And I think he's got to be more careful in husbanding his credibility so it won't be nearly spent if indeed he does face tough times or he does face a crisis.")

And while no one argues with the Administration's right to protect legitimate secrets, few believe that includes the right to deceive.

Gumbel discusses White House secrecy with Norman Ornstein of the American Enterprise Institution:

Gumbel: How do you compare President Bush with his predecessors on secrecy?

Ornstein: Well, of course, every president is concerned -- some obsessed -- about secrecy. What I don't see in the Bush Administration is the kind of paranoia that we've had in earlier administration: In the Johnson Administration surrounding the Vietnam War, in the Nixon Administration surrounding all kinds of foreign policy issues -- India, Pakistan, for example. Even to a degree what we had in the Reagan Administration when we talked about Iran-contra. There is more concern about secrecy surrounding matters that could just simply embarrass the President, not those that are really legitimate questions of national security, in this Administration than we've seen in some earlier ones.

Gumbel: But there are some legitimate concerns. I mean, when a president plans a summit and doesn't tell some members of his own Cabinet, doesn't that indicate a phobia of some concern?

Ornstein: Yeah, that's a question that I think is more a matter of political embarrassment than anything else. There wasn't a need to maintain secrecy about the Malta summit to nearly the degree that we had, except that President Bush wanted to announce it on his terms at a given time. It wasn't going to damage national security. What he does is keep things very adroit and closed within his own Administration -- there's a danger in that, that he'll get some people whose noses are out of joint who will end up being very upset and also that you won't get the kind of input that you particularly want.

Gumbel: Isn't that the greater danger? I mean, don't you negate the advisory capacity, the experience of your staff if things are kept so close to the vest?

Gumbel/Ornstein continue:

Ornstein: Yeah, of course what you've seen in other administrations, the secrecy extends at least as much to keeping Congress and the press out of the loop as people within their own administration. You run the danger here that you are going to keep advice that you ought to be getting away from you. You saw that, to some degree, with the way then-Candidate Bush made the decision about his vice presidential nominee. He kept people out of the loop and that probably meant that he didn't get the right kind of advice.

Gumbel: So the public doesn't seem to mind. Is some of the caution coming from those who feel left out of the loop and want back in?

Ornstein: Let's face it, at this point George Bush has an 80% approval rating. That's higher than almost any other modern president at this stage of his presidency. He's not going to much care if the American people don't much care. But you run some risks here that could hurt things down the road. So far, though, he's managed to keep the Congress relatively satisfied on things like covert actions and other areas where they might be upset, and not a lot of public grumbling from the press, in part because there are frequent press conferences. So, so far he's in pretty good shape, but there are dangers down the road.

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1:30 P.M. NEWS UPDATE

SOCIAL SECURITY (Christopher Connell, AP) -- President Bush denounced as "a charade" a Democratic proposal to cut the Social Security payroll tax and said it was really an attempt to force him to raise other taxes. Bush also promised that he will not acquiesce in any move that would raise taxes or lead to lower Social Security benefits for older Americans. Reporters asked the President about the proposal by Sen. Moynihan at the start of a meeting between Bush and visiting Turkish President Ozal. Bush pointed to his foreign visitor and replied, "We have the same feeling about it. We both draw a blank when we hear about it. It's an effort to get me to raise taxes on the American people by the charade of cutting them, or cut benefits, and I am not going to do it to the older people of this country," he said.

EXECUTIVE FORUM SPEECH (Terence Hunt, AP) -- President Bush celebrated the completion of his first year in office, brushing aside "second-guessing" over the U.S. invasion of Panama and pledging U.S. assistance to the beleaguered country. Two days before the actual Jan. 20 anniversary of his inauguration, Bush joined members of his Cabinet, Vice President Quayle and thousands of presidential appointees at an upbeat ceremony at Constitution Hall. "All America has triumphed," Bush exclaimed. "It's been quite a year." Bush said America was enjoying "the longest peacetime boom in our history," with low unemployment and moderate inflation. As he has in recent weeks, Bush prodded Congress to reduce capital gains tax rates and enact his proposals for child-care, clean air and to combat crime. "Just wait till the second-guessers see our second year," he said.

ARAFAT (Cairo/AP) -- Yasser Arafat Thursday was quoted as saying he will resign as the leader of the PLO if U.S.-brokered Middle East peace efforts fail. Arafat blamed the current deadlock on U.S. "pampering" of Israel and said the Arabs should use oil as a weapon to win concessions from Washington. His comments appeared in the state-owned magazine Al-Mussawar. "I have told the Arab League this week that if current peace efforts reach a dead end and fail to solve our problem, I will call a meeting of the Palestine National Council that elected me," Arafat was quoted as saying.

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10:30 A.M. NEWS UPDATE

U.S. AID/ISRAEL/CHENEY (Jerusalem/Reuter) -- Defense Secretary Cheney has told Israel that Washington will not cut aid to the Jewish state, an Israeli Foreign Ministry spokesman said Thursday. The reported assurance came a day after Sen. Dole, with apparent Bush Administration support, proposed cutting by five percent aid earmarked for Israel and four other major recipients and giving it to help new democracies in Eastern Europe. Foreign Ministry spokesman Baruch Bina told reporters that Cheney told visiting Israeli Defense Minister Rabin on Wednesday there would be no reduction in the \$3 billion of annual U.S. aid.

CONSUMER PRICES (AP) -- Consumer prices rose a moderate 0.4 percent in December, despite a cold-weather jump in fuel oil costs, bringing inflation for the year to an eight-year high of 4.6 percent, the government said Thursday. The 1989 rise in the Labor Department's CPI marked a modest acceleration over the 4.4 percent rates posted in 1988 and 1987. Still, it was the steepest increase since 1981, when prices shot up 8.9 percent in a lingering aftershock from the double-digit inflation of 1979 and 1980.

HOUSING STARTS (UPI) -- Privately owned housing starts plummeted 8 percent in December, their second monthly drop, and reached a seven-year low for 1989, the Commerce Department reported Thursday. Housing starts, reeling from higher interest rates, fell 7.7 percent to 1.37 million in 1989 from 1.49 million in 1988, in annual numbers not seasonally adjusted, the department's Census Bureau said.

COLOMBIA (Bogota/AP) -- President Barco's government has refused to give Colombian drug traffickers the amnesty they are now requesting, saying they will have to take their chances in the courts if they surrender. Traffickers from the Medellin cocaine cartel...released two kidnap victims to back up the offer [to dismantle their empire in exchange for a pardon.]

PANAMA/STATE DEPARTMENT (AP) -- Angry State Department officials say U.S. diplomats overseas could be the target of reprisals following a series of incidents between U.S. forces in Panama and foreign envoys there. "We cannot conduct diplomacy on the basis of 25-watt thinking," said one Administration official, accusing the U.S. military of failing to take into account the potential diplomatic consequences of its actions. The incidents "put in jeopardy American diplomatic missions all over the world," said Perry Shankle, a former president of the American Foreign Service Association.

POLAND STRIKES (Warsaw/Reuter) -- Polish Prime Minister Mazowiecki Thursday faced the worst strikes since the Solidarity-led government took power but said he would press ahead with tough economic austerity. Strikes at five coalmines for more pay and reforms in the coal industry halted work by up to 35,000 workers for the third successive day, disrupting output of coal which is Poland's main source of badly needed foreign currency.

ETHNIC UNREST/SOVIETS (Moscow/UPI) -- Defense Minister Dmitri Yazov said Thursday army reserves are being called up to help end Armenian-Azerbaijani ethnic fighting as Soviet leader Gorbachev insisted the strife will be resolved politically under a new Soviet "federation." ... Gorbachev...advanced the idea of a new federation while in Lithuania last week. He said a law would give republics a mechanism to secede but that he believed most would want to remain in the new federation.

AFGHANISTAN/SOVIETS/U.S. UNDERSECRETARY OF STATE (Islamabad/Reuter) -- Undersecretary of State Robert Kimmitt said Thursday the Soviet Union was showing new flexibility toward ending the Afghan war politically through a transition of power from President Najibullah. Speaking to reporters before flying to northern Pakistan to meet Afghan guerrilla leaders, he said Washington remained committed to the principle that Najibullah must go before there can be peace in Afghanistan.

PHILIPPINES/U.S. FUGITIVE (Manila/Reuter) -- Philippine authorities arrested a U.S. fugitive charged with illegal export of firearms and suspected of links to last December's coup attempt in Manila, Philippine immigration officials said Thursday. The U.S. Embassy in Manila requested the arrest of Steven Lindsey Thomas, a 34-year-old instructor in guerrilla warfare tactics for whom there is a U.S. federal warrant of arrest, the officials said.

CHINA/JAILED PROTESTERS (Beijing/UPI) -- China's national police agency announced Thursday that 573 people jailed after the crackdown on the democracy movement last year have been released after admitting crimes, but left open the fate of thousands of others still in prison. The announcement, timed a week before the Chinese Lunar New Year holiday, was the latest step by China to portray a relaxation of repression.

FAVORABILITY RATINGS (Boston/UPI) -- The two top Democrats in Congress have made little impression on the American electorate, while President Bush's favorability rating remained near the high mark of his tenure, a published poll said Thursday. Sen. Mitchell and Speaker Foley were held in favorable light by 16 and 21 percent of registered voters, the Boston Globe said.... Bush received a 78 percent favorability rating overall, but fewer than 40 percent of Republican voters gave the President positive marks for his environmental record, the newspaper said.

ASTRONAUTS (Cape Canaveral/Howard Benedict, AP) -- President Bush hailed the "superb job" of Columbia's astronauts Thursday as they headed for Friday's homecoming after taking control of their ship when a bad navigation signal from the ground sent it into a slow spin. In a radio-phone call from the White House, the President termed their rescue of a huge science satellite "a very exciting grab," and he invited the five crew members to meet with him at the White House after the mission.

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

January 18, 1990

REMARKS BY THE PRESIDENT
AT THE BUSH-QUAYLE CAMPAIGN REUNION

The Hilton Hotel
Washington, D.C.

6:10 P.M. EST

THE PRESIDENT: Thank you all. Well, I'm delighted to see you all. And first, let me pay my respects to our Chairman of the Republican National Committee and to Jeanie Austin, the Co-chairman. What a job they are doing for the party and what a job they're going to do for winning in 1990. (Applause.)

I want to salute the G-7, two members of our Cabinet and the others lined up up here -- great friends, I value their counsel still and I know very well that if I hadn't had their counsel back then I probably would not be standing here as the 41st President of the United States. So my heartfelt thanks to all of you. (Applause.)

Let me just say a word of thanks to my outstanding -- our outstanding Vice President, Dan Quayle. He is doing a great job for our country. (Applause.) And I am delighted to see him. And, of course, the Silver Fox. (Laughter) I think she's doing pretty well for the country, too. (Applause.) Forty-five years, some things never change. (Laughter.)

I'm sorry if I'm a late. The 18-wheeler got a flat. Then I got tangled up in the flag. Then the metal detector got set off by the silver foot. (Laughter.) Does it all come back to you now? (Applause.)

It's too bad a lot of our campaign staff couldn't be with us tonight. I understand that some of them are still waiting in the elevator in the Woodward Building over there. (Laughter.)

You remember those ritzy, patrician, Ivy League, elitest campaign headquarters? (Laughter.) Famous for its plush carpets, quiet telephones, priceless antiques? (Laughter.) And that fine food you all ate. (Laughter.) This is the truth -- they did an informal survey over at Domino's. True story. They said we ordered twice as much pizza as the Democrats. (Laughter.) And true to our reputation, we tipped better, too. (Laughter and applause.) And now that we're in office, you might sum it up this way: We deliver. (Laughter and applause.)

It was a long, hard campaign. -- We all have our memories, but I remember riding in planes, and kissing babies, and hugging pigs and marching in parades, and driving stagecoaches and tractor trailers, and playing shuffleboard in Florida, and standing under confetti cannons in California, and waiting for yet one more balloon drop. But tonight, I really came over to thank you for one thing you did not ask me to do: You never asked me to make a video riding in a tank. (Laughter and applause.)

Some of the members of the press corps who had the good fortune, or ill fortune -- depending on how they looked at it -- of being assigned to our campaign would know that this is a true one,

MORE

but I'll never forget it. Barbara and I were traveling in the car, when they told us to look out the window to wave because these photo dogs were coming along side for a photo opportunity. And so we're both sitting there, smiling and waving and looking enthusiastic -- you know, how you do in campaigns. (Laughter.) And the truck full of photo dogs pulls up next to us and they all look over and say in unison, "Pardon me, sir. Do you have any Grey Poupon?" (Laughter.) Don't say these guys don't have a sense of humor.

The Secret Service really never got into the act too well. They had one comedian, though. I'd been singing to myself in the car -- this is also a true story -- and as Barbara and I were getting out, she heard a quiet voice from behind the wheel in the front say, "If I were you, sir, I wouldn't give up your daytime job." (Laughter.)

Barbara tells a story about staying in a hotel and not having her bathrobe with her. In the morning, the room service knocked on the door with coffee, and she looked all over for a robe; no luck. So when the room service guy opened the door, the future First Lady was standing there, looking quite elegant, wrapped in a bedsheet. (Laughter.) First ladies do have a fashion effect, if you will, so start planning the toga parties; we're coming into an election year. (Laughter.)

But we know, she knows and I know and Dan knows and Marilyn knows -- we know well -- where the real heavy lifting happened out there in the campaign, out in the field. And I'm talking about what you all know so well: the phone work, the sign-making, the all-nighters, the creative chaos, and the just plain making do with what you've got.

I heard about the Orlando office scrambling to rent a forklift to unload 60,000 posters, only to find out that the forklift wouldn't come through the door. And so for two hours -- truth -- in spite of blisters, sunburns, sore biceps, the crew carried and stacked every one of those posters, all 60,000, by hand. And I can never forget my gratitude to those people.

The toughest part, for me, was the debates. Some time has passed. So I want to take a moment to recognize my opponent. He was strong. Tough. Tenacious. A real fighter. I gained a newfound respect for Dan Rather. What a team. (Laughter.) What a team we had. (Laughter and applause.)

I referred to some of these guys standing back here -- Lee Atwater, the Republican master of R & B. (Laughter.) He couldn't teach me rhythm, but he did teach the Democrats to sing the blues. And I believe they're just starting. (Laughter and applause.)

You know Bob Teeter -- he promised he'd always give us an accurate view of things. So he tried to balance the good news and the bad news. You know -- one month of good news; 18 months of bad news. (Laughter.) But he served us with wonderful loyalty and dedication and I valued his advice.

In biblical times, Noah heard a voice that told him to go build an ark. The hero, you remember, in "Field of Dreams" heard a voice that told him to go out and build a baseball field. Poor Rich Bond. He heard a voice that told him to go build momentum in Iowa. (Laughter.) But again, what a job he's done, what loyalty, what dedication that he's given me and Barbara and our family, and all of us working together in the party.

Then we heard we were down by over 20 points, and a man named John Sununu predicted that we'd win New Hampshire by 10 points. What a kidder, right? (Laughter.) But he did, literally. And he's versatile; he can take on the Democratic Party, bring in New Hampshire and, yes -- you're not going to believe this -- but he can even fix Xerox machines in the White House. (Laughter.)

And then, over the course of the campaign, some say that it was Roger Ailes who gave me a personality. (Laughter.) He made me seem more decisive. Well, I'm not sure about that. Maybe I am, and maybe I'm not. (Laughter and applause.) But he worked hard and was very well compensated. We paid him in pints of Haagen-Dazs. (Laughter.) And as for Craig Fuller, there's no way I can ever really express my gratitude to him, my former Chief of Staff, with me every inch of the way. We'd call and they say get us the plane, that meant get a hold of Fuller on the telephone wherever he was. But he did a magnificent job.

I don't need to tell you my respect for Nick Brady and Bob Mosbacher, both of them now serving with great distinction as members of, I think, the finest Cabinet a President has ever been blessed with. (Applause.)

I ought to let this -- we'll let this party get back to being a party, but before I leave, I want to thank each one of you. I hope you'll pass along my thanks to those who couldn't be here.

We set out to win an election in 1988 for a reason. America's work is unfinished, but her promise -- I still believe it, is unlimited. We live, as Rick Klun, a fisherman, a bass fisherman from Montgomery, Texas, said one day to 7,000 bass fishing fans in Arkansas -- he said -- young kid; learned to fish, bass fish and following in his jockey shorts, following his Dad in the creeks of Oklahoma -- and he said, isn't wonderful to live in a country without limits? And that's exactly the way I feel about the United States. (Applause.)

You've seen people flocking to our commitment to freedom and democracy all around the world -- wondrous changes, especially in Eastern Europe. And God bless those young kids that gave Panama's democracy a chance to be fulfilled now. (Applause.)

Here at home, in the '88 election, we sought power for its potential to help people. We wanted progress for a clean environment and the fight against drugs that savage our streets, and for the sake of the family, free institutions, free speech, and free markets. To make an America second to none in education. To ensure economic opportunity for all Americans. We knew what remained to be done.

So we've introduced the first amendments to the Clean Air Act and a tough crime package and an innovative education bill. Carefully crafted for the S&L industry -- we've worked that out, policies there, and trade. And conducted a foreign policy that we think our forebears would be proud of.

You, and the many who aren't with us tonight, pulled off incredible feats of endurance and faith during the campaign, day after day, for the sake of the party and the American people. And Dan Quayle, who put up with a lot during this campaign -- I might say, nobody took more heat and did a better job for our ticket and our election than he did. (Applause.)

So Barbara and I came over here literally to try as best we can, from the bottom of our grateful hearts, to say thank you. Thank you for giving us this fantastic opportunity to serve the greatest country on the face of the Earth. it.

God bless you all. Many, many thanks. (Applause.)

END

6:28 P.M. EST

Bridget Montagne
West Wing

THE WHITE HOUSE
Office of the Press

PRESS BRIEFING
BY
MARLIN FITZWATER

January 18, 1990
The Briefing Room

9:50 A.M. EST

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10:11 A.M. EST

#152-01/18

THE WHITE HOUSE
Office of the Press Secretary

PRESS BRIEFING
BY
MARLIN FITZWATER

January 18, 1990

The Briefing Room

9:50 A.M. EST

MR. FITZWATER: Housing starts fell by eight percent in December -- not good news. Total housing starts -- an annual rate of 1.24 million units -- well below market expectations. The December decline was particularly sharp in the Northeast where cold winter may have been a factor. While housing starts remain low, mortgage interest rates continue to decline and sales of single-family homes rose during November.

One other economic issue is -- the CPI is out this morning, which is good news. Consumer Price Index for all items rose only .4 percent in December. This was below the market expectations. Over the 12 months of 1989 the inflation rate was 4.6 percent, so we now have a year-end figure for inflation. This was below our 1989 forecast of 4.9 percent -- indicates that inflation is low and under control.

Q It's the highest in eight years, isn't it?

MR. FITZWATER: Let's see here --

Q What a thing to bring up. (Laughter.)

Q Don't you have any manners? How utterly rude.

MR. FITZWATER: What a discouraging -- rude is the right word for that. (Laughter.) I don't have the eight-year analysis here, Terry.

Q Marlin, as for housing starts --

MR. FITZWATER: Yes, housing starts -- go ahead.

Q The lowest since '82, the annual rate for 1989 --

Q November '82?

Q Is President Bush going to tell us -- about the need for lower interest rates?

MR. FITZWATER: We're going to tell them that interest rates are going down and we hope that they will be translated into increased market sales, and that we have always favored lower interest rates and we still do.

Q Marlin, with CPI where it is now, with housing starts where it is now and the growth of the economy as sluggish as it is, there are some economists who are warning that we are on the verge, if not actually in, of approaching a recession. Is that where this administration sees things?

MR. FITZWATER: There are always economists on all sides of these issues and they see things through some pretty interesting

MORE

#152-01/18

glasses. We think the economy is sound and is growing steadily. Inflation, as this indicator points out today, is low and remaining steady at a relatively low level and certainly below our forecast. There is some concern about the drop in retail sales last month; there are some indicators that, as you said, the economy is growing at a slow pace. And we want to be every vigilant to the need for continued growth, but we don't see any dramatic problem in the immediate future.

Q Marlin, since Boskin only comes out here when there's good news to announce, I assume he concurs with the things you've just said and is telling the President that -- that there's going to be -- that housing starts are a blip and that the interest rates are going to return them to higher levels?

MR. FITZWATER: Well, that's the best indicator we have. Housing starts are more responsive to interest rates than anything else, and interest rates appear to be going in the right direction. We had a recent drop in the prime. That hasn't been totally passed through, but we, nevertheless, remain hopeful that it will be. But we do think the inflation number is a good one because it does show a low level and that's important to the bond markets and others who have set short-term interest rates. So we are hopeful that this news in toto will continue to hold interest rates down.

Q Marlin, 30-year interest rates have gone up about a half a point in the last several weeks. And there's a story in The Wall Street Journal this morning quoting several Fed governors suggesting that they won't lower interest rates in the near future because they're concerned about inflation. How can you say that you see interest rates going down?

MR. FITZWATER: We're hopeful that they will take a look at this morning's indicators and understand that these numbers are low and indicate inflation has remained very steady over the last seven or eight years, and that lower interest rates are justified.

Q When was the last time the President spoke with Greenspan?

MR. FITZWATER: I don't know the last time, but, frankly, he has spoken to him so often, I'm not sure that's relevant. But he speaks to Greenspan frequently.

Q Marlin, one more on the economy. As you know, the auto industry and other sectors related to it have announced -- including the computer industry, which is not directly related -- but all of these have announced pending layoffs, white collar, blue collar alike. Are there storm clouds out there and do you anticipate that there are ripples from these things that are going to exacerbate this slow economic performance?

MR. FITZWATER: Well, there are always industry dislocations, and we've seen --

Q These are more than just minor dislocations.

MR. FITZWATER: Well, I don't know that they are. The total unemployment rate is still the lowest in 15 years. It's something like 5.3 or 5.4 percent. All the indicators seem to indicate that, nationally, the economy is moving on a fairly sound basis. Leading indicators continue to be on a positive side.

So again, there are industry dislocations. We do have an auto sales problem at the present time. But we don't see the long-term kinds of red flags that would give us real concern.

The President's schedule for the day is: He departs at 11:05 a.m. to address Executive Branch appointees at the Constitution Hall. The President's speech will talk about the accomplishments of

the first year and some indication of his agenda for the next year. That's open coverage.

And then at 12:00 noon, he meets with Turkish President Ozal in the Oval Office. We'll have open photo, writing pool coverage at the beginning of the meeting. He has a working lunch with President Ozal at 12:30 p.m. And we'll provide a written readout after that.

Q Departure statements?

MR. FITZWATER: Who are these guys? (Laughter.)

Q I guess you're not included, Marlin.

Q What is this, with the big exit?

MR. FITZWATER: They're scheduling events around me again.

Q Is that an interview of the President?

MR. FITZWATER: Well, I don't know. I didn't see who all went out.

Q Newsweek, AP --

Q Two AP and two Newsweek.

Q And photographers.

MR. FITZWATER: There may be an interview among them, but they're not all an interview that I know about. (Laughter.) Whatever that means.

Photo opportunities. Let's see. The President has a brief meeting with Bo Schembechler this afternoon, and with J. Dennis Huston, who is the National Professor of the Year. And we'll have wire photo on both of those.

Q What about a text of that speech?

MR. FITZWATER: No advance text, but again, it's early this morning. It will be about 11:30 a.m.

Q Departure statements?

MR. FITZWATER: No, this is a private visit, so there's no -- we will do a written readout. I don't know whether he'll go to stakeout or not. I just don't know that.

And tonight, the President and Mrs. Bush leave for the Washington Hilton Hotel for an RNC reception. And this is the Bush-Quayle reunion function. The President does have remarks and it is open coverage.

Q Is that going to be the same type of remarks we hear this morning?

MR. FITZWATER: No, they're very funny. Quite humorous.

Q Marlin, in the meeting with the Republicans, is there a concern in the White House that the party in this election year may be on the wrong side of not only the abortion issue, but also Social Security?

MR. FITZWATER: On abortion, first of all, the President feels very strongly about his position, personally taken and personally held. We feel that there's room in the Republican Party for a variety of positions on that issue and the President does not

intend to alter his position in any way.

On Social Security, you all noticed this morning Senator Hollings proposal for a value-added tax increase. You'll recall my prophetic words of a few days ago that the Moynihan proposal was a wolf in sheep's clothing. First we had the tax cut, now we have the tax increase. Can cuts in benefits be far behind? Look out, older Americans.

Q Marlin, has the President been on the phone or otherwise thanked Senator Hollings for his proposal? (Laughter.)

MR. FITZWATER: No, no.

Let's see. Before we go on, John -- I want to congratulate John on a new grandson. (Applause.) I know he's hardly old enough for that, but nevertheless.

Q Are you saying that the administration is not concerned about the flurry of suggestions concerning Social Security and the budget?

Q What is the question?

MR. FITZWATER: Helen asked if we're concerned, and I said we are opposed and we think that, when people have a chance to look at the tax increase and the benefit cut implications down the road of that proposal, that it won't enjoy much support.

Q You're suggesting that Moynihan and Hollings are involved in some big conspiracy to do this. Is that what you want to leave the impression that --

MR. FITZWATER: No, I want --

Q "Can cuts in benefits be far behind?" -- that certainly wasn't mentioned by --

MR. FITZWATER: I want to leave the impression that they're all part of the same party that has this interest in this proposal and -- but it's been clear from the beginning that if you cut the Social Security taxes, at some point you've got to raise taxes to get the money back or you've got to cut benefits. We don't want to be associated with either one of those outcomes.

Q But the Republicans are also signed on to this Moynihan plan. You can't just lay this off on Democrats.

MR. FITZWATER: Not the Bush administration.

Q Does your criticism extend to the Chamber of Commerce and the Heritage Foundation?

MR. FITZWATER: Not the Bush administration.

Q Marlin, why are Latin American countries so glaringly absent from the Vice President's upcoming Latin American fence-mending trip?

MR. FITZWATER: The Vice President has announced yesterday that he's going to a number of countries to discuss foreign relations --

Q Two --

MR. FITZWATER: I thought it was --

Q Jamaica -- Latin American country.

MR. FITZWATER: Chile, Brazil -- I thought there were

five or six, weren't there?

Q Chile and Brazil -- they were scheduled. Honduras was scheduled. Jamaica's the only add-on.

MR. FITZWATER: And at the inaugural events, I'm sure he'll talk to the leaders of a number of other countries. So in the course of trips that he announced yesterday, I'm sure that he'll have an opportunity to give our message to Latin America, which is that we want good strong relations there. And he'll be able to make the points that we want to make. Some of the trips that -- may have to be scheduled for a later time, but we'll continue to work on that.

Q Has there been a resistance among Latin American countries to see a high-level U.S. emissary at this time?

MR. FITZWATER: Well, I would just say that when you're scheduling these kinds of things that some can be scheduled earlier than others. (Laughter.) And we're making the first trips as soon as we can and others will come later.

Q Marlin, how many countries recognize the Endara government at this point? And how concerned are you about that?

MR. FITZWATER: I don't have a final list, but I'm sure that in time they will all recognize the Endara government.

Q Well, in time. How long can this go on do you think?

MR. FITZWATER: Forever.

Q Marlin, why didn't the administration consult with the Latin leaders before the President announced Quayle's trip to see if they -- this was an opportune time?

MR. FITZWATER: Well, because the important issue was that the President wanted to make it public, in a very visible way, that he wants good relations with Central America; that he is sending his Vice President there to send that message and we want to make it clear what our attitude is. And the question of when the meetings take place and so forth is not nearly as important to us as simply that the message is delivered. And it has been and will be.

Q So you're saying that the fact that he goes isn't important; what's important is the fact that the President announced he wanted to go?

MR. FITZWATER: It's the message, not the medium -- to paraphrase Marshall McLuhan.

Q It's the message, not the trip?

MR. FITZWATER: Not the medium. The trip's important, an important vehicle for doing this. But what's important is that the United States convey its message to Central America.

Q Inasmuch as the President said he viewed the trip as very, very important diplomacy, what is the Vice President's diplomatic objective in Jamaica? Never mind that it's not Latin America -- but what is the objective, Marlin?

MR. FITZWATER: Jamaica is a very important country, certainly influential in the Caribbean and it's important that we be able to reassure them, as we are with Latin American countries, of our interest in the Caribbean and in Central America.

Q Have a good golf course?

Q When is Endara expected to come here? And what's

the status of the deliberations on the Panama aid package now?

MR. FITZWATER: I haven't heard any plans for an Endara trip here. The AID package is -- that question is under review. We have had a report submitted by Secretaries Eagleburger and Robson and it is being considered by the administration. We don't have final decisions at this point, but it is under consideration.

Q When do you think you will have the announcement of the package itself?

MR. FITZWATER: Can't say exactly when. But it could be anytime.

Q Marlin, do you expect that as a separate thing or as part of the budget -- just come out as part of the budget?

MR. FITZWATER: Probably separate -- would be my guess.

Q Price tag on that? Do you have any ballpark figures?

MR. FITZWATER: Not that I can talk about. That's part of the debate.

Okay, see you at Constitutional Hall.

Q Wait, wait, wait.

Q Could you tell us about the President's travel arrangements on Friday from Miami?

MR. FITZWATER: I don't know all the details. I am told that he intends to fly from Miami to Hagerstown on a small plane. I know that several of you have raised concerns about that, and I have promised to pass those along to the staff, which I will do later today. I think Johanna is providing me with a note on that on behalf of the Correspondence Association.

Q Is any press going to be on the Gulf Stream that goes to Hagerstown?

MR. FITZWATER: I do not anticipate any press being on the plane.

Q Why?

MR. FITZWATER: Well, it's a seven, eight passenger plane. It's very small. It's just not able --

Q One person doesn't take up a lot of space.

MR. FITZWATER: You don't take up much room? I'll consider it.

Q What's the reason that he's taking the Gulf Stream?

MR. FITZWATER: Well, he's going directly to Camp David and it cuts off on flight time. The plane is already there, and he just felt it would be easier to fly directly to Hagerstown.

Q Does it save about a half hour or so?

MR. FITZWATER: Yes.

Q How much extra money does it cost to fly the Gulf Stream down to Florida?

MR. FITZWATER: Well, it's already there. It goes as a backup plane on every trip anyway, so there is no extra cost involved

there.

Q The Gulf Stream goes on every trip?

Q But you're going to have to fly Air Force One is --

MR. FITZWATER: The reason is it's got the same kind of communications that Air Force One has.

Q What's the outlook for a speech?

Q But Air Force One is going to have to fly back empty to Andrews anyhow, right?

MR. FITZWATER: Well, we'll put the pool on there and we'll have staff on there.

Q On Air Force One?

Q Without the President?

MR. FITZWATER: On the 707. You don't have to do it if you don't want to, but it's there.

Q Is it going to leave earlier?

Q Can we sit in the President's chair? (Laughter.)

Q Is Air Force One going to leave earlier? Earlier than the press charter?

Q What's the outlook for a text tomorrow morning?

MR. FITZWATER: We'll try and have advance texted if we can.

Q Party on Air Force One.

Q What's he going to talk about?

Q Does the President intend to explain his Panama policy to the new President of Brazil next week here in the White House? He's coming on the 26th, no?

MR. FITZWATER: Yes. I don't know about that. I'll have to get you a briefing on it or something.

Q How badly do you expect to lose the China students bill with veto override vote? (Laughter.)

MR. FITZWATER: I beg your pardon? (Laughter.) Rude is the word of the day here. We expect to win.

Q Why do you expect to win? Has there been some turn-around in your vote counting? (Laughter.)

MR. FITZWATER: We will use all the powers of our persuasion and hope for the best.

Q I'd like to go back to something you said earlier, actually, on interest rates. You were talking about the Fed and you hope that they will see that lower interest rates are justified. Aren't you violating one of your long-standing rules that you don't signal to the Fed, at least from the podium here, as to which direction you wanted to see these things go?

MR. FITZWATER: We aren't trying to tell the Fed what to do, but we have always said we like lower interest rates. The President has said that a number of times, and that's still the case.

Q You lumped the Fed in with that statement, that they will see --

MR. FITZWATER: This is not a new message, but it's important occasionally to point out that lower interest rates are normally good for the economy.

Q Did Mexico and Venezuela let us know that they weren't ready to host Quayle at this time? And were there any other countries that conveyed that message?

MR. FITZWATER: I'm not aware of any specific messages along those lines.

Q Any other countries?

MR. FITZWATER: I don't know -- there were reasons why some of these countries weren't scheduled now. Whether it will be later or not, I don't know. But I don't know about specific directions from them, what their interests were.

Q What about Ozal? Are you going to have statements?

MR. FITZWATER: We'll have a written readout.

Q Marlin, coming back to the President's comment here so early when he dispatched Quayle -- or said he was dispatching Quayle to Latin America, isn't the response of these countries a snub right at -- directly at George Bush? He said he wanted Quayle to go down there and take on this mission, and they said, no, thank you, not at this time.

MR. FITZWATER: No, we don't consider that. We think it's important to send our message there. The reason it's important, frankly, is because obviously there were concerns in Latin America following the Panama situation; obviously there were reasons why the President felt it was necessary to reiterate our support and our interest in working with them. And that's an important message to put out, no matter how many countries the Vice President goes to.

Q As of now, he's only going to Jamaica and Honduras, right?

MR. FITZWATER: I don't have the list. I thought there were five or six. China and Brazil -- I don't know who else.

Q China?

MR. FITZWATER: I mean Chile. (Laughter.)

Q Where's Scowcroft? (Laughter.)

Q Where's Scowcroft today? Is he here?

MR. FITZWATER: It starts with a C.

Q Do you expect any Eastern European leaders to visit the President in the next month?

MR. FITZWATER: I don't know that any are scheduled. Am I wrong there? Do we have any scheduled? Nothing scheduled.

Q When is the MFN for Romania going to be announced?

MR. FITZWATER: Romania? Czechoslovakia you mean. It's under consideration, but no final decision yet.

Q Is it the same for Romania?

MR. FITZWATER: Scowcroft is here. I talked to him a few

minutes ago.

Q Is it the same for Romania -- it's under consideration?

MR. FITZWATER: I'd have to check on Romania.

Q Is Gates coming directly back to the U.S. from the Philippines?

MR. FITZWATER: Roman, I'm going to have to ask you to take over so I can skip out.

Q Where are you going, Marlin?

Q He's going to see Scowcroft off.

MR. FITZWATER: I have a meeting with the President.

Q About what?

Q Is this the interview that was being given?

Q Is it about the Gulf Stream? Is that --

MR. FITZWATER: I protect all my press sources. Never comment on interviews.

THE PRESS: Thank you.

END

10:11 A.M. EST

#01/18-#152

Daily

THE WHITE HOUSE
MRS. BUSH'S PRESS OFFICE

DAILY PRESS CLIPPINGS

Thursday January 18, 1990

Mrs. Bush	(in folder)
Governor Sununu	West Wing
Marlin Fitzwater	West Wing
Patty Presock	West Wing
First Lady Detail	Staircase
Karen Connell	Room 58 OEOB
Shirley Green	Room 94 OEOB
Diana Kellogg	Room 190 OEOB
Gregg Petersmeyer	Room 100 OEOB
Carolyn Washington	Room 268 OEOB
Benita Somerfield	hold one copy
Ann Brock	
Kim Brady	
Julie Cooke	
Joan DeCain	
Laurie Firestone	
Susan Porter Rose	
Anna Perez	
Sondra Haley	
Jean Becker	
Jay Suchan	(plus originals)

Personalities

By Chuck Conconi
Washington Post Staff Writer

President Bush and his wife, Barbara, lived up to their promise and had the uncontrollable Jaston Williams and Joe Sears—the creators and stars of “A Tuna Christmas”—over to the White House for coffee and pastries yesterday. The multitallented humorists had been invited earlier this month, when the Bushes celebrated their 45th wedding anniversary by attending their show at the Kennedy Center.

Sears had promised—in the best Texas small-town tradition—that he would bring hors d'oeuvres like Cheez Whiz and crackers for the momentous occasion. But they came empty-handed and were well behaved. “We spent two days pressing our suits,” Sears said, adding that he went shopping for a new tie. He said a highlight of the visit was getting to meet and pet Millie, whose favorite room, according to the First Lady, is the Lincoln bedroom. And they got a gig out of the deal to boot. The president invited them to perform at the White House during the Governors Conference next month. Talk about excitement! Sears said he called his mother and told her “it was quite a moment. . . . I’m right up there with Elvis!”

Out and About

Lee Atwater loves rhythm and blues, and that’s what he wants to hear when he’s working out at the downtown YMCA. Apparently the Republican National Committee chairman is trying to build up those slender biceps to the beat. The upcoming New Republic magazine reports that Atwater comes in with a tape to replace the usual piped-in aerobics disco. The tapes he loves to work out to? His own jam sessions with B.B. King and Isaac Hayes. And he likes them loud. The sessions are part of the album he is cutting, which is to be called “Red, Hot and Blue,” not surprisingly the same name as that Arlington rib joint he has a minor ownership in . . .



BY JENNIFER SMITH FOR THE WASHINGTON POST

The Bushes with Jaston Williams, left, and Joe Sears earlier this month.

While the horror/comedy film “Tremors” isn’t likely to break any box-office records, one of the stars is familiar to soap opera fans and to Washington. Finn Carter, the daughter of journalist and former State Department spokesman Hodding Carter, stars in the movie, which opens this week. She is probably best remembered for her role as Sierra Esteban in the daytime soap “As the World Turns” . . .

When the Kennedy Center hit “Shear Madness” first opened in Boston 10 years ago, the show’s creators—Marilyn Abrams and Bruce Jordan—expected the comedy whodunit to have a 31-performance run. The show celebrates its long run in Boston on Monday night, adding to the string of records it has compiled. It is listed in the Guinness Book of World Records as the longest-running nonmusical play in U.S. history, and also won the Mystery Writers of America’s Raven Award for “Best Play of

1988.” And last night, the show about the murder of a world-renowned concert pianist above a hairdressing salon played its 1,000th performance at the Kennedy Center with no end in sight . . .

The comics may love Dan Quayle, but even in the joke business, the president still outranks him. In 1989, according to the Center for Media and Public Affairs, late-night comedians told more George Bush jokes—143 to 135 by actual count. Two typical Johnny Carson jokes—one a Bush, the other a Quayle—listed by the center: “ABC is going to make a movie based on the World War II exploits of George Bush. . . . You can spot him right away in the movie. He has the only flight jacket with a little alligator on it.” . . . “Bush said Quayle would definitely be on the ticket in 1992. So from all the comedians in the world, ‘Thank you, Mr. Bush!’ ” . . .

Thursday, January 18, 1990

APPLE SAUCE

By BETTY LIU EBRON

Babs dusts off welcome mat; Nan's creating a li'l dust-up

Do we detect a little rivalry between **Barbara Bush** and **Nancy Reagan**? The new woman in the White House is hot to defrost the Cold War that went on between the former first lady and **Raisa Gorbachev**.

The kinder, gentler Barbara Bush is already planning her meeting with Raisa during the superpower summit in June, learned our Maureen Santini.

Part of the political pow-wow will be held in Washington, D.C. But hopes are the VIPs from the USSR will visit either Kennebunkport, Maine, or Houston, Tex., both of which the Bushes call home.

"I would certainly hope she'd want to see one of our homes," Mrs. Bush says, adding she recently wrote to Mrs. Gorbachev asking what she wants to see in the United States and explaining that "all of America was eagerly awaiting her arrival, as was I."

But it could get competitive. Mrs. Reagan, who was just on **Joan Rivers'** talk show erroneously stating that the Bushes never invited the Reagans back to the White House, wants to make nice to Raisa. Mrs. Bush admits she's "read in the paper" that the Reagans have invited the Gorbachevs to visit them in California. No word on whether they RSVP'd.

①

AP-BA-01/16 1631

Mrs. Bush Says Women Should Be Used in Combat If Physically Capable
By RITA BEAMISH

Associated Press Writer

WASHINGTON (AP) — Barbara Bush said Tuesday that women should be able to serve in combat as long as they have the physical strength to match their ability to shoot and fly as well as men.

"Certainly, emotionally and mentally they are more than able to compete with a man," she said in a wide-ranging interview with three reporters. She also said:

Her eyes haven't improved from the just-completed radiation treatment to combat symptoms of Graves disease, but she is cautiously optimistic. "I'm so eager to be better that I think I'm better," she said, acknowledging she still has double vision, especially in the morning.

She doesn't know why her soaring popularity consistently surpasses President Bush's own high ratings. "I don't threaten anyone. I'm just a nice, fat grandmother," she offered as an explanation.

Her son, Neil Bush, "hasn't done anything wrong" in his onetime role as a board member of Silverado Savings and Loan. Neil Bush has been questioned by federal regulators about the failed S&L.

Asked whether women should serve in combat, as they did in Panama, Mrs. Bush gave a "qualified yes."

"If I thought a woman physically could pick up someone who was wounded and carry them to safety, if I thought they could throw a hand grenade as far as a man, then I would say fine. ...

"They can shoot as well. They can fly as well. The only problem I would have is if it risks somebody else's life because they couldn't throw a hand grenade as far or carry (someone)."

Bush has said he would be willing to hear recommendations from the Pentagon about women in combat. The Pentagon's official policy is that women do not serve in combat roles. Women unexpectedly became involved in combat in Panama.

Mrs. Bush said "George doesn't hide" secrets from her, including the Panama invasion, and that he discusses ideas with her about world affairs. But Mrs. Bush said she knew something was afoot even before the president told her the specifics of the invasion.

"It was very clear to me that we were having an awful lot of people in the house," she said. "I knew pretty clearly that something was happening."

Mrs. Bush said she was surprised at how much she enjoys being first lady.

"I thought I'd like it but I never dreamed that I would love it," she said.

She said her most difficult duty was to attend a memorial service for the 47 seamen killed in the April 19 explosion aboard the USS Iowa.

Mrs. Bush met Tuesday with the reporters in the airy West Hall room of the White House second floor. Her eyes, though tearing slightly, looked less puffy than they have on some recent days.

She said she can "always tell which of my friends have been to the grocery store" when they call to ask about her health after

(cont.)

(2)

reading dire reports in supermarket tabloids.

"They are so fake," she said of the tabloids.

Told that it was a first visit to the second floor for one of the reporters, she insisted on an impromptu tour.

"Look at the tourists. Aren't they cute?" she said, waving to a woman from the window of the room where she keeps her clothes.

On other subjects, Mrs. Bush said:

She had been "a little testy" about an avalanche of letters saying it's unsafe for the president to attend the Feb. 15 drug summit in violence-torn Colombia. She said she would prefer the summit be elsewhere, but "I can't change his mind or make those decisions."

She plans to write a book after leaving the White House based on 30 years of diaries, but says it won't be a "kiss and tell."

"A lot of progress is being made" in her war against illiteracy. "Put it's a drop in the bucket. ... We're trying to change the whole system."

AP-BA-01/16 1305

Mrs. Bush Says Women Should Be Allowed to Serve in Combat if Strong Enough

By RITA BEAMISH

Associated Press Writer

WASHINGTON (AP) — Barbara Bush said today she thinks women should be allowed to serve in combat if they are physically strong enough because "certainly emotionally and mentally they are more than able to compete with a man."

Mrs. Bush answered with a "qualified yes" when asked in an interview whether women should serve in combat.

"If I thought a woman physically could pick up someone who was wounded and carry them to safety, if I thought they could throw a hand grenade as far as a man, then I would say fine. Because I think certainly emotionally and mentally they are more than able to compete with a man."

"They can shoot as well. They can fly as well. The only problem I would have is if it risks somebody else's life because they couldn't throw a hand grenade as far or carry (someone), that would be the only thing."

President Bush has said he would be willing to listen to recommendations from the Pentagon about the possibility of women serving in combat, but that the women who fought in Panama were not in combat roles.

In the U.S. Panama invasion, women were not assigned to combat units, but some found themselves under fire in performing support duties.

The first lady also said she helped Bush keep the invasion of Panama secret. She said she was told about it the day of the invasion, before it happened, but "I knew something was going on" a few days ahead because of all the presidential advisers who were coming and going from the White House.

When deposed Gen. Manuel Antonio Noriega finally surrendered to U.S. forces, after several tense days in the Vatican embassy in Panama City, Mrs. Bush said the president "came racing through and said, 'We got him'."

"I'd say he was pleased, pleased that it was over without more bloodshed," she said.

She said she has been "a little testy" about all the letters she receives from people who don't think it's safe for the president to attend the upcoming drug summit in violence-torn Colombia.

She said she would prefer that the summit be elsewhere — "I wish it would be right here" — but "I can't change his mind or make those decisions ... I have no input on that."

Asked about her health, Mrs. Bush said she was "cautiously optimistic" that her recent series of radiation treatments would cure the irritated eyes and double vision she suffers as a result of Graves disease, an immune system disorder.

She said she still is having trouble, but that "I'm so eager to be better that I think I'm better."

AP-BA-01/16 1718

Mrs. Bush Listening to Rosalynn Carter

WASHINGTON (AP) — Barbara Bush said Tuesday that she's been maximizing the time she spends swimming each day by listening to the "fascinating" story of a former first lady.

"First Lady From Plains" by Rosalynn Carter was the first tape Mrs. Bush used in the new waterproof pouch and headset a friend gave her for her daily 1-mile swim.

She puts her own cassette player inside the pouch, which straps on with a belt.

"Actually it's a fascinating book, because she has a lovely voice," Mrs. Bush said about Mrs. Carter, who reads excerpts from the book. The two first ladies recently had lunch at the White House.

Mrs. Bush, who also has read books by Betty Ford and Lady Bird Johnson, said she will write a book of her own based on 30 years of diaries after leaving the White House. She doesn't envision using negative portrayals as Nancy Reagan did in "My Turn."

However, Mrs. Bush refused to criticize that style.

"Each person does their own thing," she said, promising her book won't be a "kiss and tell."

upi 01-16-90 02:40

Millie out of style, magazine says

WASHaNGTON (UPI) First lady Barbara Bush said Tuesday that "Millie is out" this year in the fashion newspaper "W" and to her pet English spaniel "it was a bitter blow."

She also reported that fake pearls, her trademark is a three-strand pearl choker, also are "out."

Asked if Millie was brooding about the magazine's statement, Mrs. Bush said she did not think her pet "gives a darn."

She made the teasing comments, amid laughter, during an interview with wire service reporters.

"I think actually they're against animals," she grinned in referring to the fashion magazine.

The first lady said she is not a subscriber to "W" but her friends send her clips on the latest fssion pronouncements.

President Bush, who must have sensed that Millie was not enjoying the interview, sent an aide to fetch her to the Oval Office "so that she could watch the squirrels" playing outside.

Tue 16-Jan-90 18:49 EST

USAF OKs Women For Airdrops

WASHINGTON (AP) The Military Airlift Command has removed restrictions barring women from being crew members on cargo airdrop missions, an Air Force spokesman said Tuesday.

Women now may serve as pilots, co-pilots, loadmasters, flight engineers or crew chiefs on C-130 or C-141 transport planes, said Air Force Capt. George Sillia. Women earlier had been barred from serving as crew members on airdrop missions.

The decision will affect about 100 women among its 4,800 pilots and a like number of women among enlisted crew members, Sillia said.

Previously, women crew members were allowed to fly on C-141 aircraft to a specific location, unload the cargo and return. However, women had not been allowed to be crew members on the C-130, except the WC-130, a weather reconnaissance plane.

The decision was made Dec. 14, six days before the U.S. invasion of Panama during which Army women were reported to have taken part in combat, Sillia said. The intervention delayed the formal announcement.

The command determined that airdrop missions don't fall under the Defense Department's February 1988 "risk rule," which says a non-combat mission or unit can be closed to women if officials deem that the risks are equal to or greater than those of the combat mission they support.

During the Panama fighting, Army Capt. Linda Bray directed a successful raid by her military police company on a dog kennel defended by Panamanian Defense Forces in a widely reported incident that renewed the debate over the role of women in the military.

Federal law prohibits women from serving in combat units in the Air Force and Navy, while Army regulations ban such activity in that service. However, some members of Congress have called for a change in policy.

X On Tuesday, Barbara Bush said it would be fine with her for women to serve in combat if they were physically strong enough because "certainly emotionally and mentally they are more than able to compete with a man."

The crew change is a result of the command's review of recommendations in the Defense Department's February 1988 report, "Task Force On Women in the Military."

"All positions are continually being reviewed," Sillia said. "We're trying to open as many as possible."

Tue 16-Jan-90 19:11 EST

Pushes host dinner for Susan Eisenhower, Soviet fiance

WASHINGTON (UPI) — President and Barbara Bush hosted a dinner Tuesday for Susan Eisenhower, granddaughter of former President Dwight Eisenhower, and her Soviet fiance, Dr. Roald Sagdeev.

Also invited to the dinner were: Eisenhower's brother and sister-in-law, David and Julie Eisenhower; her sister, Anne Eisenhower; Yuriy Dubinin, the Soviet ambassador to the United States, and his wife, Liana; national security adviser Brent Scowcroft; James Robinson, chief executive officer of American Express; NASA Administrator Richard Truly and his wife, Coleen; and Robert Gray, a former member of Eisenhower's Cabinet.

Susan Eisenhower is active with a foundation that promotes U.S.-Soviet relations. Sagdeev is a Russian scientist. The couple is now writing a book together.

Tue 16-Jan-90 17:18 Mrs. Bush Listening to Rosalynn Carter

WASHINGTON (AP) — Barbara Bush said Tuesday that she's been maximizing the time she spends swimming each day by listening to the "fascinating" story of a former first lady.

"First Lady From Plains" by Rosalynn Carter was the first tape Mrs. Bush used in the new waterproof pouch and headset a friend gave her for her daily 1-mile swim.

She puts her own cassette player inside the pouch, which straps on with a belt.

"Actually it's a fascinating book, because she has a lovely voice," Mrs. Bush said about Mrs. Carter, who reads excerpts from the book. The two first ladies recently had lunch at the White House.

Mrs. Bush, who also has read books by Betty Ford and Lady Bird Johnson, said she will write a book of her own based on 30 years of diaries after leaving the White House. She doesn't envision using negative portrayals as Nancy Reagan did in "My Turn."

However, Mrs. Bush refused to criticize that style.

"Each person does their own thing," she said, promising her book won't be a "kiss and tell."

George Bush Presidential Library Transfer Sheet

COLLECTION:

Bush Presidential Records
Office of the President

ACCESSION NUMBER:

1993.0001

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

☐ Transferred During Accessioning

☒ Transferred During Processing

2009-0166-S

The following material was transferred to:

☒ **Audiovisual Collection**

☐ **Book Collection**

☐ **Museum Collection**

☐ **Other**

Other (Specify):

DESCRIPTION:

White House Photographs: P09501-13 [Ozal of Turkey]; P09481-09 [Phone call to Columbia Astronauts];
P09485-13 [Book Cover - Millie]; P09485-20 [Barbara Bush and Millie]

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material to the
museum
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Book Location:

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Daily Files

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33

Folder Title:

Thursday, January 18, 1990

OA/ID Number:

90532-010

Transferred by:

Deborah Wheeler

Date of Transfer:

1/5/2010

Received by:

Mary Finch

Date Received:

1/5/2010

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Navigator

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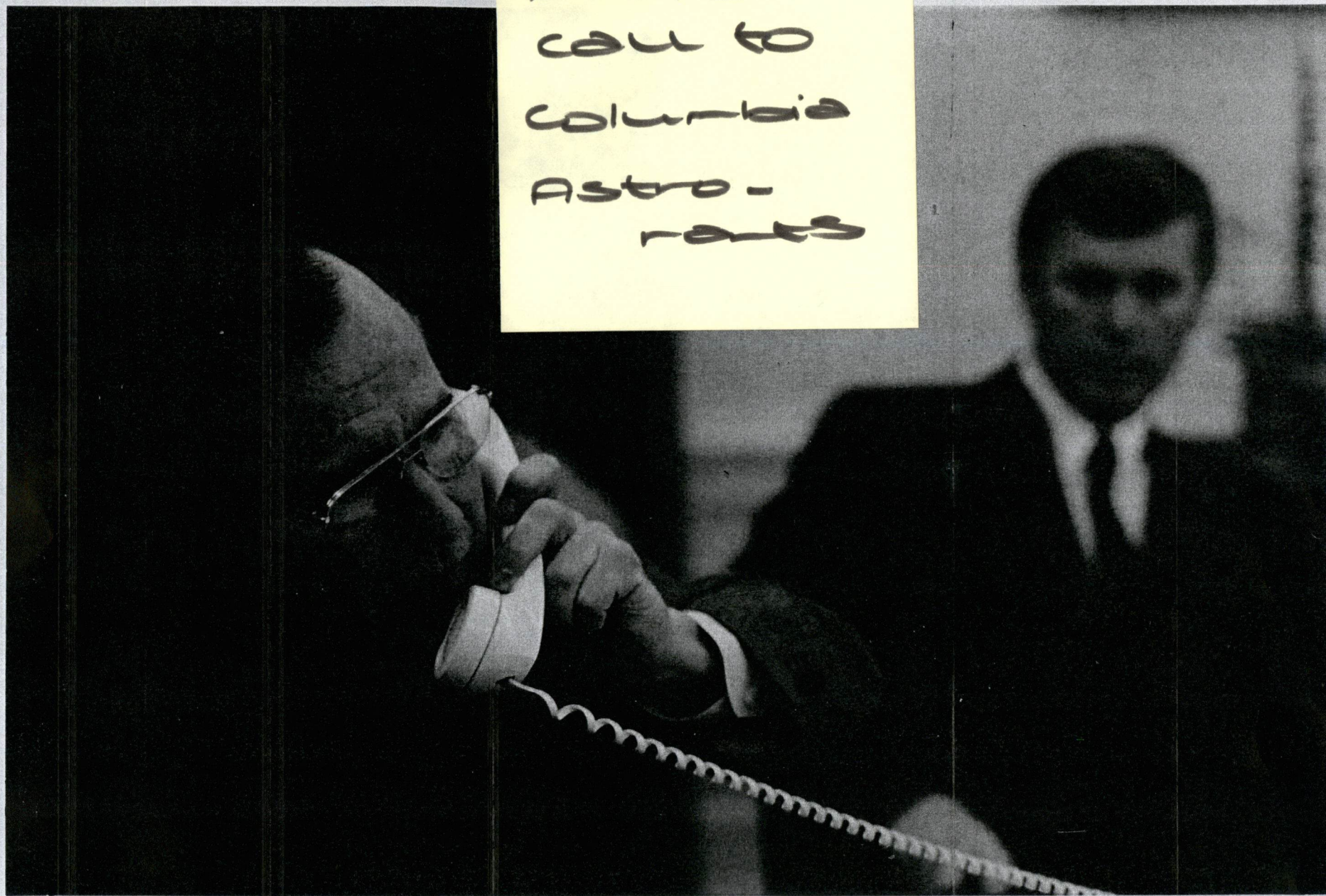


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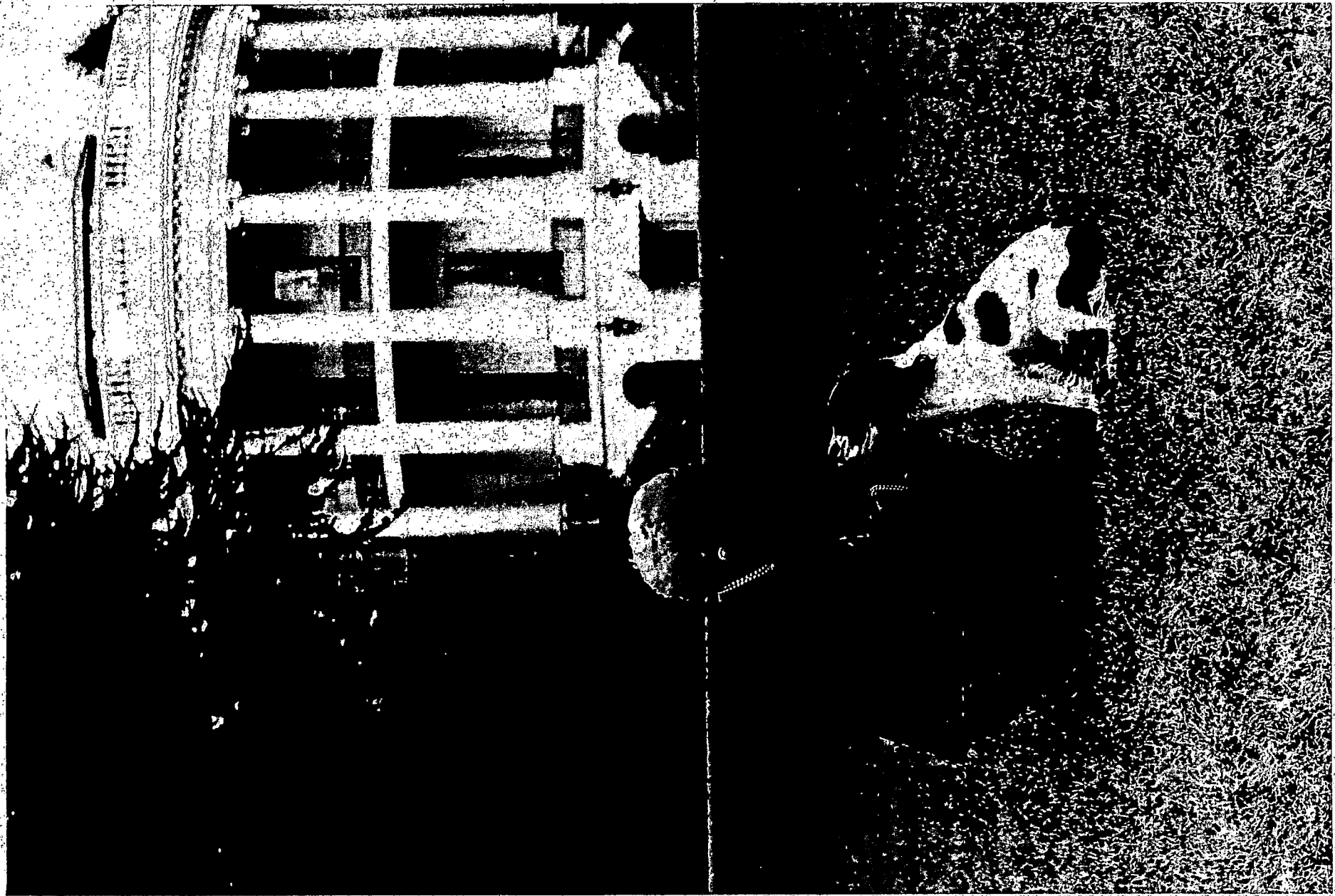


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THE WHITE HOUSE
WASHINGTON

January 18, 1990

Bao Yuheng —

Dear ~~Yuheng~~:

Thank you for your touching letter of support. I continue to be hopeful about our relations with China, and I urge you to remain steadfast in your optimism. Your kind words strengthen my spirit during these dramatic times of change.

Barbara joins me in sending our best wishes for every future happiness and success. God bless you.

Sincerely,

A. Bush

Mr. Bao Yuheng
102 Lindley Hall
School of Comparative Arts
Ohio University
Athens, Ohio 45701-2979

JB