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FOIA MARKER

**This is not a textual record. This is used as an
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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: 90591
Folder ID Number: 90591-009

Folder Title:
Tuesday, April 9, 1991

Stack:	Row:	Section:	Shelf:	Position:
V	0	0	0	0

Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Schedule	Schedule of the President [redaction] (1 pp.)	04/09/91	(b)(3)	
02a. Log	White House Telephone Log [President Bush] [redaction of personal information] (2 pp.)	04/09/91	(b)(6)	
02b. Log	White House Telephone Log [Signal Switchboard] [redaction of personal information] (1 pp.)	04/09/91	(b)(6)	
03a. Note	Handwritten notes of Presidential Phone call with President Carlos Andes Perez [one page double-sided] (3 pp.)	04/09/91	(b)(1)	
03b. Talking Points	Points to be Made for Phone Call with Venezuelan President Carlos Perez (3 pp.)	n.d.	(b)(1)	C
04. Memo	From Jay Parmer to Patty Presock Re: The President's Trip to Montgomery, Alabama on April 13, 1991 [[redaction]] (1 pp.)	04/09/91	(b)(7)(e)	

Page 1 of 1

Collection:

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Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Tuesday, April 9, 1991

Pinksheet Number: dw2047
OA/ID Number: 90591-009
Date Closed: 7/5/2012
FOIA/Sys Case #: 2009-0166-S
Re-review Case #:
P-2/P-5 Review Case #:

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BC

SCHEDULE OF THE PRESIDENT

Tuesday, April 9, 1991

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 (60 min)	~~Meeting with Ranking House~~ <i>OP/WP</i> <u>Republicans</u> (McClure) (TAB A)	Cabinet Room
11:00 am (15 min)	<u>Personal Staff Time</u>	Oval Office
11:15 am (15 min)	<u>Photo Opportunities</u> (TAB B) 1. Chriss Winston (Demarest) 2. Clayton Fong (Untermeyer) 3. Rob Portman (McClure) 4. Sara Maltby (Demarest)	Oval Office
11:30 am (15 min)	<u>Personal Staff Time</u>	Oval Office
11:45 am (10 min)	<u>Staff Time</u> (Rogich) (TAB C)	Oval Office
12:00 pm (75 min)	<u>Lunch</u>	Oval Office
1:15 pm (15 min)	<i>OP/WP</i> <u>Meeting with Business Leaders</u> <u>on "Fast Track"</u> (Demarest) (TAB D)	Cabinet Room
1:30 pm (25 min)	<u>Personal Staff Time</u>	Oval Office
1:55 pm	<i>TP</i> <u>The President departs to Address</u> <u>the American Business Conference</u> <u>at the Department of Commerce</u> (Demarest) (TAB E)	South Lawn

UNP 04/08/91
6:00 pm



2:40 pm	<u>Arrives White House</u>	South Lawn
3:00 pm (10 min)	~~Drop by Points of Light~~ <u>Foundation Briefing (Corporate)</u> (Rogich) (TAB F)	Roosevelt Room
3:15 pm (45 min)	~~Meeting with Bipartisan~~ <u>Congressional Leadership</u> (McClure) (TAB G)	Cabinet Room
4:00 pm (30 min)	<u>Administrative Time</u>	Oval Office
4:30 pm (30 min)	<u>Meeting with Governor Sununu</u>	Oval Office
5:15 pm (45 min)	<u>Haircut</u>	West Basement

0744 POTUS IN OVAL 0758 ADD SCOWCROFT, GATES DCI
 0811 DCI, (b)(3) out 0812 ADD VP
 0835 SCOWCROFT, GATES out 0912 SUNUNU, VP out
 1000 POTUS IN CABINET ROOM
 1106 POTUS IN OVAL / ADD CONG BILL THOMAS
 1109 THOMAS out 1110 POTUS TO ROSE GARDEN
 1111 POTUS IN OVAL 1119 WINSTON ET AL IN
 1120 ALL out 1121 FONG ET AL IN
 1122 ALL out 1123 MALTBY ET AL IN 1124 ALL out
 1125 PORTMAN ET AL IN 1126 ALL out
 1129 POTUS IN DINING ROOM (RADIO ACTUALITY)
 1134 POTUS TO SOUTH GROUNDS 1139 POTUS IN OVAL
 1202 ADD SUNUNU 1204 ADD BOYDEN GRAY
 1205 POTUS TO PATIO (LUNCH w/ SUNUNU, GRAY)
 1310 ALL out 1312 POTUS IN OVAL
 1318 POTUS IN CABINET ROOM
 1341 POTUS IN OVAL / ADD CARLA HILLS, SUNUNU
 1342 ADD M... 1343 POTUS TO SOUTH GROUNDS

UNP 04/08/91
 6:00 pm

Bush Preside
 Library Protocol

1430 POTUS IN Oval / Add SUNNUN
1433 SUNNUN OUT 1445 Add SUNNUN

1451 SUNNUN OUT 1457 Add PETERSMEYER
1500 POTUS IN ROOSEVELT ROOM

1606 POTUS IN Oval / ADD GATES
1635 SLOWCROFT OUT

1618 Add SLOWCROFT 1640 GATES OUT / Add SUNNUN

1702 SUNNUN OUT 1707 POTUS TO BARBER SHOP

1743 POTUS IN Oval 1755 Add FIRESTONE

1824 FIRESTONE OUT 1830 POTUS TO SOUTH GROUNDS

Withdrawal/Redaction Sheet

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02a. Log	White House Telephone Log [President Bush] [redaction of personal information] (2 pp.)	04/09/91	(b)(6)	

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THE WHITE HOUSE
WASHINGTON

TELEPHONE MEMORANDUM

PRESIDENT BUSH

APRIL 9 th . 19 91

	TIME		NAME	ACTION
	PLACED	DISC		
OUT	5:23 AM	5:24	WHITE HOUSE ENGINEER OFC: WASHINGTON, D.C. 202-456-2390	TLKD-OK WITH MR. RAY CARTER
~~INC~~	~~PM~~			
OUT	AM			
INC	PM			
OUT	9:21 AM	9:26	MRS. SHARON LOVELACE BLACKBURN	
~~INC~~	~~PM~~		(b)(6)	TLKD-OK 9:23 A.M.
OUT	AM			
INC	PM			
OUT	9:49 AM	9:53	MR. GEORGE W. BUSH	
~~INC~~	~~PM~~		(b)(6)	TLKD-OK 9:50 A.M.
OUT	AM			
INC	PM			
OUT	11:39 AM	11:42	MISS TERRY LACEY	
~~INC~~	~~PM~~		(b)(6)	TLKD-OK 11:40 A.M.
OUT	AM			
INC	PM			
OUT	11:58 AM		MR. DAVID Q. BATES OFC: WASHINGTON, D.C. 202-342-0040	
~~INC~~	~~PM~~	2:44		TLKD-OK 2:42 P.M.
OUT	AM			
INC	PM			
OUT	~~AM~~		MRS. BRIDGET MONTAGNE OFC: WASHINGTON, D.C.	
~~INC~~	12:24 PM	12:25	WHITE HOUSE ADMIN. EXT. 620	TLKD-OK

Bush Presidential Library Photocopy

THE WHITE HOUSE
WASHINGTON

TELEPHONE MEMORANDUM

PRESIDENT BUSH

APRIL 9 th 91
_____, 19__

	TIME		NAME	ACTION
	PLACED	DISC		
OUT	~~XX~~		MRS. BARBARA BUSH RES: WASHINGTON, D.C.	
~~INC~~	1:02 PM	1:04	WHITE HOUSE ADMIN. EXT. 534	TLKD-OK
OUT	AM			
INC	PM			
OUT	~~XX~~		JUDGE RICHARD T. HAIK OFC: NEW IBERIA, LA.	
~~INC~~	2:31 PM	2:35	318-369-4410	TLKD-OK 2:32 P.M.
OUT	AM			
INC	PM			
OUT	~~XX~~		JUDGE EMILIO M. GARZA OFC: DEL RIO, TX.	
~~INC~~	2:37 PM	2:40	512-775-6334	TLKD-OK 2:38 P.M.
OUT	AM			
INC	PM			
OUT	~~XX~~		MR. ALEXANDER M. HAIG, JR. OFC: WASHINGTON, D.C.	
~~INC~~	2:44 PM	2:45	202-429-9788	TLKD-OK 2:44 P.M.
OUT	AM			
INC	PM			
OUT	~~XX~~		MR. BILL FRENZEL OFC: WASHINGTON, D.C.	L.W. ON RECORDER 2:47 P.M.-TOLD MISS BRIDGET MONTAGNE
~~INC~~	2:46 PM		202-797-6086	
OUT	AM			RETURNED CALL 3:36 P.M.-TLKD WITH MRS. ~~BRIDGET M. MONTAGNE~~
INC	PM			
OUT	AM			(FRENZEL talked to POTUS)
INC	PM			

THE WHITE HOUSE

WASHINGTON

TELEPHONE MEMORANDUM

PRESIDENT BUSH

APRIL 9 th 1991

	TIME		NAME	ACTION
	PLACED	DISC		
OUT	~~XX~~		AMBASSADOR CARLA A. HILLS OFC: WASHINGTON, D.C.	
~~INC~~	6:23 PM	6:26	WHITE HOUSE ADMIN. EXT. 816	TLKD-OK
OUT	AM			
INC	PM			
OUT	~~XX~~		MR. WILLIAM E. EDWARDS	
~~INC~~	7:36 PM	7:41	(b)(6)	TLKD-OK 7:38 P.M.
OUT	AM			
INC	PM			
OUT	~~XX~~		MRS. MARGARET BUSH	
~~INC~~	7:41 PM	7:42	(b)(6)	TLKD-OK
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			

Bush Presidential Library Photocopy

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TELEPHONE MEMORANDUM
SIGNAL SWITCHBOARD

[illegible]

GPO : 1983 O - 405-680 : QL 2

PRESIDENTIAL MOVEMENTS

Andrews Air Force Base, Maryland
LOCATION Washington, D.C.

DATE 9 April 1991

TIME	MOVEMENTS
0026	Arrive Andrews Air Force Base, Maryland
0038	Depart Andrews Air Force Base via Marine One
0045	Arrive South Grounds
0048	Residence
0745	South Grounds
0746	Oval Office
1001	Cabinet Room
1110	Rose Garden
1115	Oval Office
1135	South Grounds
1139	Oval Office
1207	South Grounds
1342	Oval Office
1353	South Grounds
1355	Depart South Grounds via Motorcade
1357	Arrive Department of Commerce
1428	Depart Department of Commerce via Motorcade
1429	Arrive South Grounds
1430	Oval Office
1500	Roosevelt Room
1523	Cabinet Room
1555	Oval Office
1707	Barbershop
1742	Press Office

PRESIDENTIAL MOVEMENTS

LOCATION Washington, D.C.

DATE 9 April 1991

TIME	MOVEMENTS
1743	Oval Office
1830	South Grounds
1838	Residence
2038	Doctor's Office
2117	South Grounds
2126	Residence



News Summary

OFFICE OF THE PRESS SECRETARY

Tuesday, April 9, 1991
6:00 A.M. EDT EDITION

INTERNATIONAL NEWS

BUSH CALLS FREE-TRADE OPPONENTS 'FEAR-MONGERS' -- President Bush, stepping up his push for congressional extension of his fast-track trade agreement negotiating authority, Monday called opponents of lowering trade barriers with Mexico "fear mongers" who oppose prosperity in Mexico. (Copley)

SECRETARY BAKER MEETS WITH NEWLY POSITIVE SHAMIR -- Israel today told the U.S. it was ready to hold peace talks with the Arabs under American auspices and with the Soviet Union participating in a regional conference. (AP)

NATIONAL NEWS

DEMOCRAT'S BUDGET PLAN ASSURES CONFLICT WITH BUSH -- The House Budget Committee chairman unveiled today a budget for the next fiscal year that calls for more spending on social programs than President Bush had proposed, virtually assuring the first of many confrontations over domestic priorities after Congress returns Tuesday. (New York Times, Washington Post, Washington Times)

NETWORK NEWS (Monday evening)

IRAQI REFUGEES -- Secretary Baker looked into the faces of desperation that make up the tidal wave of Iraqi refugees fleeing Saddam's troops.

Kurdish rebel sources say Iraqi helicopter gunships attacked refugees trying to escape to Turkey and Iran.

PALESTINIANS -- Israel released 1,000 Palestinians from prison today.

INTERNATIONAL NEWS...A-1

NATIONAL NEWS.....A-11

NETWORK NEWS.....B-1

INTERNATIONAL NEWS

BUSH CALLS FREE-TRADE OPPONENTS 'FEAR-MONGERS'

HOUSTON -- President Bush, stepping up his push for congressional extension of his fast-track trade agreement negotiating authority, Monday called opponents of lowering trade barriers with Mexico "fear mongers" who oppose prosperity in Mexico.

"As we prepare to join a world linked primarily by economic, not military, competition, we have nothing to fear except the fear mongers themselves," Bush said in a speech to the first meeting of the Houston chapter of the Hispanic Alliance for Free Trade.

"They seem to be the only ones who haven't learned lately that defeatism produces defeat, while confidence and self-reliance produce greatness," Bush told the organization.... "Someone ought to ask the opponents of fast-track why they oppose prosperity in Mexico.... And ask them what's wrong with a more stable Mexico."

...Bush also said his Administration "wants to ensure that Mexican economic growth goes hand-in-hand with environmental protection.... President Salinas cares deeply about his nation and its people, and he means business when he says he wants to clean up Mexico's air and water." (Benjamin Shore, Copley)

LABOR SAYS BUSH TRYING TO TAP ANTI-UNION SENTIMENT ON FREE TRADE

President Bush's fiery attack on the AFL-CIO for opposing a free trade pact with Mexico is just a gambit to conceal the real issue of how many American jobs would go across the Rio Grande, labor leaders contend.

"He's engaging in a lot of rhetoric without looking at the real issue, which is, 'Are the wage disparities going to result in huge job losses and devastate lots of communities?' Obviously, we think it is," said Alan Reuther, a lobbyist for the United Auto Workers....

Bush's attack on labor leaders, which came a day after he vowed to go "head-on-head" with the AFL-CIO over the issue, also probably was an attempt to tap anti-union sentiment and therefore muster favor for the treaty, union officials said....

At AFL-CIO headquarters, Rex Hardesty, a spokesman for the 14.2 million-member labor federation, declined to respond directly to the President's latest comments, saying only that the organization's position remained the same. (Karen Ball, AP)

CANADA BRACES FOR INFLUX OF WHEAT FROM THE U.S.

Canada, the world's second leading wheat exporter, faces the imminent and unwelcome prospect of wheat imports from the U.S.

This is the latest complication arising from the free-trade agreement between the U.S. and Canada, which began to take effect at the start of 1989....

"Maybe we should look for a way to get out" of the free-trade agreement, says Charlie Swanson, president of the Manitoba Pool Elevators, a grain-elevator cooperative.

(Scott Pendleton, Christian Science Monitor, 1)

SALINAS FINDS FEAR IN CANADA

TORONTO -- Mexican President Salinas encountered fear and vocal opposition Monday as he sought to persuade Canadians that a Mexican-Canadian-U.S. free trade agreement is essential if North America is going to compete in European and Pacific markets.

Opening a two-day visit to Canada aimed at stemming growing opposition to the proposed agreement, Salinas also said that Mexico wants to export "products, not people" north of its border, and that lowering tariffs and trade barriers would reduce the flow of Mexican workers into the U.S.

He told Canada's parliament in Ottawa that fears are groundless that Canadian industries will move south in search of cheap Mexican labor.

During a meeting with President Bush Monday in Houston, Salinas acknowledged that there is similar skepticism in the U.S. about the benefits of a trade accord. At that meeting, the two presidents pledged an all-out campaign for the agreement.

(William Claiborne, Washington Post, D1)

KURDS CLAIM CIA URGED, RECRUITED THEM TO OVERTHROW SADDAM

Kurdish leaders, trying to demonstrate that President Bush urged them secretly as well as publicly to overthrow Saddam Hussein, said Monday that the CIA recruited Kurds in Turkey and that a CIA-sponsored radio station urged the Kurdish people to rise up against the Iraqi president.

The Kurdish leaders offered no written or physical evidence of their assertion, but they said repeatedly at a news conference that it was accurate. CIA spokesman Peter Earnest said Monday night, "We don't comment on those kinds of reports of alleged agency activity." The Kurdish leaders, sounding bitter at what they called Bush's abandonment of them, said they had never intended to occupy Iraqi cities, as happened shortly after the Gulf War ended. But they said that a CIA-sponsored radio broadcast from Saudi Arabia urged the Kurds to rise up, prompting them to take over many northern towns and cities....

"The masses responded to the call of President Bush. And the Kurdish leaders, they did not have any choice but to try to organize the masses," said Assad Khailany, president of the Kurdish National Congress in North America. "This nonsense that the Administration did not ask for the uprising, I don't think anybody is going to believe it."

(Michael Kranish, Boston Globe)

BAKER VISITS KURDISH CAMP, PROMISES HELP

BORDER POST 49, Iraq -- Secretary Baker waded into a sea of Iraqi refugees Monday to promise them that emergency aid is on the way, but he could not deliver what most of them really want -- the overthrow of Saddam Hussein.... Baker pledged: "It's up to the international community as a whole to do something about this tragic crime against humanity, and that is what we intend to do."

But refugees and relief workers, noting that almost no food or medicine have reached the swelling camps so far, complained that the promised aid is inexplicably slow in coming. Some Iraqis expressed anger at the U.S. for failing to crush Hussein's regime; others said their only hope now is permission to resettle their families in the West.

(Doyle McManus, Los Angeles Times, A1)

-more-

REFUGEES TELL BAKER MORE AID NEEDED

Secretary Crosses Turkish Border Into Iraq As Kurds Press Plight

CUKURCA, Turkey -- Secretary Baker today flew to this Turkish border town and heard poignant appeals from Iraqi Kurdish refugees for urgent international relief as he surveyed a sprawling border camp that testified to the refugees' suffering.

In a gesture symbolizing U.S. willingness to reach out to the Kurds -- even in defiance of Iraqi sovereignty -- Baker stepped across the border from Turkey into Iraq to meet with refugees on the other side awaiting entry into Turkey....

One of the Kurds, Sam Timathwes, shouted to attract Baker's attention, then stepped forward and began describing the suffering being endured by thousands of refugees here and in the mountains and valleys of northern Iraq. "We are suffering from hunger and starvation," Timathwes told Baker. "We don't have enough water supply here.... We need doctors, we need medicines, we need enough food, and some people don't want to stay here. They want to go abroad. This is the main point for some people here."...

Baker, accompanied by Turkish Foreign Minister Alptemocin, promised to mount a major international relief effort to provide aid not only in Turkey but also in northern Iraq.... "Most importantly," Baker said, "hope of returning home has got to be given to these people. And that means freedom from threat by the Iraqi government, and safety from further repression."

(David Hoffman, Washington Post, A1)

Baker Visits Iraqi Refugees At Turkish Border

CUKURCA -- Still savoring the U.S. victory in Kuwait, Secretary Baker on Monday looked briefly at the faces of those who have found little to celebrate in the aftermath of the Gulf War.

Thousands of desperate Iraqi refugees peered down from the craggy, rubble-strewn hillside at the visiting American, who wore a blue windbreaker and cowboy boots.... Turkish military officials told Baker the flood of refugees was continuing, with as many as 20,000 destitute Iraqis arriving at the border just the night before....

In Washington, State Department spokesman Boucher said the Baghdad government had sent troop reinforcements to northern Iraq, and heavy fighting with the rebels was reported east of the city of Suleimaniyah. Kurdish rebel leader Masoud Barzani charged that Iraqi troops had rampaged through Kara Henjir, a village near the northern oil center of Kirkuk, killing the entire population of 2,000 to 3,000 people. The report could not be confirmed independently.

(Terry Atlas & Ray Moseley, Chicago Tribune)

U.S., ALLIES WANT ENCLAVES IN IRAQ AS REFUGEE HAVENS
Europeans Back Protective Zone For Kurds

The U.S. and its European allies are moving to seek creation of enclaves for refugees along Iraq's northern and southern borders, a move that Iraqi opposition leaders said could further undermine Saddam Hussein's control of the country.

Britain won European Community support Monday for its proposal for a Kurdish enclave in northern Iraq under U.N. supervision that would allow the hundreds of thousands of Kurdish refugees to be sheltered and protected from troops loyal to Saddam.

At the same time, the U.S. was discussing with the U.N. and Red Cross the possibility of moving up to 40,000 Iraqis now in the U.S.-occupied zone in southern Iraq into a camp the U.S. Army is already running there for displaced Iraqis, according to sources in Riyadh....

At the U.N., members of the Security Council began informal consultations Monday night on ways to create a buffer zone in the north. But some diplomats, including Secretary General Perez de Cuellar, reacted cautiously to the idea and the council decided to send a team to Iraq "in the coming days" to assess the situation.

(William Drozdiak, Washington Post, A1)

Britain, France To Ask U.N. To Set Up 'Safe Haven' For Kurds In Iraq

LUXEMBOURG -- Britain and France, backed by their European allies, said Monday they would ask the U.N. to establish a "safe haven" for Kurds in northern Iraq.

This haven or enclave could embrace all of what is considered Iraqi Kurdistan, plus some of the major cities of northern Iraq. Prime Minister Major said the U.N. could use force to carve out the territory if Baghdad resists the idea.

Major said he had "every indication that the United States will support it." However, he said he had not sounded it out with President Bush before presenting it to a summit meeting in Luxembourg of the 12 EC nations....

"I don't think it is impossible," said U.N. Secretary-General Perez de Cuellar. "But of course it would be in Iraqi territory, which would raise the problem of sovereignty, and I don't know if we can impose on Iraq a special area. That would be complicated," he told reporters.

(R.C. Longworth, Chicago Tribune)

WEST PLEDGES AID FOR FLEEING KURDS, BAGHDAD SLAMS AIRLIFT

NICOSIA -- The West is rushing to ease the misery of Kurds fleeing reprisals for their abortive uprising in Iraq, but Baghdad says airlifts of blankets and food are interference in its internal affairs.

The refugees say they are being strafed by Iraqi helicopter gunships on their flight to sanctuary....

The EC Monday pledged \$180 million in aid to the Kurds and said Iraq would be an international pariah as long as President Saddam Hussein was its leader....

Iraqi Foreign Minister Ahmed Hussein Khudayer sent a letter to U.N. Secretary General Perez protesting that the relief operation "proves the evil intentions harbored by the U.S. and Britain toward Iraq."

(Andrew Hill, Reuter)

RED CROSS URGES U.S. SHIELD FOR REFUGEES IN SOUTHERN IRAQ

RIYADH -- The U.S. has a "very great moral responsibility" to protect thousands of refugees in occupied southern Iraq from persecution by Saddam Hussein, a Red Cross official said Monday.

The official, Arnold Luethold, also confirmed the existence of another Iraqi refugee camp.... He also said the repatriation of Iraqi prisoners of war is continuing at an agreed rate of about 5,000 a day. (AP, Washington Times, A8)

**RIFT SEEN WITHIN SAUDI ROYAL FAMILY
OVER WHETHER TO AID SHIITES IN IRAQ**

RIYADH -- A split has developed within the ruling Saud family over what role, if any, their country should play in trying to topple Saddam Hussein, according to Western diplomats.

The diplomats said the debate centered on whether Saudi Arabia should provide money, ammunition and other supplies to Shiite Muslims opposing the Iraqi army in the south.... The Saudis reportedly are split on whether to provide just enough aid to erode the ground under Saddam without building it up too firmly under their Shiite neighbors. (Adam Pertman, Boston Globe)

SAUDIS SENDING RELIEF SUPPLIES TO IRAQI REFUGEES

NICOSIA -- King Fahd has ordered Saudi Arabian officials to send relief supplies through international channels to help ease the plight of Iraqi refugees, the Saudi Press Agency reported. He issued the order at the weekly cabinet meeting Monday, SPA said. The agency did not describe the nature of the aid. (Reuter)

U.S. SEEKS TO PREVENT SAUDIS FROM BEING SUED

At the request of the Saudi Embassy, the Bush Administration has asked a federal appeals court to reverse a ruling that allows the Saudi government to be sued in the U.S. for the reported torture of an American businessman.

In taking the unusual step, the Administration contends that an important national interest exists in reversing the ruling -- to prevent foreign governments from retaliating by allowing American officials to be sued in their courts.

(Neil Lewis, New York Times, A12)

KUWAITI MINISTER SAYS U.S. TO BE ASKED TO KEEP TROOPS IN EMIRATE

KUWAIT CITY -- A government minister said Monday the U.S. will be asked to keep forces in Kuwait to deter any Iraqi aggression, saying an Iraq led by Saddam Hussein still posed a threat to the emirate's security.

Abdulrahman al-Awadi, the minister of Cabinet Affairs, also told a news conference that he does not expect political parties to be legalized in Kuwait before parliamentary elections planned in 1992.... He indicated Kuwait wanted a more extended presence, though he refused to say how many troops would be requested or how long they would be asked to stay. "President Bush, who was able to mobilize all this effort in the world to support us, will never hesitate to mobilize some force and some arrangement safeguarding Kuwait from possible invasion," he said. (Greg Myre, AP)

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STATE DEPARTMENT FAULTED FOR MILITARY EXPORTS TO IRAQ

Defense and Commerce Department officials told a House panel that State Department officials repeatedly blocked their efforts to halt the flow of U.S. military-related exports to Iraq before the invasion of Kuwait despite warnings of dire consequences....

Rep. Gejdenson, chairman of the Foreign Affairs subcommittee on International Economic Policy and Trade, said the State Department failed to provide key documents about Iraqi exports, and Robert Kimmitt, the department's undersecretary for political affairs, refused to appear at the hearing.

"The export control system did not break down," Gejdenson said. "Saddam Hussein got the equipment that the State Department wanted him to have. It seems to me that it's clear...the State Department doesn't want to bring to the light of day the decisions around our foreign policy, or lack of foreign policy, controls to Iraq and other obvious terrorist countries."

Gejdenson said U.S. policy to continue exports to Iraq despite Saddam's brutality against his own population and threats to Israel and others in the region "assisted in arming" Iraq and "may well have been a factor" in Saddam's decision to invade Kuwait.

(Will Dunham, UPI)

FIVE HOUSE DEMOCRATS URGE MIDEAST ARMS SALE CURB

Five leading House Democrats Monday asked President Bush to invoke a unilateral moratorium on weapons sales to the Middle East while he pursues longer-term efforts to curb the arms flow from all sources. The proliferation of weapons "poses a serious threat to peace" in the region and squanders resources badly needed for economic development, the group wrote....

In a separate statement, Rep. Gephardt urged Secretary Baker to use his trip to the Middle East this week to assure leaders there that the U.S. is willing to lead an arms-control effort.

(AP, Washington Post, A17)

Democrats Seek Halt Of Arms Sales To Mideast

Five key House Democrats led by Rep. Gephardt called Monday for a unilateral pause in arms sales to the Middle East -- signalling a likely battle between Congress and the White House....

Gephardt said he found support for such a pause during a recent Middle East trip, including a call for a total ban on future arms sales to the region from Israeli Defense Minister Arens....

Rep. Obey, a co-author of the letter..., has urged "a policy of arms denial to the entire region." But other lawmakers say allies' security may be at stake if arms sales are denied, along with the competitiveness of U.S. arms manufacturers....

The Bush Administration has straddled the touchy issue.

(Richard Wolf, USA Today, 4A)

LEVY SAYS U.S. BACKS MIDEAST REGIONAL PEACE CONFERENCE

JERUSALEM -- Israeli Foreign Minister Levy said Monday the U.S. believed a regional peace conference between Israel and Arab states was possible.

But Secretary Baker urged caution after meeting Levy, saying details still had to be worked out.

(Jonathan Karp, Reuter)

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SECRETARY BAKER MEETS WITH NEWLY POSITIVE SHAMIR

JERUSALEM -- Israel today told the U.S. it was ready to hold peace talks with the Arabs under American auspices and with the Soviet Union participating in a regional conference.

Secretary Baker responded positively to the initiative presented to him by Foreign Minister Levy. And yet, Baker said he wanted to talk to Arab leaders before committing the U.S. government to the proposition....

"We have had a very productive and very constructive meeting," Baker said after the hour-long session with Levy.

(Barry Schweid, AP)

Israelis Ready For Peace Talks

JERUSALEM -- Israeli leaders will tell Secretary Baker today they are willing to take part in a regional peace conference with the Arab states and with a Palestinian delegation that does not publicly identify itself with the PLO.

Government sources told The Washington Times this is one of a series of positive answers Baker will receive from Israel as he seeks a U.S.-brokered Middle East peace.

Israel will agree to negotiate on the basis of U.N. Security Council Resolutions 242 and 338, which call for withdrawal from territories seized in the 1967 Six-Day War in exchange for Arab guarantees of secure borders for Israel.

(Andrew Meisels, Washington Times, A1)

Baker Seeks To Bridge Israeli-Palestinian Gap

JERUSALEM -- Secretary Baker meets Israeli leaders and Palestinians in Jerusalem Tuesday on a second mission aimed at keeping alive Washington's drive for an Arab-Israeli peace settlement....

Foreign Minister Levy said Israel would accept a regional peace conference if the opening session was followed by bilateral talks between Israel and individual Arab states. In Tunis, a senior PLO official said Palestinians meeting Baker would tell him plans for such a regional conference were unacceptable....

"There is a readiness, even a desire, to talk to Arabs from Judea, Samaria [the West Bank] and Gaza who are not a PLO delegation," Justice Minister Meridor, a confidant of Prime Minister Shamir, said Monday.

(Jonathan Karp, Reuter)

PLO READY FOR TALKS WITH ISRAEL AT U.N., ARAFAT SAYS

LONDON -- The PLO is ready to talk with Israel "under the United Nations flag," PLO Chairman Arafat said in an interview broadcast Tuesday....

"Security Council can play this role of an international conference," Arafat told BBC television news. On the possibility of separate peace agreements with Israel as a way of building confidence between Arab states and Israel as an initial step, Arafat replied: "No, this will not work."

(Reuter)

PALESTINIAN DISSIDENTS OFFER TO REJOIN PLO

DAMASCUS -- Three dissident Palestinian groups Monday offered to rejoin Yasser Arafat's PLO, abandoning an eight-year effort to topple his leadership and opening the way for a possible reconciliation between Arafat and Syria.

(Mona Ziade, Washington Times, A8)

1,000 ARAB PRISONERS ARE FREED BY ISRAEL AS BAKER VISIT BEGINS

JERUSALEM -- Israel announced the release of more than 1,000 Palestinian prisoners today and launched a new tax-initiative program to stimulate economic development in the occupied Gaza Strip in apparent gestures of goodwill as Secretary Baker arrived to pursue a new Arab-Israeli peace initiative.

At the same time, the government signalled it would continue its tough line on such key diplomatic issues as negotiations with Palestinians in Israeli-occupied territories and U.N. Security Council resolutions calling for withdrawal from those lands.

Government officials said Israel is prepared to consider proposals for a regional peace conference of Middle East states on condition that the U.S. first provide Israel with bilateral assurances about the structure and procedures of such a conference. But they said they would not agree to endorse the principle of trading occupied land for peace in advance of any negotiations, as demanded by Arab states. (Jackson Diehl, Washington Post, A17)

U.S. TO CUT DEEPER INTO ITS FORCES IN EUROPE

U.S. military forces in Europe will be reduced by at least 80,000 more troops than initially announced by the Bush Administration, according to U.S. officials.

The Pentagon first said troop levels in Europe would be slashed from 306,000 to 230,000..., but now officials say the additional cuts of 80,000 would leave a force of 150,000....

The German newspaper Welt am Sonntag reported Sunday that the troops reductions would total more than 170,000. But U.S. officials said privately the reductions would not be that large....

"There will probably be a total of 150,000 air and land forces in Europe, unless Congress forces the number to go lower," said one U.S. official.

(Bill Gertz, Washington Times, A3)

POWELL SAYS U.S. IS 'RUNNING OUT OF DEMONS'

Gen. Colin Powell said in an interview published Monday that the Gulf War has made it safer to cut the U.S. military budget.

"Think hard about it," Powell told the Army Times newspaper. "I'm running out of demons. I'm running out of villains. I'm down to Castro and Kim Il Sung," he said....

Powell also said he would be "very surprised if another Iraq occurred. Iraq has spent somewhere in the neighborhood of \$50 or \$60 billion over the past 10 or 12 years. Whether that kind of wealth is around and whether anybody wishes to invest that wealth in hardware for war is unlikely."...

Even after the next five years of budget cuts, Powell said, the U.S. military would still be able to win a war on the scale of the conflict with Iraq, though it would be "a longer and much more difficult process."

(Fred Kaplan, Boston Globe)

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PRESSURE RISES FOR GORBACHEV TO LEAVE OFFICE

MOSCOW -- Soviet conservatives and radical coal miners are stepping up pressure on President Gorbachev, creating a broad front of conflicting political forces -- all calling for the Kremlin leader's resignation.

Leaders of Soyuz, the conservative faction of the national legislature, met with Gorbachev Sunday and told him they were petitioning for an extraordinary session of the full parliament, the Congress of Peoples Deputies. One of the Soyuz leaders, Yevgeni Kogan, said in an interview that such a session might well demand a vote of no-confidence in Gorbachev.

(David Remnick, Washington Post, A15)

GEORGIAN PARLIAMENT APPROVES INDEPENDENCE DECREE

MOSCOW -- Parliament in the Soviet republic of Georgia Tuesday approved an independence decree presented by President Gamsakhurdia, journalists in the capital Tbilisi said. The journalists, speaking from the parliament, said the vote was unanimous. It was followed by scenes of rejoicing on the streets with swarming crowds and people honking their car horns. (Reuter)

EDITOR'S NOTE: "In Soviet Georgia, A Strike Threat," by Francis Cline, appears in The New York Times, page A6.

U.S. TO OFFER INCENTIVES FOR VIETNAM TIES

The Bush Administration has decided to launch a major diplomatic initiative toward Vietnam, offering America's former wartime adversary a series of trade and economic benefits and new steps toward normalization of relations if Vietnam helps to bring about a quick peace settlement in Cambodia, U.S. sources say.

As one sign of the Administration's seriousness about possible diplomatic recognition of Hanoi, a senior Administration official confirmed Monday that in August, a small group of State Department foreign service officers will begin yearlong training in the Vietnamese and Khmer languages....

"The Administration would like to lay that [Vietnam] era to rest," one senior Administration official told The Los Angeles Times Monday. "What the Administration is trying to do is to give Hanoi and Phnom Penh every incentive to cooperate."

Assistant Secretary of State Solomon is expected to present the U.S. proposals to Trinh Xuan Lang, Vietnamese ambassador to the U.N., in New York today and to outline them on Capitol Hill in testimony Wednesday. One Administration official said that the new U.S. initiative will amount to "a road map" detailing exactly what benefits Vietnam will obtain from a Cambodian peace settlement.

(Jim Mann, Los Angeles Times, A1)

PANAMA'S RULING COALITION SPLINTERED BY PRESIDENT

PANAMA CITY -- President Endara tore apart his U.S.-backed coalition government Monday, firing five cabinet ministers whom he accused of arrogance and political disloyalty.

Endara also fired the head of the National Police...amid allegations by government investigators that a special police office was spying on the president and his family. (Reuter)

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UP TO 200 DISENCHANTED CONTRAS TAKE UP ARMS AGAIN

AGUASMARIAS, Nicaragua -- A small band of demobilized contras, resentful over their plight in the first year of peace, have picked up assault rifles and resumed their lives as roving guerrillas in the rugged mountains of northern Nicaragua.

The guerrillas, baptized the "re-contras" by local peasants, number 150 to 200 in several contingents, according to farmers, human rights activists and senior officials in Managua....

"I want to say to the president [Chamorro], get the Sandinista National Liberation Front out of here or we will go back to war," declared Jose Oliva Herrera. (Edward Cody, Washington Post, A15)

EDITOR'S NOTES: "Autopsy Disputed In Death Of Contra," by Bill Gertz, appears in The Washington Times, page A3.

"Aide's Resignation May Cripple Kaifu," by Tetsuo Jimbo, appears in The Washington Times, page A7.

"Hungary's Embassy Squabble," by Peter Maass, appears in The Washington Post, page C1.

NATIONAL NEWS

REDIRECTING THE BUDGET -- WITHIN LIMITS Panetta Cites Needs Of 'Working Families'

House Democratic leaders, forced to operate within the narrow confines of last year's budget agreement with the Bush Administration, Monday began peddling their version of the \$1.4 trillion fiscal 1992 spending plan as a budget that meets "the needs of America's working families..."

"This is a budget aimed directly at the needs of America's working people and working families," said Rep. Panetta, arguing that the Democratic plan would eliminate many of the more draconian cuts proposed by the Administration and more fully fund programs in the areas of education, health, nutrition, drug abuse prevention, energy and economic competitiveness.

"When it comes to fairness, when it comes to investment, when it comes to working families, this budget makes a difference," Panetta argued. (Tom Kenworthy, Washington Post, A19)

Panetta Has Alternate Budget

House Budget Committee Chairman Panetta proposed an alternative Monday to President Bush's \$1.45 trillion budget that would keep the same bottom line but shift priorities to spend more on education, health care and energy programs.

The package would significantly reduce Bush's requested increase in space spending as well as impose an across-the-board 1 percent cut on an undisclosed number of federal agencies....

Panetta will present his budget to the full committee today in hopes of a vote by the end of the day. The full House could then consider it next week, he said.

Rep. William Thomas, the third-ranking Republican on the committee, told reporters Panetta's proposals are unrealistic because they fail to specify where cuts will take place.

(J. Jennings Moss, Washington Times, A4)

Democrat's Budget Plan Assures Conflict With Bush

The House Budget Committee chairman unveiled today a budget for the next fiscal year that calls for more spending on social programs than President Bush had proposed, virtually assuring the first of many confrontations over domestic priorities after Congress returns Tuesday....

"Within the constraints of the budget agreement," Rep. Panetta said, "we have the opportunity, albeit gradually and incrementally, to try to direct this nation away from the policies of the '80's that hurt our greatest resources, the working men and women in this society."

Rep. William Thomas...countered that Panetta's proposal contained "fairly trivial" differences from the Administration plan. But he criticized Panetta for not being more specific about where he would make cuts. "You only get the feel-good stuff," Thomas said. "the President bit the bullet and put those in his program; the Democrats have not."

(Richard Berke, New York Times, A16)

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**SENATORS FIGHTING OVER NEW LOOPHOLE
AFFECTING SOCIAL SECURITY FUND**

A loophole that was created in last year's budget deal leaves the \$200 billion Social Security trust fund vulnerable to being raided, Sen. Domenici said Monday.

However, some Senate Democrats say the loophole, which they don't deny putting into the budget, is instead aimed at making it easier to cut the Social Security payroll tax....

Domenici...is introducing legislation to rebuild the "firewall" that is supposed to protect the trust fund's revenue calculations from being tampered with during debate on the budget unless a "super-majority" of 60 senators agrees.

(Elaine Povich, Chicago Tribune)

EDITOR'S NOTE: "Congressional Democrats Start To Steer A Course Toward More Confrontation, Less Compromise," by Jeffrey Birnbaum, appears in The Wall Street Journal, page A24.

**STATES' VERSION OF BUSH'S 'NEW FEDERALISM'
Governors, Legislators Unveil Their Plan
To Fold Domestic Programs Into Block Grants**

Governors and state legislators came up Monday with their version of a Bush Administration plan to fold billions of dollars in domestic programs into a handful of block grants. Their response to one of the President's highlighted 1991 initiatives drew cheers from the White House but still faces an uphill fight in Congress....

Omitted from both the National Governors Association and the National Conference of State Legislatures versions were the \$3 billion Community Development Block Grant and another \$4 billion worth of subsidized housing programs that the Administration initially had included on its list of "potential" programs for the new block grants....

The NGA and NCSL spokesmen set two major conditions on support for the plan: The Administration and Congress must agree in advance to maintain spending on the affected programs for the next five years and not change distribution formulas to the disadvantage of any state.

(David Broder, Washington Post, A19)

EDITOR'S NOTE: "States, Following Bush Plan, Ask Congress To Consolidate U.S. Aid," by Gwen Ifill, appears in The New York Times, page A21.

**FEDERAL OFFICIALS VOW TO CLEAN UP
FRAUD-RIDDEN STUDENT LOAN PROGRAM**

Federal officials pledged Monday to dramatically improve their management of Guaranteed Student Loans -- an \$11 billion college aid program fraught with fraud, abuse and loan defaults that have soared nearly 17-fold in a decade....

Schools with default rates above 35 percent three years in a row will be cut off from the program in July -- unless they can prove "mitigating circumstances" were at fault....

"We are serious and we are aggressive," said Ted Sanders, deputy secretary of education. (Mary Ann Roser, Knight-Ridder)

U.S. Plans Crackdown On Student Loans

In an effort to cut down on the growing number of student loan defaults, the Administration Monday announced a new plan to restructure the Education Department's student financial aid programs.... The recommendations were suggested in a report by an Education Department and Office of Management and Budget team....

"We applaud what the Secretary has done here today," said Frank Hodsol, OMB executive associate director. He added that the suggested changes "will result in real progress in the student loan program."

(Holly Hacker, Los Angeles Times, A7)

STUDY: U.S. RANKS 12TH IN EDUCATION SPENDING

A study by the American Federation of Teachers released Monday shows 11 other industrialized nations spend more than the U.S. on students. "This study lays to rest the myth that the United States spends more than other nations. No matter how you measure it, our investment falls short of being number one," said Albert Shanker, president of the teachers' union.

The study...noted 4.7 percent of U.S. GNP is devoted for education, compared with a 15-country average of 5.4 percent.... The study also found that American classrooms are among the most crowded of the 15 countries studied, with the fourth-highest pupil-teacher ratio of 19 children for every teacher. (Janet Bass, UPI)

U.S. Ranks Low In School Spending

NEW YORK -- By nearly any measure, the U.S. is being outspent in education by other industrialized powers, an AFT union study finds.... The report analyzed data gathered by the Organization for Economic Cooperation and Development, the U.S. Education department and UNESCO....

Ted Sanders, deputy education secretary, said of the survey, "It's time we stopped reaching for new statistics to suggest that we are not spending enough on education. In fact, education spending increased 30 percent overall during the 1980s," he said. "The emphasis now must be on accountability and achievement, not bookkeeping."

(Lee Mitgang, AP)

EDUCATION DEPT. IN HIGH GEAR

If the Education Department seemed to move in slow motion under Lauro Cavazos, the maligned agency has shifted into fast forward since Lamar Alexander succeeded him as Education Secretary three weeks ago. In that brief period Alexander...has moved to quell a controversy over minority scholarships, assemble a top management team with some star quality and win White House approval of an education agenda that claims to redefine the public school. Monday he announced steps to attack the department's biggest financial problem, its poor management of student loan programs.

What is unclear is whether all the activity will result in educational progress. There are clear political reasons behind Alexander's bustle.... Next week, President Bush is expected to embrace Alexander's agenda, cast it as "revolutionary reform" and use the proposals, in the words of one official, to "inoculate us against charges we have no domestic agenda."

(News analysis, Kenneth Cooper, Washington Post, A1)

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Alexander Begins Reign With A Flurry Of Activity

As the 1992 election season draws nearer, newly appointed Secretary of Education Lamar Alexander is moving quickly to help President Bush fulfill a promise he made in the 1988 campaign but then largely ignored: Bush's vow to become the nation's "Education President."

In just a few short weeks -- starting even before he won Senate confirmation -- Alexander has cleared out most of the senior Education department officials loyal to Lauro Cavazos. He has replaced them with his own, more action-oriented team. Alexander has also put together a new education agenda that includes a controversial proposal for instituting national achievement tests and more emphasis on adult learning and training for the work force. Bush himself is expected to unveil the package next week.

The galloping start has drawn favorable attention from some of the Administration's harshest critics, including Rep. George Miller, a member of the House Education Committee.

"These people have the ability and they also have the background to engage these issues as well as any group of people we've seen in a long time," Miller said recently. And Keith Geiger, president of the National Education Association, who has often been at odds with Alexander in the past, says "I'm pleased" with the new official's initial moves in Washington....

"You're not going to see in the rest of this Administration some new commitment to funding," says Robert Hochstein, an official of the Carnegie Foundation for the Advancement of Teaching. "It's just not in the cards."

Even so, campaign strategists predict that the politically attuned Alexander at least will be able to polish Bush's tarnished image in the field. "I think these people are going to stir the pot," Rep. Miller asserts. (Karen Tumulty, Los Angeles Times, A12)

LIFE EXPECTANCY OF BLACK MALES FALLS TO 64.9**Rising Murder Rate, AIDS Seen As Factors**

The life expectancy of black males continued its striking decline in 1988, according to statistics released Monday by federal health officials.

In his annual report on the health of U.S. residents, Secretary Sullivan reported "sobering news" of how AIDS and rising homicide rates have cut the average lifespan of black males to 64.9 years -- its lowest point since 1981. It was 65.2 in 1987.

By comparison, life expectancy for other major groups lengthened for the most part during the 1980s....

Sullivan outlined several initiatives he hopes to take in the coming months to tackle minority health problems. Among them are extending early care to children, focusing prevention education programs on members of minority groups, and expanding the availability of health professionals for understaffed areas.

But, he said, "the government can only do so much."

(Malcolm Gladwell, Washington Post, A5)

U.S. TO SIMPLIFY INSURANCE PLANS FOR THE ELDERLY

In a move to protect consumers and reduce confusion among the elderly, the nation's insurance commissioners have chosen nine private health insurance policies to supplement coverage provided by the federal government through Medicare. They will soon replace the bewildering jumble of supplemental policies now offered in the private market.

The nine alternatives would greatly simplify the choice for an elderly person seeking private "Medigap" insurance....

Under a new federal law, signed by President Bush in November, insurers will be forbidden to offer Medigap policies other than those designed and approved by the commissioners.

(Robert Pear, New York Times, A1)

**TROUBLED COURT NOMINEE GIVEN A BOOST
As Vote Nears, Justice Department
Points To Ryskamp Work With Minorities**

The Justice Department is attempting to bolster the troubled federal appeals court nomination of Kenneth Ryskamp, pointing to his support of a minority church and other religious work as evidence of his racial tolerance.

Meanwhile, two Hispanic groups, citing Ryskamp's remarks about Cuban Americans, have joined the organizations lobbying against him. The Senate Judiciary Committee is scheduled to vote Thursday on whether to elevate the Miami federal district judge to the 11th U.S. Circuit Court of Appeals.

Justice Department officials claim opponents are crucifying Ryskamp for verbal missteps instead of judging him by his actions.... [However], Nan Aron, executive director of the Alliance for Justice, said, "Instead of dispelling doubts at the [committee's] hearing, his testimony only confirmed them.".... Administration officials were clearly disappointed with Ryskamp's responses to the senators, saying he "set off alarm bells" instead of reassuring them. (Sharon LaFraniere, Washington Post, A19)

Conservatives Won't Go To The Mat For Ryskamp

The Bush Administration has crafted a last-minute rebuttal to charges that Judge Kenneth Ryskamp is unfit for the federal appeals bench, but some Senate Judiciary Committee sources say the effort may be moot.

"I don't think his chances are good," said one source close to the Committee.

"It's not one of those things that's going to sail through," a second observer said. "It'll either be close or no cigar."...

Observers predicted that the Ryskamp nomination might die because conservatives have not fought for the man as vigorously as they have for other controversial nominees. "You just don't get the sense that this guy is somebody to fight a lot over, that he's going to make or break the future of the 11th Circuit," one committee source said. "He's not a cutting edge scholar or an intellectually rigorous conservative."

(Dawn Ceol, Washington Times, A5)

ATTORNEY GENERAL TO ARGUE DEATH PENALTY CASE BEFORE HIGH COURT

Attorney General Thornburgh plans a rare appearance before the Supreme Court to argue that relatives of murder victims be allowed to testify before juries considering the death penalty.

Thornburgh is scheduled to make a 10-minute argument on April 24 when the high court considers the appeal of a Tennessee death-row inmate who contends that such "victim-impact" testimony was improperly admitted in his case. (James Rowley, AP)

ABSENCE OF MALICE ON WAR VOTE

ASHEVILLE, N.C. -- ...The absence of malice toward Sens. Sanford, Hollings and Fowler during their home-state visits is in line with national polls indicating that most voters are not likely to be swayed against lawmakers because of their votes against the war.

In one of the most recent surveys, pollsters Stanley Greenberg, a Democrat, and Frederick Steeper, a Republican, found that 38 percent of voters, mostly Republicans, said late last month that they would be less likely to reelect someone who voted against the war. Ten percent said it would make no difference. Only one in five said the vote would be a major factor in their decision.

"People are resisting using the war vote as a litmus test; they liked the war and don't want to see it politicized," said Greenberg. (Helen Dewar, Washington Post, A4)

NAVY TO PROMOTE CAPTAIN DESPITE HIS REPRIMAND

A captain censured for "deficient performance" because he downplayed enormous cost overruns in the Navy's stealth fighter program is being promoted to rear admiral.

In an unusual move that has drawn fire from Congress, Navy Secretary Garrett is endorsing the promotion of Capt. Lawrence G. Elberfeld to the rank of rear admiral just months after signing a letter of censure. Such a letter is "considered grave within the naval service," Garrett acknowledged in replying to a congressional query....

Rep. Ireland has led the attack on Capt. Elberfeld's promotion, claiming the move signals that mismanagement is rewarded in the service. He said the promotion has created a "serious morale problem among the captain ranks." Ireland also charged that the Pentagon has punished lower-level officials who tried to warn the service that the A-12 program was suffering cost overruns and schedule delays at a time when Capt. Elberfeld claimed the program was on schedule and at cost. (Paul Bedard, Washington Times, A3)

Navy Head, Reversing Himself, Concedes He Got Early Word On A-12 Cost Overrun

Navy Secretary Garrett, contrary to his public statements, received early warnings about huge financial and technical problems afflicting the ill-fated A-12 attack plane, according to Pentagon documents and congressional investigators.

(Andy Pasztor, Wall Street Journal, A24)

FAMILIES TO SEEK DAMAGES IN IOWA SHIP BLAST

MIAMI -- Families of sailors who died in the 1989 USS Iowa battleship blast will seek up to \$2.35 billion in damages, alleging negligence and a coverup by the U.S. Navy, their lawyer said Monday. "The Navy has covered up the cause of the explosion and they continue to cover up," said Miami attorney Ellis Rubin.... If the Navy denies the damage claims, Rubin said he will file a lawsuit in Washington and attempt to overturn the so-called Ferres doctrine, which since the 1950s has blocked servicemen or their families from suing the government. (Reuter, Washington Post, A8)

BUSH, REPUBLICAN WHO'S WHO SAY FAREWELL TO TOWER

DALLAS -- President Bush headed up a who's who of the Republican Party at Monday's memorial tribute to former Texas Sen. John Tower and his daughter, victims of a Georgia commuter plane crash that killed 23 people.

Bush, his wife Barbara and their son, George W., were among an estimated 1,000 mourners who attended the hour-long memorial service.... Bush also was accompanied by Secretary Mosbacher and a number of White House aides, including legislative strategist Fred McClure, a Texan who said he had known Tower well for 15 years and who sang "Amazing Grace"....

"The reason we can hail our success in the Persian Gulf is that he was chairman of the Armed Services Committee in the years when President Reagan began spending more for defense," said Sen. Dole, following the service. (Phil Magers, UPI)

EDITOR'S NOTE: "President, First Lady On Hand As Mourners Remember Tower," by Frank Murray, appears in The Washington Times, page A4.

PRESIDENT BUSH GAMEDLY OPENS SEASON FOR TEXAS RANGERS

ARLINGTON, Texas -- President Bush, who throws left and bats right, stepped to the mound Monday evening and threw an off-target pitch to open the Texas Rangers' baseball season against the Milwaukee Brewers.

Shaking his head in mock dismay, the President threw up his hands and jogged off the field to wish the players better luck.

(Kathy Lewis, Dallas Morning News)

EDITOR'S NOTE: "Energy Bill Renews Heated Auto-Mileage Debate," by Paul Clancy, appears in USA Today, page 4A.

"'Quota' Issue Is A Myth To Scare Off [Civil Rights] Bill Supporters," interview with two NAACP officials, appears in USA Today, page 9A.

"Intrigue At The Fed: Open Debate Puts Policy In Question," by Mark Memmott, appears in USA Today, page 1B.

NETWORK NEWS

Monday evening, April 8

IRAQI REFUGEES

ABC's Peter Jennings: There's nothing like first-hand reporting. The Bush Administration had a chance to see for itself today what a catastrophe has befallen as many as two million Iraqi Kurds, many of whom believed the Bush Administration would do more than talk about their struggle against Saddam Hussein. Secretary Baker went to the frontier between Turkey and Iraq today to hear in person the stories of devastation from those who believe they have been betrayed.

ABC's John McWethy: It may have been just a photo opportunity, but for a brief moment today Secretary Baker looked into the faces of desperation that make up the tidal wave of Iraqi refugees fleeing from Saddam Hussein's troops.

(Secretary Baker: "You look at this and you can't help but believe, I think, that it's nothing less than a crime against humanity.")

In a 12-minute visit to a mountain pass that officials told Baker was just a few feet inside Iraqi territory, the secretary saw first-hand one of the bitter consequences of the Bush Administration decision not to destroy all of Saddam Hussein's military and not to help the rebels. Refugees harassed by the Iraqi army in the long march to get here are now clinging to life on the barren slopes of the mountain. Every night hundreds are dying in the cold, mostly children and old people.

(Iraqi refugee shouting to Secretary Baker: "I want to come talk to you. We have a lot of difficulties here. I want to talk to you, please! If you'll only hear me.)

This man walked nearly 100 miles from the Iraqi city of Kirkuk with 17 members of his extended family.

(Refugee talking with Baker: "Our children are suffering from hunger and starvation. So you've got to make for us something, to help us.

Baker to refugee: "We know that. You need food, you need clothing, you need tents, you need everything.

Refugee: "We need enough food. Some people don't want to stay here. They want to go abroad. This is more a delay point for some people here.")

The refugees say they cannot go home as long as Saddam Hussein is in power. What Baker would not tell them is that no one wants to take them. The crossing points here in Turkey have become the only way out for hundreds of thousands of Kurds fleeing for their lives. Though the Bush Administration was slow to recognize the proportion of the human disaster now building on this border, Baker said he now knows that a massive international effort must be launched to help. Meantime the Kurds, some of whom blame the Bush Administration for encouraging them to fight, continue to live and die in limbo on the border.

ABC's Sheila MacVicar and Forrest Sawyer report on the plight of the refugees at the Turkish and Iranian borders. **-more-**

Jennings: The leaders of the EC voted today to send \$180 million in emergency aid to the Kurdish rebels. They also asked the Security Council to create an enclave in northern Iraq to protect the Kurds from Saddam Hussein's army. (ABC-Lead)

NBC's Tom Brokaw: The U.S. has a very great moral responsibility to the Kurds; that from an official of the Red Cross as he struggled to ease the anguish of Kurdish refugees who first fought Saddam Hussein, now are fighting for their lives. This human tragedy on a grand scale is playing out in Iraq, Iran and Turkey.

ABC's John Dancy: Jim Baker saw the human cost of the war today. Baker was actually inside Iraq as he visited a desolate camp to call for an international effort to help the refugees streaming across the border by the thousands each day to camps like this. Many of these people walked 10 days to get to this rocky field through the surrounding circuit of mountains -- women, children, old people. They were under attack by Saddam Hussein's planes and helicopters as they fled.

(Iraqi refugee shouting to Secretary Baker: "I want to talk to you please! If you'll only hear me.")

An English-speaking man in the crowd told Baker that people are desperate.

(Refugee: "We don't have enough water supply here, you see. This is the first thing. The second thing, that we need doctors, we need medicines. We need enough food.")

Baker to refugee: "The Turkish government has been as generous as they can be. They've opened their borders, they've given what they can give, but it's up to the international community as a whole to do something about this tragic crime against humanity. And that is what we intend to do.")

Baker's trip was to see, but also to be seen. He learned little that the American Embassy could not have told him and stayed at the site less than six minutes. But he has now seen the misery for himself and that gave a personal intensity to his call for an international relief effort. From Turkey, Baker flew to Jerusalem tonight for the second part of his mission, which is to try to push the Middle East peace process forward. No obvious signs of optimism yet. (NBC-Lead)

CBS's Dan Rather: Secretary Baker got a close-up look today at the suffering and the anger of Iraqi refugees fleeing the revenge of Saddam Hussein.

CBS's Bill Plante: Three-hundred thousand refugees from Iraq are waiting along the Turkish border, their number expected to double within the week. They are here because the U.S. allowed Saddam Hussein to win his civil war. Today, some of them had a chance to tell the secretary of state that they don't understand why President Bush didn't go after Saddam.

(Refugee: "I wish he had finished him. He just left him there and now he's doing it.")

But after the meeting there were smiles because Baker had promised help. Then the secretary was taken up a steep, winding road right to the border where the scope of the tragedy was clear -- tens of thousands of men, women and children in the open mountains without food, medicine or sanitation.

Plante continues: This is the situation that has been building up here on the border for more than a week now, long before the Bush Administration took official notice of it and sent Secretary Baker to see for himself.... Baker placed the blame squarely on Saddam Hussein.

(Baker: "You look at this and you can't help but believe, I think, that it's nothing less than a crime against humanity.") There were more appeals and letters for Baker, but after just six minutes in this friendly but uncontrolled crowd, nervous security officials ended the visit. Baker's trip is intended to deflect criticism of the U.S. for standing by and doing nothing during the Iraqi civil war now that the consequences have become far worse than anyone anticipated.

Rather: Kurdish rebel sources say Iraqi helicopter gunships attacked refugees trying to escape to Turkey and Iran today. They say thousands were killed or wounded. These reports have not been confirmed. So far no one is doing anything to protect refugees inside Iraq from Saddam's continuing wrath.

CBS's Allen Pizzey reports from a refugee camp on the Iraqi side of the border: These Iraqi Kurds think they are different than other victims of war and politics. They feel they've been betrayed.

(Abdullah Sadki, Kurdish medical worker: "Everybody here feels that the suffering is -- is a victim of American policy.") If America had backed their revolt, they say, they wouldn't be here, stuck on the edge of the river that separates Iraq from Turkey, not allowed to cross and fearful of still being on Iraqi soil. Refugees who knew Secretary Baker was in the area said they wanted to see him, to ask why America had abandoned them. Many said they believed President Bush was sincere in wanting a new world order. But they don't understand why their lives have come to this. What these people want most right now is to get out of Iraq. "The Americans say if we stay in Iraq they'll bring us food," one man said. "But what if Saddam Hussein brings us bombs? What will George Bush do for us then?" (CBS-Lead)

PALESTINIANS

Jennings reports that the Israelis released 1,000 Palestinians from prison today, which coincided with a visit by Secretary Baker. There are still 9,000 Palestinians being held, half of them either not charged with any crimes or not yet put on trial.

ABC's Dean Reynolds reports on restless Palestinians tiring of taking orders from leaders in exile. (ABC-7, CBS-2)

GERMANY/POLAND

CBS's Tom Fenton reports that there was tension between Germans and Poles as Poles crossed over to visit Germany. Racism is being fueled by the staggering unemployment that the collapse of communism has brought to Eastern Europe. (CBS-3, ABC-9)

AMERICAN HEALTH REPORT

Jennings: The federal government [National Institutes of Health] released its annual report on the health of Americans. On infant mortality, the biggest overall drop in a decade. Although when you break it down, minority babies are still dying at twice the rate of white babies. On AIDS, a 20 percent increase in the number of those infected with the virus that can cause AIDS. The number of deaths from heart disease continues to go down, although it is still America's number one killer. To lower that number, the government now says we need to keep a closer eye on many more children. (ABC-3)

NBC's Robert Hager reports that doctors appointed by the National Institutes of Health warned today that kids, like adults, need to be careful about cholesterol. (NBC-4, CBS-4)

RAPE

NBC's Andrea Mitchell reports that proposed federal legislation would not allow defense lawyers to treat rape victims like criminals.

(Sen. Biden: "How a woman is walking, how provocative she appears, is totally irrelevant. No man has any right under any circumstances to lay a hand on a woman without her permission, period.")

The legislation would also double the penalties for rape, define rape as a hate crime so women could sue for damages, and authorize money for treatment and prevention. (NBC-8)

ATLANTIS

ABC's Jim Slade reports that the shuttle astronauts spent more than five hours outside the shuttle this afternoon testing transportation jets -- trying to find a way to move astronauts around so they can work on the exterior of a future space station without using all their energy. (ABC-2, NBC-3, CBS-8)

POLICE CHIEF GATES

Jennings reports that today a Superior Court judge ordered that Los Angeles Police Chief Gates be put back in charge of the department until later this month when the court will hold a full hearing. (ABC-4, NBC-7, CBS-7)

NANCY REAGAN BIOGRAPHY

Brokaw reports that Kitty Kelley's unauthorized biography on Nancy Reagan hit the stores today and sold 90,000 copies by noon. (NBC-2, ABC-10, CBS-11)

Presidential Phone Calls



DATE

4-9-91

TIME

6¹⁰

incoming/outgoing

WITH

Bill Furel

797-6086

SUBJECT

Deputy

at USTR

(Ambassador)

①

promised him sit down

tomorrow with him & Tules

FOLLOW-UP:

I called Carol

Bush Presidential Library Photocopy

Presidential Phone Calls



DATE

4-9

TIME

11:45

incoming/outgoing

WITH

Tenn Lacy

SUBJECT:

Told Tenn to report
not by category limits

but report in detail

FOLLOW UP:

Bush Presidential Library Photocopy

Sir:

1. Laurie would like to come over this afternoon to go over the State Dinner list. She said she can get the movie, In the Blood by Friday and will have some other options for you.

If o.k. with you, she will come over at 4:15 pm

2. Terri Lacy called. She will be in Washington tomorrow (she's meeting w/ Boyden Gray at 10:00) Your tax return is ready. She's available if you need to see her on anything.

Needs to ask you one question on your disclosure report:

Do it again this week
Last year you listed your assets with the values rounded to the nearest thousand. Terri said your thinking on this was that the law would be enacted to require you to do this. The law that was enacted does not require rounding to the nearest thousand - instead you can use categories.

Do you want to round to the nearest thousand as you did last year -- or do you want to use categories? She recommends using categories. Her only concern is that the press might ask why were you more specific last year?

GUIDANCE:

3. Peggy in Mrs. Bush's office (per Mrs. Bush's request) has been talking to Jonathan Bush trying to work out a time for your mom to come to the White House.

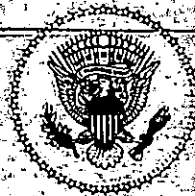
2 options: April 29 (or 30) to May 2 (or 3)
or May 6 (or 7) to May 9 (or 10)

any preference?

Bridget

Bush Presidential Library Photocopy

Presidential Phone Calls



DATE:

4-9-91

TIME:

2:50

incoming/outgoing

WITH:

Al Haig

SUBJECT:

Don't let the noddies
get you down - saw critics
now that were criticizing you earlier
To thank

I called to thank him
for his March 7th
letter

FOLLOW UP:

Bush Presidential Library Photocopy

THE WHITE HOUSE
WASHINGTON

DATE: April 5, 1991 (Los Angeles)

FROM THE PRESIDENT

To: Laurie Firestone

Please invite Al Haig to something
good soon.



THE PRESIDENT

4-5-91

L. A., Cal.

Dear Al,

I tried to call
you early this morning
to thank you for your
March 7th letter that
just surfaced. I am

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

The Honorable Alexander M. Haig, Jr.
President
Worldwide Associates Inc.
1155 Fifteenth Street, N.W., Suite 800
Washington, D.C. 20005

very grateful to you
for that letter and

those generous comments.

Also well between us -
and I'm happy about that.
Warm Regards,

On love to Pat



FROM
THE WHITE HOUSE
WASHINGTON, D.C.

The Honorable Alexander M. Haig, Jr.
President
Worldwide Associates Inc.
1155 Fifteenth Street, N.W., Suite 800
Washington, D.C. 20005

GEORGE BUSH

Linda

①

Be sure this

man has

not been seen

② if not - mail

this today

Bush Presidential Library Photocopy

Document Originally
Attached to
Following Page

Bush Library Photocopy
George Bush Handwriting

Office of
Alexander M. Haig, Jr.

Pres.
Worldwide Assoc. Inc.
1155 15th St., NW #800
Wash. 20005

March 7, 1991

Laurie
Please invite to
Al Haig
good
something soon

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

Dear Mr. President:

As you know, I have remained in fairly close contact with Brent Scowcroft throughout the Middle East crisis but I did want you to know on a very personal basis how much I respect and admire your personal leadership from the very outset. As one who has witnessed the kinds of pressure that a President must expect, it is my unshakable conviction that you alone brought about the victory all Americans are celebrating today, notwithstanding the superb performance of our Armed Forces.

Despite past differences, be assured of my profound respect and gratitude for what you have done for our nation and its people.

Respectfully yours,

Bush Presidential Library Photocopy

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03a. Note	Handwritten notes of Presidential Phone call with President Carlos Andes Perez [one page double-sided] (3 pp.)	04/09/91	(b)(1)	

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Tuesday, April 9, 1991

Date Closed: 7/5/2012	OA/ID Number: 90591-009
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)]

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

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

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

PRM. Removed as a personal record misfile.

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

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03b. Talking Points	Points to be Made for Phone Call with Venezuelan President Carlos Perez (3 pp.)	n.d.	(b)(1)	C

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Tuesday, April 9, 1991

Date Closed: 7/5/2012	OA/ID Number: 90591-009
FOIA/SYS Case #: 2009-0166-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

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

BUSINESS LEADERS "FAST TRACK" MEETING
THE CABINET ROOM
APRIL 9, 1991, 1:15 P.M.

-- Thank you all for coming to the White House. I want to especially thank Bill Brock and Bob Strauss for helping to assemble this impressive group of trade experts. You all understand what is at stake here -- how essential "fast track" authority is in order to forge trade agreements that will eliminate trade barriers and provide economic growth and opportunity for all countries involved.

-2-

-- I know many of you have been working on the Uruguay Round, and I am grateful for your leadership in that area. We remain committed to the Round's successful completion. It provides an opportunity for unprecedented world economic growth and cooperation. We are equally committed to pursuing a North American free trade agreement with Mexico and Canada. However, each of these essential initiatives is endangered if "fast track" authority is not granted.

- The economic and social benefits of free trade in this hemisphere will help to raise the standard of living in all our countries. In the past few days, I visited with business leaders from the Hispanic communities of Los Angeles and Houston. Mexico and the U.S. share a special heritage -- cultural and family links that we can build on with the Mexico FTA. The Mexico FTA will bring new prosperity and new jobs to our countries. The Hispanic business leaders I met with understand this and are mobilizing their forces to weigh in on the Hill in support of "fast track."

- We have every intention to keep Congress informed of developments in any trade agreement. They are an active participant in this process. We are not going to forge a deal that is not in the best interests of the United States. But, we need "fast track" to move ahead. Opponents to "fast track" are opponents of trade between nations -- "fear mongers" who oppose the prosperity that free trade brings.
- This group seems to be the "mother of all coalitions" on trade issues. We need your help to assure "fast track" is granted. So let me take this opportunity to encourage your all-out efforts on this issue. We need the grass roots working the Hill, and each of you can bring strong arguments to Members in support of "fast track" and free trade.

Patty

THE AMERICAN BUSINESS CONFERENCE
THE DEPARTMENT OF COMMERCE
TUESDAY APRIL 9, 1991
2 P.M.

91 APR -9 PM12:08

THANK YOU, BOB, FOR THAT INTRODUCTION AND FOR
LENDING US A MEETING ROOM TODAY. AND I ALSO WANT TO
SALUTE THE AMERICAN BUSINESS CONFERENCE'S LEADER, JIM
JONES. WHAT A JOB HE'S DOING! WE ALSO HAVE SOME HEAVY
HITTERS IN THE FRONT ROW: RICHARD BREEDEN, BILL
SEIDMAN, SEN. DOMENICI.

IT'S ALWAYS GREAT TO TALK TO THE AMERICAN BUSINESS
CONFERENCE. I'VE BEEN HERE FOUR TIMES IN RECENT YEARS,
AND I'VE LANDED AT LEAST TWO OF YOUR LEADERS -- BOB
MOSBACHER AND ARTHUR LEVITT. //

IT'S AN HONOR AND A PLEASURE TO TALK TO A GROUP
THAT STANDS FOR SUCCESS -- A GROUP THAT ADMITS ONLY
MEDIUM SIZED COMPANIES THAT THRIVE IN THE MARKETPLACE.

BUT I'VE GOT TO TELL YOU, I FEEL A LITTLE FUNNY
BEING HERE. AFTER ALL, I'M THE CEO OF AN OUTFIT THAT
HAS LOST MONEY FOR 33 OF THE LAST 35 YEARS. //

BUT IN KEEPING WITH TODAY'S THEME -- CHARTING ECONOMIC GROWTH IN THE 90'S -- I'D LIKE TO TALK ABOUT THIS ADMINISTRATION'S PLAN FOR GENERATING MORE AMERICAN SUCCESS STORIES LIKE YOURS./

OUR RECENT SUCCESS IN THE GULF HAS RENEWED AMERICANS' BELIEF IN THEMSELVES. IN JUST THE PAST COUPLE OF MONTHS, CONSUMER CONFIDENCE HAS SOARED. THE STOCK MARKET HAS BEEN CLIMBING TOWARD THE 3,000 MARK. MOST ECONOMISTS PREDICT THAT THE RECESSION SOON WILL GIVE WAY TO A NEW CYCLE OF GROWTH.

BUT WE CAN'T REST ON OUR LAURELS: THERE'S AN ENTIRE WORLD OF COMPETITION OUT THERE. THE ADMINISTRATION'S ECONOMIC GROWTH PACKAGE IS DESIGNED TO LET PEOPLE LIKE YOU DO WHAT YOU DO BEST -- CREATE JOBS, CREATE NEW OPPORTUNITIES, CREATE WEALTH.

LET'S START WITH AN ISSUE WE ALL WILL HAVE TO ADDRESS IN THE NEXT MONTH, THE ISSUE OF FREE AND FAIR TRADE.

AS YOU KNOW, I HAVE ASKED CONGRESS TO EXTEND THE "FAST-TRACK" TRADE AUTHORITY.

FAST-TRACK IS ANOTHER TERM FOR "GOOD FAITH." IT GUARANTEES THAT CONGRESS WILL ACCEPT OR REJECT THE VERY SAME AGREEMENTS THAT OUR NEGOTIATORS AND THEIR COUNTERPARTS HAVE WORKED OUT. THIS DOESN'T WEAKEN CONGRESS' POWER TO REVIEW AGREEMENTS; IT SIMPLY PREVENTS ELEVENTH HOUR CHANGES THAT WOULD FORCE NEGOTIATORS FROM ALL COUNTRIES TO START FROM SCRATCH.

OUR TRADING PARTNERS CONSIDER FAST TRACK A VITAL TEST OF OUR RELIABILITY. IF WE DO NOT RETAIN THE FAST-TRACK PROCESS, WE JEOPARDIZE THREE CRITICAL TRADE INITIATIVES: THE URUGUAY ROUND OF TRADE TALKS, THE NORTH AMERICAN FREE TRADE AGREEMENT, AND THE ENTERPRISE FOR THE AMERICAS INITIATIVE.

AMERICANS UNDERSTAND THE BENEFITS OF FREE TRADE. IN THE LAST FOUR YEARS, EXPORTS FROM THE U.S. HAVE INCREASED 55 PERCENT, MORE THAN TWICE THE RATE OF IMPORT GROWTH. AND EXPORT BUSINESS HAS GROWN MORE RAPIDLY THAN THE REST OF OUR ECONOMY.

THIS TRADE BOOM HAS HELPED EVERYONE INVOLVED. A NORTH AMERICAN FREE TRADE AGREEMENT WOULD PLACE US IN THE LARGEST INTEGRATED MARKET ON EARTH: 360 MILLION PEOPLE, \$6 TRILLION OF ANNUAL OUTPUT. IT WOULD ALSO GIVE OUR NEIGHBORS ACCESS TO THE TECHNOLOGIES AND PRODUCTS THEY NEED TO IMPROVE THEIR STANDARDS OF LIVING / FURTHER CLEAN THEIR ENVIRONMENTS / AND CREATE A TRUE COMMUNITY OF NATIONS ON OUR CONTINENT.

WE ALSO BELIEVE STRONGLY IN PROMOTING TRADE. I HAVE ASKED BOB MOSBACHER TO LEAD A GOVERNMENT-WIDE EFFORT TO HELP SMALL- AND MEDIUM-SIZED COMPANIES SELL THEIR GOODS AND SERVICES ABROAD.

I KNOW YOU SUPPORT FREE TRADE, WHICH IS WHY I WANT YOUR HELP IN PERSUADING CONGRESS TO EXTEND THE FAST-TRACK PROCESS. WITHOUT IT, WE WILL SURRENDER OUR CHANCE TO SHAPE THE EMERGING WORLD ECONOMY. WITHOUT IT, WE RISK SETTING OFF THE KIND OF PROTECTIONIST WARFARE THAT HELPED PRODUCE THE GREAT DEPRESSION. WITH IT, AMERICAN WORKERS AND BUSINESSES WILL BE ABLE TO DEMONSTRATE THEIR STRENGTH IN A NEW AND VIBRANT WORLD MARKET.

THIS BRINGS ME TO A SECOND PART OF OUR GROWTH PACKAGE: CREATING AN EDUCATED, INNOVATIVE WORKFORCE.

OUR BUDGET EMPHASIZES THE IMPORTANCE OF BUILDING AN AMERICA THAT IS READY TO TAKE ITS PLACE IN AN EMERGING WORLD ECONOMY.

IT STRESSES THE ABSOLUTE NECESSITY OF AN EDUCATED NATION. WE WANT TO REINVENT THE AMERICAN SCHOOL, TO CREATE A NATION OF STUDENTS, TO MAKE SURE THAT EDUCATION OFFERS OPPORTUNITY TO EVERYONE.

OUR EDUCATION STRATEGY STARTS WITH SOME OBVIOUS TRUTHS: THAT SCHOOLS SUCCEED WHEN TEACHERS TEACH,

WHEN PARENTS SUPPORT THE SCHOOLS / WHEN SCHOOLS ACCEPT HELP FROM PEOPLE WITH SKILLS -- LOCAL BUSINESSES, COMMUNITY COLLEGES, THAT HUGE POOL OF UNTAPPED TALENT, OUR RETIREES /

WHEN COMMUNITIES FIGHT HARDER TO RIP DOWN BARRIERS THAT PREVENT EFFECTIVE TEACHING -- BARRIERS SUCH AS CRIME, DRUGS AND COMMUNITY INDIFFERENCE.

WE ALSO WANT TO ENCOURAGE ENTREPRENEURSHIP IN EDUCATION. WE WILL SUPPORT RESEARCH INTO THE BEST TEACHING METHODS AND TECHNIQUES. WE WANT TO HELP WORKERS IMPROVE THEIR KNOWLEDGE AND SKILLS. YOUR VITAL LINK PROGRAM OFFERS A GREAT WAY TO ACHIEVE THIS GOAL. AND WE WANT TO ENSURE THAT THE AMERICAN PEOPLE ARE THE BEST EDUCATED, BEST MOTIVATED IN THE WORLD. //

OUR ECONOMIC PROPOSALS ALSO SWEEP AWAY OBSTACLES TO FREE ENTERPRISE. THEY TRY TO UNLEASH THE POWER OF THE AMERICAN IMAGINATION.

YOUR ORGANIZATION UNDERSTANDS THAT RUNAWAY GOVERNMENT SPENDING STEALS OPPORTUNITY FROM PRIVATE CITIZENS. LAST YEAR'S BUDGET AGREEMENT PLACED REAL AND STRINGENT CAPS ON CONGRESSIONAL SPENDING. IF CONGRESS WANTS TO SPEND MORE MONEY ON CERTAIN PROGRAMS, IT WILL HAVE TO MAKE HARD CHOICES. IT WILL HAVE TO RAISE TAXES OR TAKE THE MONEY FROM OTHER PROGRAMS.

THIS YEAR, FOR THE FIRST TIME IN YEARS, FEDERAL SPENDING WILL ACTUALLY INCREASE LESS RAPIDLY THAN INFLATION. AND I CAN PROMISE YOU THAT IF CONGRESS SENDS ME SPENDING BILLS THAT BREAK THIS BUDGET, I WILL SEND THEM BACK -- WITH A VETO MESSAGE! //

BUT WE IN GOVERNMENT MUST DO MORE. AS VICE PRESIDENT, I HEADED THE TASK FORCE ON REGULATORY RELIEF. AS PRESIDENT, I REMAIN COMMITTED TO WEEDING OUT REGULATIONS THAT PREVENT PEOPLE FROM CREATING JOBS AND OPPORTUNITIES.

LAST YEAR REGULATIONS COST THE ECONOMY AT LEAST \$185 BILLION, OR \$1,700 FOR EVERY TAXPAYER. THE GOVERNMENT GENERATED MORE THAN 5.3 BILLION HOURS OF PAPERWORK LAST YEAR. THAT'S ENOUGH TO KEEP 2 MILLION PEOPLE BUSY DOING NOTHING BUT FILLING OUT FORMS.

OUR COUNCIL ON COMPETITIVENESS, CHAIRED BY THE VICE PRESIDENT, ATTACKS THE SCOURGE OF UNNECESSARY REGULATION. WE WANT TO LET PEOPLE TURN THEIR ATTENTION TO THE MORE IMPORTANT AND REWARDING WORK OF BUILDING A PROSPEROUS FUTURE.

WE HAVE FOLLOWED THE SAME APPROACH IN LOOKING AT OUR TAX CODE. WE WANT A TAX SYSTEM THAT REWARDS ENTERPRISE. I HAVE REPEATEDLY ASKED CONGRESS TO CUT OUR HIGH CAPITAL GAINS TAX.

I CAN'T THINK OF ANY ISSUE THAT'S BEEN MORE BADLY MISREPRESENTED THAN THIS ONE. OUR CRITICS SAY A CAPITAL GAINS CUT HELPS ONLY THE RICH. THEY'RE DEAD WRONG.

HERE ARE THE FACTS: MORE THAN A QUARTER OF ALL FAMILIES WHO FILE CAPITAL GAINS HAVE ANNUAL INCOMES OF LESS THAN TWENTY THOUSAND DOLLARS A YEAR. MORE THAN THREE-QUARTERS OF ALL FAMILIES WHO DECLARED MAKE LESS THAN MEMBERS OF CONGRESS. A CAPITAL GAINS CUT ISN'T A SOP TO THE RICH. IT REWARDS PEOPLE WHO TURN GOOD IDEAS INTO GOODS AND SERVICES THAT PEOPLE NEED.

WHEN TAXES ON ENTREPRENEURSHIP ARE HIGH, INVESTORS HAVE NO INCENTIVE TO RISK MONEY ON UNTRIED BUSINESSES AND ENTREPRENEURS. BEFORE CONGRESS CUT THE CAPITAL GAINS RATE IN 1978, THE POOL FOR START-UP BUSINESSES HAD VIRTUALLY DRIED UP. AFTER THE CUT, WE EXPERIENCED AN INVESTMENT BOOM. BETWEEN 1978 AND 1986, THE NUMBER OF INITIAL PUBLIC OFFERINGS INCREASED NEARLY 1,600 PERCENT, FROM 45 TO 719. THE AMOUNT OF INVESTMENT SEED MONEY INCREASED A HUNDREDFOLD, FROM \$250 MILLION TO \$22-AND-A-HALF BILLION. CAPITAL GAINS PAYMENTS TO THE FEDERAL GOVERNMENT QUADRUPLLED. THIS IS WHAT HAPPENS WHEN YOU REDUCE THE COST OF CAPITAL.

WE MUST ENCOURAGE SAVINGS AND DISCOURAGE DEBT. FOR THE PAST FOUR YEARS, WE HAVE TAXED CAPITAL GAINS LIKE ANY OTHER FORM OF INCOME. AT THE SAME TIME, WE HAVE ENCOURAGED PEOPLE TO TAKE ON DEBT. NOT SURPRISINGLY, PEOPLE HAVE BORROWED MORE, INVESTED LESS. HOME EQUITY LINES OF CREDIT OFFER A PERFECT EXAMPLE. THESE DEVICES, WHICH LET HOMEOWNERS BORROW AGAINST THEIR INCREASED HOME VALUES, HAVE NEARLY TRIPLED IN VOLUME SINCE TAX REFORM.

NO OTHER MAJOR INDUSTRIAL POWER TAXES CAPITAL GAINS AT NEARLY THE RATE WE DO. GERMANY AND JAPAN ENJOY MUCH HIGHER SAVINGS AND INVESTMENT RATES IN PART BECAUSE THEY DON'T PUNISH SUCCESSFUL INVESTMENT.

MY POINT IS SIMPLE: TAXES ON GROWTH ARE TAXES ON THE AMERICAN DREAM. WE SHOULD CLEAR AWAY OBSTACLES TO THE AMERICAN DREAM.

SIMILARLY, WE SHOULD FOSTER INNOVATION WHEREVER WE CAN. OUR BUDGET ADVOCATES INCREASED FEDERAL SUPPORT FOR RESEARCH AND DEVELOPMENT IN BASIC AND APPLIED SCIENCE. IT ALSO ENCOURAGES PRIVATE-SECTOR INNOVATION BY EXTENDING THE RESEARCH AND EXPERIMENTATION TAX CREDIT. THIS ADMINISTRATION UNDERSTANDS THE POWER OF KNOWLEDGE, AND WE WANT THE TAX CODE TO REWARD PEOPLE WHO TURN THEIR BIG DREAMS INTO REVOLUTIONARY NEW GOODS AND SERVICES.

FINALLY, THIS ADMINISTRATION BELIEVES IN PROTECTING WORKERS' EARNINGS AND SAVINGS.

OUR BANKING REFORM PROPOSALS TRY TO MODERNIZE THE LAWS THAT AFFECT OUR BANKING SYSTEM. LET'S FACE IT: 1930'S REGULATIONS AND RESTRICTIONS JUST DON'T CUT IT IN THE 1990'S. TO PICK JUST ONE EXAMPLE, UNDER OUR CURRENT LAWS, A CALIFORNIA BANK CAN OPEN A BRANCH IN BIRMINGHAM, ENGLAND, BUT NOT IN BIRMINGHAM, ALABAMA.

THINK OF THE BANKING SYSTEM AS AN IRRIGATION NETWORK FOR THE ECONOMY. WHEN IT WORKS PROPERLY, IT NOURISHES THE SEEDS OF ECONOMIC GROWTH. WHEN IT DOESN'T, COMPANIES LIKE THE ONES REPRESENTED HERE CAN WITHER AND DIE.

OUR REFORM PACKAGE TRIES IN A COMPREHENSIVE WAY TO MAKE OUR BANKING SYSTEM MORE COMPETITIVE, UP-TO-DATE, SAFE, AND SOUND.

WE ALSO BELIEVE IN PROTECTING RETIREES FROM UNDUE
HARDSHIP. EIGHT YEARS AGO, CONGRESS ADOPTED MEASURES
TO GUARANTEE THE SHORT-TERM SOLVENCY AND LONG-TERM
STABILITY OF THE SOCIAL SECURITY SYSTEM. CONGRESS
SHOULD RESIST ANY TEMPTATION TO UNDERMINE THAT
STABILITY BY PERMITTING RAIDS ON THE TRUST FUND
BALANCES. WE NEED TO HONOR OUR PROMISES TO WORKERS AND
RETIREEES.

I KNOW I HAVE COVERED A LOT OF GROUND TODAY, BUT I
WANTED TO MAKE A POINT: OUR GROWTH PACKAGE ADDRESSES
THE CHALLENGES POSED BY A NEW / EXCITING / RAPIDLY
CHANGING WORLD. OUR THEMES:

WE WANT TO PROMOTE GROWTH.

WE WANT TO CREATE JOBS FOR ALL AMERICANS.

WE WANT TO UNLEASH THE POWER OF AMERICAN
IMAGINATION.

**WE WANT TO IGNITE PEOPLE'S AMBITIONS, RATHER THAN
INCITING THEIR FEARS.**

**MANY PEOPLE CALL THE 20TH CENTURY "THE AMERICAN
CENTURY." WELL, WE SHOULD NOT BE CONTENT WITH THAT.**

**THE STUNNING COLLAPSE OF COMMUNISM IN 1989 WAS NO
ACCIDENT. DURING THE 1980'S THE COMMUNIST WORLD LEARNED
THAT NO WALL, NO BARRIER CAN FEND OFF POWERFUL IDEAS.
IT SAW OUR PROSPERITY AND OUR VITALITY. IT SAW THAT
OUR WAY IS BETTER. THE PROSPERITY OF THE 1980'S --
WHICH BEGAN WITH TAX CUTS AND PRO-GROWTH POLICIES IN
THE UNITED STATES -- TRANSFORMED THE WORLD.**

**OUR CHALLENGE NOW IS TO SHAPE THE REVOLUTION WE
STARTED, TO MAKE THE 21ST CENTURY THE NEXT AMERICAN
CENTURY.**

**I ASK YOUR HELP IN THAT QUEST. TOGETHER, WE CANNOT
FAIL.**

THANK YOU, AND GOD BLESS THIS GREAT NATION.

#

BUSINESS LEADERS "FAST TRACK" MEETING
THE CABINET ROOM
APRIL 9, 1991, 1:15 P.M.

-- Thank you all for coming to the White House. I want to especially thank Bill Brock and Bob Strauss for helping to assemble this impressive group of trade experts. You all understand what is at stake here -- how essential "fast track" authority is in order to forge trade agreements that will eliminate trade barriers and provide economic growth and opportunity for all countries involved.

-2-

-- I know many of you have been working on the Uruguay Round, and I am grateful for your leadership in that area. We remain committed to the Round's successful completion. It provides an opportunity for unprecedented world economic growth and cooperation. We are equally committed to pursuing a North American free trade agreement with Mexico and Canada. However, each of these essential initiatives is endangered if "fast track" authority is not granted.

- The economic and social benefits of free trade in this hemisphere will help to raise the standard of living in all our countries. In the past few days, I visited with business leaders from the Hispanic communities of Los Angeles and Houston. Mexico and the U.S. share a special heritage -- cultural and family links that we can build on with the Mexico FTA. The Mexico FTA will bring new prosperity and new jobs to our countries. The Hispanic business leaders I met with understand this and are mobilizing their forces to weigh in on the Hill in support of "fast track."

- We have every intention to keep Congress informed of developments in any trade agreement. They are an active participant in this process. We are not going to forge a deal that is not in the best interests of the United States. But, we need "fast track" to move ahead. Opponents to "fast track" are opponents of trade between nations -- "fear mongers" who oppose the prosperity that free trade brings.
- This group seems to be the "mother of all coalitions" on trade issues. We need your help to assure "fast track" is granted. So let me take this opportunity to encourage your all-out efforts on this issue. We need the grass roots working the Hill, and each of you can bring strong arguments to Members in support of "fast track" and free trade.

Patty:

FYI. I sent the old
license to Don Rhodes
and asked him to keep
it for the President.

Thanks
Bridget

GEORGE BUSH

P/
Give old
license
to Don on
you save it
New is in
my wallet

Bush Presidential Library Photocopy

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Mr. Robert B. Holt
303 West Wall Street
Suite 2200
Midland, Texas 79701



THE PRESIDENT

4-9-91

Re: yours of 3-28

Bobby -

Yes - all's well, our
licenses with picture are
here. Thanks! Now, who'll
teach me to drive?!!
All But Any

TEXAS DEPARTMENT OF PUBLIC SAFETY

5805 N. LAMAR BLVD. — BOX 4087 - AUSTIN, TEXAS 78773-0001
512/465-2000



ROBERT B. HOLY
CHAIRMAN



CALVIN R. GUEST
ALBERT B. ALKE
COMMISSIONERS

3-28-9

Geo -

Enclosed is your official TX.
Driver's Lic. The next time you
or Bar get carded you will have
the pt. I.D. My term expires
Feb 1997 - so if you have any
problems - let us know -
over 2 Proud of you - Bobby

G.B. —
you + Ben can throw
your old dic. away —
13

From the desk of
George Bush

File P
private

Bush Presidential Library Photocopy

Bush Library Photocopy
George Bush Handwriting

Document Originally
Attached to
Following Page



5:00 p.m.
April 9, 1991

W

Mr President:

Gone to Europe and Middle East.
I will be back on Sunday April 21.

I have had some more thoughts on
our Commission but I enclose a transcript
of an interview with a ~~man~~ from the
University of Texas who was recommended by
Lee, Ed, Ted etc as an accurate person.
OVER.

of the interview has been read by me for
accuracy and includes the many "I's" but
it perhaps the collage of the 1985-
1988 group. It worked: I think this
kind of organization with a WIT
lead is needed again.
He kept your dealing with
the man in the Kuno & endore
a quite firm H. Kuno
ZTS

INTERVIEW I

DATE: July 31, 1990

INTERVIEWEE: Nicholas Brady

INTERVIEWER: Michael L. Gillette

PLACE: Secretary Brady's office, Washington, DC

Tape 1 of 1, Side 1

G: I would like to begin by asking you to discuss the recruitment of the top-level campaign staff and your role in that after the 1984 campaign.

B: Well, you're asking me to go back quite a long way in time, but I guess my role starts pretty much at the beginning of the organization that led to the campaign mechanism. Either the first or second weekend after the 1984 election, the then-Vice President [George Bush] asked me to come up and spend the weekend with him and his brother John at Camp David. President Reagan had gone west after the election. So we did that. We talked about what the future might hold and what his plans would be. It was decided--to give a short summary of the meeting--that we would try to put together an organization which gave the Vice President a political base of operations to assist candidates and the party. At the end of a couple of years, he would then be in a position to consider and decide whether he might want to make a run for the presidency. All of that, of course, [was] within the guidelines of what was allowed by the election laws.

So I went out and in a period of time talked to Lee

Atwater. Obviously, I talked to Jim Baker about who the right people might be, but he was then still in government and not available to do any of the work. He gave me some ideas, and out of that--and a number of other conversations with people who had intimate knowledge of the political apparatus in Washington--came an approach to Lee Atwater and Bob Teeter, who then signed on. We're now talking toward the end of 1984 and early 1985. Also, contemporaneously with that effort, Admiral [Daniel J.] Murphy had said that he wanted to move on, after having been chief of staff for four years.

So a number of meetings with Atwater and Teeter produced the chief of staff, who would obviously have to be integrated into such an operation in a way that was appropriate: Craig Fuller's name [came up], and we talked to him. I had not met him; this was really more Lee and Bob's idea. Murphy then did say he was going to leave. So we talked to Craig Fuller, and Craig was chosen as the chief of staff. Obviously the Vice President always had the last say, but he did ask us to go out and interview various different people. Of course, he supplied us some names himself.

G: Was the idea to make OVP [Office of the Vice President] more self-sufficient?

B: Well, not really. The idea was to provide an organization outside the OVP which was allowed to conduct political

activities that the election laws allow you to conduct. Yet, given Admiral Murphy's stated intention to leave, [the idea was to] have somebody in the OVP who was politically well attuned as well, and of course Craig was, having been in the White House for the previous four years. He was actually secretary of the cabinet when we talked to him about taking the job. So then we had four members of the so-called G-6, with which I'm sure you're familiar if you've studied this matter. We obviously had a money-raising function to perform, and Bob Mosbacher had done an incredible job of raising money for the Vice President in the previous campaign, in 1980. So Bob was added to the group. That made G-6.

Then we added a media consultant. I had worked with Roger Ailes when I was in the Senate in 1982. The Senatorial Trust had some time left over after the 1982 campaign. So I said that with this time left over I'd like to [spend] some of [it] with Roger, the idea [being] to get better tuned --in better shape--[for] public speaking. In the fall after the 1984 election I did take three or four of those lessons from Roger and thought he was excellent and that he would fit very well with the Vice President's style. So I suggested

him for the group. That made up the G-6. Now that's time compaction, because I'm not sure when Bob Mosbacher and when Roger joined. It may have been in 1985; it may have been in 1986. I'm not sure which.

G: Had Dean Burch ever been a member of G-6 before?

B: Well, Dean certainly would have been, but somewhere--there again I'm suffering from time compaction--he took on the job he now holds and/or returned to private practice. Which, I don't remember; it's sort of all jumbled together in my mind. But he made it quite clear after the 1984 [?] election that he wanted to go back to practicing law. These meetings of the G-6 took place once a week or two days a week, and then not for two weeks. But we were back and forth on the telephone. It did take some time, and Dean said that he had spent an enormous amount of time during the campaign and wanted to get back to private practice and/or in the job he now has, which is--I can't remember the name of it.

G: Was this collective decision-making structure something that the Vice President had sought out, or was this something that took shape?

B: No, I think we all fulfilled different functions so that it was sort of a collegium, if you will. And one of the things that was remarkable was how we all got on extraordinarily well. When it was a four-man group, I can remember one of

the first things I did was have all the participants down to a place I have in the Bahamas. We spent a weekend down there working half a day and swimming and snorkeling and doing that kind of thing. We all enjoyed each other's company, so it not only had a purpose to it, but it was also a collegial atmosphere. There wasn't a lot of backbiting and stuff like that. We generally all had the same goal.

G: Why Lee Atwater? He had been with President Reagan in the 1980 campaign.

B: Well, because, from my point of view--I had been a life-long investment banker with one year in the United States Senate--there were some different disciplines that had to be observed: Lee's was different that Bob [Teeter's], Bob's was different than mine, mine was different than Bob Mosbacher's, Craig's was different than all of that. But all of them had a function, really. Lee was a brilliant political thinker; Bob [Teeter] was a guy who has incredibly good judgement on matters political, as well as a lot of other things I've found--and of course he had a business of his own in Grand Rapids, [Michigan]. Then [we had] Craig and Bob, for different reasons, but more or less the same. Bob Mosbacher had enormous experience in money raising. It was obvious that one of the basic strategies was going to be to

raise enough money to fund the Fund for America's Future, which was the research and think-tank effort that did the work from 1984-1987.

Then there were other people added, [like] Ede Holiday, who had been on my staff in the Senate and who had been executive director of a presidential commission on executive, legislative, and judicial salaries. [She] had really run the whole commission in a building not too far from here. We needed somebody to be the executive talent in the organization, the make sure that the money was coming in and that it was spent on a programmed [?] basis. And then [we added] Rich Bond, because of his knowledge of operations on the scene in various states: Iowa, New Hampshire, all the early states. He'd been through that in 1980 and was a skilled political operative, in terms of the on-the-ground thing. So it fleshed out that way and then it went on and on. We got Janet Mullins and a whole bunch of other talented people involved.

G: The Bush campaign seems to have gotten a much earlier start in recruiting personnel and really understanding the calendar and just being ready for the 1988 election cycle. Was this something that occupied your time?

B: Sure.

G: Lining people up early before the campaign?

B: Well, not lining up people so much. These things take an enormous organizational effort. When you really think about it, in the group I've outlined to you, which swelled ultimately to whatever number it was over on Fifteenth Street, we had a full-blown, professional organization. There wasn't anything even close to it. That was [accomplished] by working on it very hard from early 1985 until the time it turned into the campaign, ultimately, after the convention. By the time the convention had taken place, we had the best well-oiled machine probably in the history of campaign politics, I would say, in terms of professionals [and] money raised. We had it all. We had the money raised by the time the races started in the spring primaries.

By the time the primaries took place, we had people on the ground in every state [and] a budget that everybody agreed couldn't be superseded because somebody had a brilliant idea one day that we were losing here or there. There were procedures that [we] had to go through. You couldn't spend all the money in one place. We had a state-by-state gameplan which was that thick; I can remember looking at it. Ede was the one who was the chief financial officer and made sure we didn't go over the guidelines. Every state had a budget, a number of people [who] were supposed to start operations. It was kind of a General Motors operation in political circles.

So I always thought that when we came to the primaries, the combination of having the right strategy, the discipline of having our troops together, having fought some intellectual battles for a year--eventually organization plus the best candidate would win out. We had the best candidate, I was sure, but we also had an organization that knew exactly where it was going and how to plan. It was amazing, really.

G: Others have indicated that you were the one in G-6 who really had the authority to speak for the Vice President, that you were sort of his representative in that group.

B: Well, in a sense that he and I discussed it back at Camp David in the fall of 1984 and that he told me to go ahead and try to put it together. Again, I want to emphasize that for the first two years it was a research and think-tank kind of thing and then it turned into the campaign. But certainly by the time we were through, Craig Fuller had his full confidence because of the fact that he was chief of staff. Lee Atwater was seeing him [Bush] every day toward the end of the thing. I think for the first two years maybe that's true, but after a while everybody had their prescribed role. In the end Bob Teeter moved down here from Detroit. I didn't; I came down a day or two a week from New York or wherever I was and pitched in. So I think people think that, but it never came to, "I speak for the Vice President and we shall do it this way." This was a group of

people that had bought onto a plan, knew where it was going, and knew how to execute it.

G: Aside from recruiting people, how would you describe your own contribution to G-6?

B: Well, I don't know. I'll leave that to others. You must have talked to a lot of people, and I'd rather have them comment on that. I didn't think about [it in] any way except as keeping the train rolling toward the destination.

G: Others have suggested that you and Secretary Mosbacher, more than anyone else, were responsible for maintaining the budgetary discipline so that you would have the resources you needed.

B: Well, there isn't much question about that, because there was a double-signature checkbook system. Ede and either Mosbacher or I, as I remember, had to sign off on checks in excess of certain prescribed amounts.

G: Really?

B: I think so. If it wasn't that, it was something very close to it.

G: Had the system been in place in any other campaigns?

B: I have no idea. That was my first shot at it.

G: In general, in the meetings, did you see your role as one of making sure that money was not wasted or that it was carefully targeted?

B: Well, I think I maybe had many roles, as did we all. But one of the things that I always tried to emphasize was the

fact that we shouldn't get excited by momentary losses one place or another. If there was a loss that we thought would require a re-allocation of funds, we ought to make sure we sat down and understood what that re-allocation made. We only had a certain amount of money. We were only allowed to raise a certain amount of money--I forget exactly what the laws are--and if you wanted to double up in one state, you had to get it from somewhere else, or you had to get it from advertising or overhead. Before we would go ahead and do that, we had to say where the money was going to come from. Too bad Congress doesn't work that way.

G: Anything else on your role in the budgetary decisions?

B: No, it's getting awfully far in the past for me to remember.

G: How about the decision to invest heavily in Super Tuesday?

B: I would say that the spearhead for that line of thought was Lee Atwater. It had particular attraction for him because it carried so many votes, but also a good many of them were in the South, where Lee had even greater expertise than he had as a general matter. So I think everybody bought onto that quite early. I think the only discussion that would go around--we tried to analyze the emphasis on Super Tuesday--was that we also wanted to have [enough money to last the campaign]. I had a longstanding theory that at the end of the race, everybody else would run out of money and they'd have to quit and start taking single-engine airplanes, and

if you maintained the discipline so that there was enough money in California, Ohio, and I forget what the other states were. . . . Since we had enough money, it was an important strategy to have enough money to go the last bit of the campaign. Having seen other campaigns discussed, I knew the tendency is always to hit the panic switch early and go spend the money as soon as the thing looks bad.

So we had a very strong Super Tuesday strategy, but we also had a strategy which said, "Well, let's not bet the whole ballgame on Super Tuesday." Now, later in the campaign, I think that was changed, as it began to look like we could really deal the opposition a death blow by increasing Super Tuesday [spending], but also we did have enough reserves to stay the long game if we had to.

G: Did Atwater have to do a selling job on moving that money forward?

B: I don't remember how much money it was, really. Sure. You couldn't move the money around without doing a selling job. But it wasn't as if everybody else said no and he said, "You have to." I would say that as I remember it, there was a discussion on it; he felt very, very strongly about it and two or three times tried to move it and eventually convinced the group that that was a good idea.

G: Were there occasions in which George Bush followed his own counsel rather than the recommendations of his advisers?

- B: Yes, but I can't remember any. He's a great delegator if he thinks things are going well. And he's very much of a long-term strategist, too. He probably was the strongest ally for making sure 1) we had enough money in the end of the campaign, and 2) that we didn't spend it all on overhead here in Washington. You can run around and set up an organization that's perfect, [but that] has too many people in it who run around town talking to themselves instead of talking to the people in Iowa, New Hampshire, Michigan, wherever. So he was a very strong backer of that strategy, and the fact that he backed it made it easier to sell in the inner councils. But sure, he did things from time to time that he felt had to be done. I don't really remember any so Draconian that they [stand out].
- G: Others have suggested that his advisers were often trying to get him to put distance between himself and President Reagan on some issues, and he really refused to do that.
- B: Well, maybe. There certainly had to be some of that. I don't remember it as being determinative. The then-Vice President said he understood that relationship and, I think, [said] words to the effect, "Boys, leave that one up to me. I'll handle

President Reagan. I'm confident that at the right time he'll be with me." And of course he was.

G: Was there debate within the campaign about how much to spend on media versus how much to spend on the field operation?

B: Always. But, as I say, those things got lined up ahead of time in a very detailed--maybe somebody's still got a copy of the book; I don't. I threw all mine out. They were huge, couldn't carry them around. But there were detailed breakdowns of those accounts, and when you moved them you had to get it from somewhere else, as I say. The point of view of Lee and the people on the political side--Bob Teeter and Roger Ailes--was observed as more important in that area because they really knew what they were talking about. Mosbacher and I could have an opinion as to whether you should spend ground money, organizational money, or media money in Alabama, but it was not as informed as Teeter's and Atwater's would have been--and of course Roger's in a more limited but still very important sense.

G: Regarding the problems in Michigan with the [Pat] Robertson people taking over the state party machinery, was there ever serious consideration of just pulling out?

B: Well, as I remember Michigan, since it was early on, that's probably the place where we did have the most discussion and disagreement as to whether we ought to pull out, whether we ought to put more money in and just go forward where we

were, just keep going and know that really in the long run it would be strange indeed if, in a place where we really had the popular support, we could get it yanked away from us by tactical, organizational maneuvers. And that's exactly what happened in the long run. We won by hanging in there and making sure that, since we really had the basic support, we got it. But there wasn't--I can't remember precisely, but sure, at some point in time, the idea was put forward that we ought to not spend another dime because we were getting pretty badly beaten at that particular point in time. I think a bunch of us got together and said, "Let's go out there and insist on our rights. Let's take them to court."

Ede, along with a very effective and brilliant lawyer, Dave McKeague, did just that. I think Ede spent a good parcel of time out there, helping McKeague manage the thing. But we basically took them to the courthouse and won those suits. Then it sort of broke up after that. We probably spent more per delegate in Michigan than anywhere else in the campaign. It was over a million dollars, at that point in time; it may have gotten up as high as two before we were through. [But] at least we weren't in the same position John Connally was in [during] the 1980 election, when we spent sixteen million dollars for one delegate. We got forty or fifty or some such figure in there, out of ninety;

I don't remember exactly what it was. Certainly the price per delegate was high, but we won Michigan.

G: Was there any way that you could have won Iowa, do you think?

B: In retrospect, I don't think so. Although, when you have Rich Bond on the ground and this organization, of which I'm justifiably proud, working on the thing--I would have to say I don't know how you can do it. The farm economy was in a terrible mess. Bob Dole is from a farm state, a next-door farm state. I think probably by being more effective we could have wound up second instead of third, but I don't think we ever could have beaten Bob Dole there.

It's one of the reasons why I was confident that we could do better in New Hampshire; it was a different venue entirely. You're talking about a place [where] George Bush got 48 percent of the votes in 1980. He also won Iowa in 1980, but you didn't have the dramatic turnaround in the economic situation in New Hampshire. In fact, it had gotten better because of the influx of industry and electronics firms and real estate development; it had gotten a lot better. In New Hampshire and Iowa you're going just the reverse way. All of the Reagan-Bush programs had not done well. And I suppose that [Dole] spent a lot of time out there, although I don't really know because I've never talked to Bob Dole about it. He tried to use the Iowa

campaign to steamroller the process the way George Bush did in 1980, but it didn't work.

G: Did you spend time in New Hampshire during that week between the Iowa caucuses and the New Hampshire primary?

B: You mean personally?

G: Yes.

B: Yes. I was there when the President came in from Iowa. I spent that night in the hotel with him.

G: What was his mood that night?

B: I think he was resigned to the loss in Iowa because he knew it was coming and I think he was startled by the fact that he had run third instead of second. I think he found that hard to understand. It wasn't a great night, although he took it the way he takes all of those things. He went down and made a good, strong speech to the New Hampshire press corps. Then [he went] back to work the next morning, as I can remember, because I brought up what I thought he ought to say starting off the New Hampshire campaign. He was going out to a factory gate at six o'clock in the morning. He was up, ready to go. At that point in time I told him I thought what he ought to do is say, "New Hampshire is New Hampshire. We're not in Iowa anymore." I remember there was a big brouhaha over whether that was a very smart thing to say or not, but it was true. The people in New Hampshire wanted to vote for George Bush and the people in Iowa

didn't. So it was important to make that distinction.

G: Any insights on the discussion within the campaign on how far he should go on the no-taxes issue and whether or not he should sign the pledge not to raise taxes?

B: By the time I left the campaign in the summer of 1988, he had not taken the no-taxes pledge, I don't believe. It had been forming, but I don't remember where that line first came out. I think it was at the convention, was it not?

G: The "no new taxes" line?

B: Yes. "Read my lips." I think "Read my lips: No new taxes," was obviously at the convention, and I had left by that time. I had been nominated by President Reagan on the fifth of August, I think, and the convention was about a week later.

G: During the New Hampshire primary with Senator Dole, hadn't the Vice President been urged to sign the pledge?

B: Maybe there was. New Hampshire is a strong ["no] new tax" state and I assume that that's correct. But it had not grown to the size that it assumed after the convention. That's what I meant when I said earlier--

But...I think he did take--started--but it was very minor; it wasn't minor, but nothing really thought through as a basic campaign strategy, which it became by the convention.

- G: Do you recall the Memorial Day time at Kennebunkport, when you talked about strategy and issues for the fall campaign? This was May, 1988.
- B: Yes.
- G: Tell me about that.
- B: Brother. These things run together so much it's hard for me to remember anything distinct about that. If you can remember what other people said about it, I might be able to react to it. It was just a continuum. That, to me, wasn't any more than transferring what we were doing on a weekly basis to Kennebunkport. We had a bunch of people up there who came in with various different--I think Mike Boskin was there and a lot of other people like that. It was fleshed out to give him much more advice for the summer campaign, but I don't remember too much about it. I was there, but it was such a continuum of things running together, I don't remember much about that. I must have spent at least a month of my life in Kennebunkport.
- G: Dukakis was ahead in the polls by about seventeen points then. Were you discouraged?
- B: Not a bit. No, I didn't believe those polls for a minute. The Vice President and I used to talk about it quite a lot. Was he ahead at that time? He was ahead by the time of the convention because--I think he got to his maximum lead after the Democratic convention. They had a lot of good acts

going on at the convention: Teddy Kennedy and the lady from Texas.

G: Ann Richards.

B: Yes, that sort of thing. So I thought we would get a good part of that back after the Republican convention, and I think that turned out to be the case. I think if you notice the peaks over the convention--since neither one of these guys had dominated the political landscape, it was a question of when you give one the prime time, like Dukakis and the Democrats had for three or four days, [the polls] spiked up there. My impression was that we were seven or eight points back going into the Democratic convention, and it spiked up. I think we came back to roughly ten, or something less than that, right away after it. Maybe even less than that. I don't think it was a month into the campaign after the convention when the lead disappeared. But maybe you remember.

G: Was it at Kennebunkport when you realized how devastating issues such as the furlough and the Pledge of Allegiance were for Dukakis' approval rating?

B: The time that that became absolutely clear to me was [when] I went and watched a focus group with Teeter, Atwater, and Ailes in suburban New Jersey. I don't remember what town it was in, but it's just right over the George Washington Bridge.

G: Paramus?

B: I don't remember. I don't think it was; it may have been Paramus. They had a session, which Teeter, Atwater, and I spent four hours at. I can remember the lousy sandwiches. It was behind one-way glass, as you know. Although the people are told it's being recorded or watched, they soon forget that. You could see, during that four hours, that once you brought [up] three or four different things: furloughs, the flag, the fact that he had overridden the Commander in Chief by not allowing the Massachusetts National Guard to go to Honduras--of the fifteen people in the focus group, thirteen of them were for him [Dukakis] when they started the usual pattern. As you know, what they say is, "Suppose Mike Dukakis moved to your hometown. What would you say about him?" Everything was very pleasant. "Then, would you vote for him?" Yes, you would. "Would it change your opinion if you knew these six things?" And they went through six different things. One by one they peeled off. There were a couple of guys who'd served in the service, who said, "Wow, you mean he disobeyed the Commander in Chief?" They were gone.

By the end of the focus group, I would say that instead of thirteen out of fifteen, he was down to six or seven, which was his natural constituency of liberal Democrats who would back him and give him a whole lot of benefit of the

doubt. There isn't any question in my mind that that was a turning point in the campaign; you could bring up those and the fact that Massachusetts was not now running successfully as a state, in terms of its fiscal program. So in my mind, I knew that the jig was up that night for [Dukakis].

Obviously, you never know the jig is up, but I was sure then--and I don't remember when that date was. All we had to do was apply the good organization we had to making clear that the differences were well known by everybody. And I think Ailes, everybody would agree, is a master at that. Even if some would say he does it in a way that is unfair, they sure get edged out. The edges show.

The same thing happened on the other side with Bush. Five or six of these fifteen people were for him [at the beginning of the group]. By the end of that thing, they moved from five or six to seven or eight, something like that. So you knew that once you got the information out, there was going to be a dramatic change. And there was.

End of Tape 1 of 1 and Interview I

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Mr. Robert B. Holt
303 West Wall Street
Suite 2200
Midland, Texas 79701



THE PRESIDENT

4-9-91

Re: yours of 3-28

Bobby -

Yes - all's well, our
licenses with picture are
here. Thanks! Now, who'll
teach me to drive?!!
All But Any

Jan

bcc: Bridget Montagne

IN & OUT

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Mr. Robert B. Holt
303 West Wall Street
Suite 2200
Midland, Texas 79701

4-9-91



THE PRESIDENT

Re: yours of 3-28

Bobby -

Yes - all's well, our
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teach me to drive?!!
All But Any

bcc: Bridget Montagne ✓

IN & OUT

TEXAS DEPARTMENT OF PUBLIC SAFETY

5805 N. LAMAR BLVD. — BOX 4087 - AUSTIN, TEXAS 78773-0001
512/465-2000



ROBERT B. HOLY
CHAIRMAN



CALVIN R. GUEST
ALBERT B. ALKEK
COMMISSIONERS

3-28-9

Geo -

Enclosed is your official Tex.
Driver's Lic. The next time you
or Ben get carded you will have
the pt. I.D. My term expires

Feb 1997 - so if you have any
problems - let us know -

over 2 Proud of you - Polby

G.B. -

You + Ben can throw
your old lic. away -
B

Jay has this under
control

CB

Bush Presidential Library Photocopy

Document Originally
Attached to
Following Page

Bush Library Photocopy
George Bush Handwriting

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
04. Memo	From Jay Parmer to Patty Presock Re: The President's Trip to Montgomery, Alabama on April 13, 1991 [[redaction]] (1 pp.)	04/09/91	(b)(7)(e)	

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Tuesday, April 9, 1991

Date Closed: 7/5/2012	OA/ID Number: 90591-009
FOIA/SYS Case #: 2009-0166-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

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P-3 Release would violate a Federal statute [(a)(3) of the PRA]
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(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

THE WHITE HOUSE

WASHINGTON

APRIL 9, 1991

MEMORANDUM FOR PATTY PRESOCK

FROM:

JAY PARMER *Jay Parmer*

SUBJECT:

THE PRESIDENT'S TRIP TO MONTGOMERY, ALABAMA ON
APRIL 13, 1991.

Craig Ray, our lead advance representative in Montgomery, called today with a request from Ray Scott. Mr. Scott has scheduled a somewhat large weigh-in event at a church nearby his residence to follow the "Bass Tournament". It seems that Mr. Scott would like for the President to ride in a bass boat being towed on a trailer to the weigh-in from a staging location some 400 yards away. According to Mr. Scott, this a traditional activity for participants in all of his Bassmaster Tournaments held around the country.

g p.
(b)(7)(e)

I would have to concur with these concerns. Furthermore, while the President is always a good sport, I am not sure how dignified this would appear. Of course, the National Press Pool would be present to document this entire weigh-in ceremony.

I have instructed Craig Ray to inform Mr. Scott that we are uncomfortable with this idea for a variety of reasons, and to attempt to steer him away from it. If Mr. Scott contacts you or the President directly, I would strongly urge you to contact John Magaw before agreeing to the proposal. Mr. Scott is a very nice gentleman, but I am not sure that he will understand our reluctance to have the President participate in an activity that is a common occurrence at his fishing events.

Thank You for your assistance.

cc: John Magaw, SAIC
Presidential Protective Division

Bush Presidential Library Photocopy



THE PRESIDENT

4-9-91

daily

Dear Ralph -

Bill Edwards asked
that I sign this and send
it along. It comes with a
lot of happy memories of
our days on the San Jac

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Mr. Ralph Bagwell
135 Bent Tree Drive, H-4
Hendersonville, North Carolina 28739

I had not known, 'til
Bill told me, of your
exploits in Korea -
some story.

My warm regards to
you
Clyde

THE WAY HE

GEORGE BUSH AT WAR



FLIGHT OF THE AVENGER

The White House
April 9, 1991

To Ralph Bagwell

Thanks for keeping
me out of harm's
way - so many times

G Bush

daily

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Mr. James K. Baker
Chairman of the Board
Chamber of Commerce
1615 H Street, NW
Washington, D.C. 20062



THE PRESIDENT

4-9-91

Dear Tim,

I gave Kathy Super
you kind imitation. I
hope I can do it!
Good seeing you today.
Sincerely, *Ag Bush*

GEORGE BUSH

Kathy

A good

one

usually!

Your Call

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

JAMES K. BAKER
CHAIRMAN OF THE BOARD

1615 H STREET, N. W.
WASHINGTON, D. C. 20062
202/659-8000

April 9, 1991

The Honorable George Bush
President of the United States
of America
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D. C. 20500

Dear Mr. President:

As Chairman of the U. S. Chamber of Commerce let me invite you to spend 30 minutes with us at our salute to the Armed Forces, to be held Monday morning, April 29th, in Constitution Hall as a part of our annual meeting.

As you well know from your previous participation in this event, it is a patriotic display before America's leading business people. Twenty representatives of the Armed Forces will be featured, along with the U. S. Marine Band, Drum and Bugle Corps.

We would greatly appreciate your participation, and your brief remarks. It is a great opportunity for you, Mr. President, to convey your message to the business community.

Thank you for your consideration!

Sincerely,



JKB:br

*Mr. President — Why not come and
give FTA and Fast Track a boost
before 5000 businesspeople from across
the U.S.?*



FROM
THE WHITE HOUSE
WASHINGTON, D.C.

daily

Mr. Chip Gibson
The Crown Publishing Group
201 East 50th Street
New York, New York 10022



4-9-91

Dear Chip,
Marvin passed along
those 2 books "Eagles" and
"Thunder". May thanks. I'm
up for some relaxed reading
Sincerely, GFB

bcc: Marvin Bush
Family File
GIFT UNIT
(please note: 2
paper back books
given to the President
via Marvin Bush)

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Mr. Tom Gulotta
The Islander
Post Office Box 766
Mile Marker 82.1
Islamorada, Florida 33036



THE PRESIDENT

April 9, 1991

Dear Tom,

I thought you might enjoy the attached.

It was nice of you to come across the street to say hi there at Islamorada. I hope your stay there was as pleasant as ours.

Thanks for the warm letter you sent me. I appreciate your confidence and your support for '92.

Keep up the great work. Warm best wishes,

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

P.S. Thanks for that lure cum "guarantee." Looks like a winner!

bcc: Jonathan Bush

Ron Kaufman

IN & OUT

Jan Burmeister

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Mr. and Mrs. Michael Paynter
The Cake Box Bakery
5109 Overseas Highway
Marathon, Florida 33050



THE PRESIDENT

April 9, 1991

Dear Beth and Michael,

Everyone's diet is shot, but those key lime pies are worth every calorie! You are thoughtful to remember us, and we are grateful.

Warm regards, and thanks again.

Sincerely,

A handwritten signature in cursive script, appearing to read "George H.W. Bush".

A handwritten signature in cursive script, appearing to read "Jan".

bcc: Bruce Caughman
Gift Unit

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Mr. Warren J. Cowan
Chairman
Rogers & Cowan, Inc.
10000 Santa Monica Boulevard
Los Angeles, CA 90067-7007



THE PRESIDENT

4-9-91

Dear Warren

The frame for my cheaters
is now at the eye ball place
getting outfitted with my bi-
focal lenses. How thoughtful
of you!! It was a joy having
you here - Barbara too
Jan Burd

Jan Burmeister

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Dr. Leighton Farrell
Highland Park United Methodist Church
3300 Mockingbird Lane
Dallas, Texas 75205

cc: Bridget Montagne

*done
ms*



THE PRESIDENT

4-9-91

Dear Dr. Farrell,

I just want to tell
you how pleased I was
to be in your lovely church.
The service for John &
Pook in that lovely setting

was enhanced by
your heartfelt tribute
to them and to their
family —

Geo (Tr) has spoken
so lovingly of your
church and of you.

Sincerely, Q. Bush

Jan

THE WHITE HOUSE

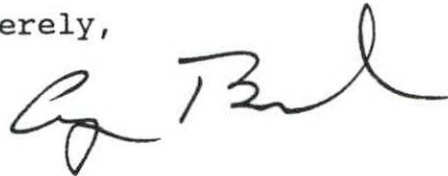
WASHINGTON
April 9, 1991

Dear Mrs. L'Amour:

Thanks for your letter of March 4 in support of Dr. Keith Kanner for the President's Council on Physical Fitness and Sports.

There are no openings on the Council right now, but I've asked my personnel staff to put Dr. Kanner on the list of those to be considered when a vacancy occurs.

Sincerely,



Mrs. Louis L'Amour
100 Loring Avenue
Los Angeles, California 90024



Pool Report: Bush with House GOP leaders

4-9

The President was in no mood to talk. Asked about the buffer zone proposal for the refugees, Bush said, "This is a photo op." He said, after another attempt to question him, that he had had "four press conferences in six days" and was in danger of getting "over-exposed." At this, A congressman we believe is Bill Thomas (R-Calif.) quipped as Bush was complaining of overexposure, "All of us are dying to have that happen." As we left, Bush was noting his regrets at the deaths of Sen. Heinz and former Sen. Tower.

Ann Devroy
Washington Post

MEETING WITH BIPARTISAN LEADERS

April 9, 1991

Not much to report. The pool was in the meeting less than two minutes -- long enough to see the usual suspects and to be lectured by the President on the no-questions ground rules. That, he said pointedly in response to one attempted question, "is the rule of the day." The President was flanked by Mitchell and Michel; Quayle was seated opposite Bush.

--George Gandon, Copley News Service

11:30 A.M. EDT NEWS UPDATE

PRESIDENT/TRADE PACT (Christopher Connell, AP) -- President Bush met today with House Republicans in his effort to keep Congress from rewriting any trade pact he reaches with Mexico or other countries.... Bush met with top House Republicans primarily to keep trade agreements on the fast track through Congress. He also made two appearances before business leaders to make his trade pitch. In a photo session this morning, Bush turned aside reporters' attempts to question him about suggestions that a refuge be established in Iraq for ethnic Kurds under attack by Saddam Hussein's forces. He refused to answer, quipping that he was getting "overexposure" from news organizations.

KURDISH HAVEN/IRAQ (Nicosia/Reuter) -- Iraq rejected the idea of a U.N. safe haven in northern Iraq for Kurdish refugees and said it would use "all means" to block such a move. "The proposal to set up a zone under United Nations supervision inside Iraq to deal with the so-called refugee problem is a suspicious proposal that Iraq categorically rejects and will resist it with all means," Prime Minister Saadoun Hammadi said. "Creating and inflating this problem is deliberate and is part of the chain of plots against Iraq's sovereignty," he told the official Iraqi News Agency.

KURDISH HAVEN/BARZANI (In Northern Iraq/AP) -- Masoud Barzani, head of the Kurdistan Democratic Party, said rebellious Kurds would accept a cease-fire once a U.N.-protected refugee zone in northern Iraq was established. "It is the government that continues to fight. If they stop, we will stop," he told reporters.

KURDISH HAVEN/TURKEY (Amsterdam/Reuter) -- Turkish President Ozal backed a British proposal to create a U.N. haven in northern Iraq for fleeing Kurds, but warned they could languish for years in refugee camps unless Saddam Hussein is overthrown. "We have to put up a zone in northern Iraq, but not let them (the Kurds) become like Palestinian refugees in camps," Ozal told an international conference for business and industry leaders in Amsterdam.

KURDISH HAVEN/EC (Luxembourg/AP) -- The EC is backing a British proposal urging the U.N. to create a haven in northern Iraq for the hundreds of thousands of Kurdish refugees fleeing the wrath of Iraq's army.... British Foreign Office minister Hogg today affirmed the need for military protection for Kurds, saying in a BBC interview that the haven "would require U.N. observers in quite substantial numbers and their presence would have to be underpinned either by actual physical force or the prospect of it."

ISRAEL/BAKER (Jerusalem/UPI) -- Israel expressed interest Tuesday in participating in a regional conference under the joint auspices of the U.S. and the Soviet Union, providing such a meeting would lead to direct peace talks with Palestinians and Arab states. Foreign Minister Levy, upon concluding a one-and-a-half-hour meeting with Secretary Baker, said he was hopeful that postwar diplomacy could lead to a breakthrough in the Middle East conflict. "Those obstacles that were in the way, we have removed," Levy told reporters outside the Foreign Ministry.... Baker was also optimistic, but less exuberant: "I think we did make some progress. There is, of course, a distance to go."

-more-

PALESTINIANS/BAKER (Jerusalem/Reuter) -- Palestinian leaders told Secretary Baker his Middle East peace efforts could leave the Palestinian issue unresolved.... In a statement to Baker, Faisal al-Husseini, leader of the six-man Palestinian team meeting with Baker, demanded Washington restore its dialogue with the PLO and press Israel to accept the principle of exchanging occupied land for peace.

(Jerusalem/UPI) -- Palestinian leaders, meeting with Secretary Baker...expressed frustration over Israel's "intransigence, entrenchment and procrastination over the Israeli-occupied territories. But the six members of a delegation approved by...Yasser Arafat also said they were pleased that Baker seemed to be taking them seriously.... "Foremost among these issues...is the urgent imperative of addressing the brutal Israeli measures carried out against the lives, rights, lands and resources of the Palestinian people under occupation," the Palestinians said in a written statement they presented to Baker.

APARTHEID (Cape Town/Reuter) -- South Africa's government published a draft law to end race classification, the basis of the 43-year-old apartheid system. The six-line proposal...implements the last of several sweeping reforms announced Feb. 1 by President de Klerk.

SOVIET UNION/RALLIES (Moscow/Reuter) -- President Gorbachev demanded special powers to ban strikes and public protests during working hours as part of an "anti-crisis program"... "We face the danger of economic collapse with all the consequences for the fate of the people and for the defense of our state," Vitaly Ignatenko quoted Gorbachev as saying at the start of a Kremlin meeting of the Federation Council, a grouping of leaders of most Soviet republics.

SOVIET GEORGIA (Moscow/AP) -- The Georgian parliament declared the republic's independence from the Soviet Union, the official Tass news agency said.... The immediate effect of the declaration was largely symbolic, because it was unlikely to be recognized as legal by President Gorbachev and the national legislatures.

CAMBODIA/U.S. AID (Oddar Meanchey Province/AP) -- Thousands of civilians who fled fighting in guerrilla-held northwest Cambodia now face starvation, according to rebel officials who are angry at the U.S. for cutting off aid.... "This is a crisis. Within a month, people will starve to death. We need rice and salt," said Chim Siek Lieng, who runs the civilian administration for the Sihanouk guerrillas in parts of northwest Cambodia.

CHINA (Beijing/Reuter) -- Hard-line Premier Li Peng declared that a harsh crackdown on dissent had kept China from going the way of Eastern Europe and said he would not resign. "If we had not taken the measures that we were forced into taking at that occasion, then China today might be bogged down in economic chaos and decline as well as political instability, certainly at least as severe as what happened in some countries that used to practice socialism," Li told a news conference.

2:00 P.M. EST NEWS UPDATE

BAKER/ISRAEL (Jerusalem/Reuter) -- The U.S. and Israel agreed in principle that a regional Middle East peace conference be held, but a host of practical details remained to be worked out, an anonymous senior U.S. official said.... "The idea of having a meeting has been agreed," the official said. "The details, format, location, timing, participants -- none of these were worked out."

FCC/RERUNS (UPI) -- A split FCC voted to approve a new set of rules covering the \$5 billion market for television reruns of hit shows.... The rules relax but do not repeal stringent regulations governing the lucrative rerun business. Under the new proposal, networks will be allowed to acquire reruns that account for up to 40 percent of their prime-time programming but only if those are in-house productions.... Commissioner Irving Duggan said there was no White House interference in the commission's proceedings on the issue.

BASE CLOSINGS/CHENEY (Reuter) -- Secretary Cheney this week will recommend closing or shrinking over 30 major domestic military bases, a move that usually creates uproar among members of Congress who like the jobs and votes such bases bring to their districts. Pentagon officials said that Cheney will hold a news conference Thursday to propose closing or reducing the size of several dozen bases in the U.S., which they would not name. They also said that Cheney will move later this year to close or realign another 100 overseas military facilities, both large and small.

KURDISH HAVEN/U.N. OFFICIAL (Berne/Reuter) -- The U.N.'s top refugee official said that she backed the idea of setting up a safe haven in Iraq for Kurdish refugees. Sadako Ogata, the U.N. high commissioner for refugees, said she would support the idea as long as the right of Kurds to seek asylum in other countries was not compromised.

KURDISH PROTESTERS (Reuter) -- Fourteen Iraqi Kurds chanted and demonstrated in front of the White House to urge President Bush to muster worldwide support for suffering Kurds in Iraq and to take action to get rid of Saddam Hussein.... The protesters said Bush had encouraged Kurds to overthrow Saddam but did not help them when their uprising failed in northern Iraq.

ECONOMY (AP) -- Seventy percent of the nation's top economists believe the U.S. economy will pull out of the recession during the current quarter, according to a survey released Tuesday. "Seven of 10 of (the 51 economists) responding now say the recession will be over by April, May or June -- with nearly equal votes for each of those three months," wrote Robert Eggert, editor of Blue Chip Economic Indicators, the Sedona, Ariz., newsletter which conducted the survey.

WATKINS (UPI) -- Energy Department officials denied reports that Secretary Watkins had submitted his resignation, saying Watkins has "no plans to leave."... "He's not going anywhere," Mary Joy Jameson, a spokeswoman for Watkins, said. "He has not submitted any type of resignation. I have been told he has no plans to leave."

THE WHITE HOUSE

WASHINGTON, D.C.

Dr. David Switzer
Perkins School of Theology
Southern Methodist University
Dallas, Texas 75275

April



THE PRESIDENT

4-9-91

Dear David,

There is no way to tell
you how moved Barbara
& I were. You spoke
from the heart. Your love
and understanding shone
through. We were very
proud to call John
"Friend" - It is
clear you were a close
friend -

Just a note to
say Thanks for lifting
us all up -
Lyn Bush

Jan

**Commitment
to Growth:
The American Business
Conference and the Challenge
of Economic Policy**

**Commitment
to Growth:
The American Business
Conference and the Challenge
of Economic Policy**



AmericanBusinessConference



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Preface

This report contains highlights from a recent survey of the members of the American Business Conference (ABC) and an interpretive essay about ABC and its place in the Washington business community. There are as well throughout the text comments from individual ABC members that help to illustrate how ABC's mission relates to the business experience of ABC executives. We would like to thank all ABC members for their cooperation in the preparation of this report. We remain struck by their enthusiasm, by the continuing relevance of their views for progressive economic policymaking, and by the accuracy of their vision both in founding ABC ten years ago and keeping it on course for the future.

*James R. Jones, Chairman
Barry K. Rogstad, President*

The American Business Conference

Washington, D.C., April 1991



Foreword

This report is being issued in conjunction with the tenth anniversary of the founding of the American Business Conference (ABC).

For those who know ABC well, an anniversary celebration may seem incongruous. ABC members — the chief executives of some of this country's most successful entrepreneurial firms — are not the sort of people who look back. As a study of our members by McKinsey & Company observed, ABC executives have an "eternal dissatisfaction with the status quo." They thrive on change.

Still, one can learn from the past without living in it. The policy agenda of ABC for the next decade has been formed and tempered by political and business developments over the last ten years. By providing a backward glance over those developments, this report maps ABC's future.

Regardless of the specific policy challenges ahead, ABC's mission and methods will not change. We shall continue to promote initiatives to encourage economic growth and a higher standard of living for all Americans. Our members, rather than ABC staff, will be responsible for communicating our views to policymakers. We shall ask to be evaluated on the merit of our ideas; ABC will never have a political action committee. And we shall remain bipartisan.

Pausing to mark an anniversary is a pleasant and appropriate activity. It must also serve to remind us of how much work lies ahead. The nation's fiscal house is in disorder, the skills of our workforce require improvement, and American business has yet to come fully to terms with economic globalization. These problems, burdening as they do capital formation, labor productivity, and international trade and investment, directly threaten the economic well-being of future generations.

The nation needs a new consensus on the importance of economic growth as the only practicable means for building — and paying for — the kind of society we want to bequeath to our children. Taking the lead in building that consensus is precisely what ABC hopes to do over the next decade. We expect to be kept busy.

*Arthur Levitt, Jr., Founder and Past Chairman
The American Business Conference*



Discussion of ABC Anniversary Survey

In preparation for the American Business Conference's tenth anniversary celebration, ABC executives responded to a survey designed to elicit their views on the competitive environment, the American workforce, and international economic conditions.

The survey was distributed to ABC executives in late 1990, a time of discouraging political and economic news. Large numbers of American soldiers were preparing for battle in the Persian Gulf. The American economy had fallen into recession, stretching the already strained resources of the banking system. The Uruguay Round of the General Agreement on Tariffs and Trade was on the verge of collapse.

Despite these and other grave problems, the seventy ABC executives responding to the survey were characteristically optimistic. To be sure, they face their share of competitive pressures, as the survey revealed. Nonetheless, ABC members were able not only to look back on a decade of accomplishment but forward toward further success. The survey, then, is in effect a single snapshot of a dynamic and continuing process of growth and job creation.

**Comments regarding
key factors for success
in the 1990's.**

"Cost containment with quality and service"

***Peter McCausland, Chairman & CEO
Airgas, Inc.***

"People — education and training"

***Roland S. Boreham, Jr., Chairman & CEO
Baldor Electric Company***

"Adequate financing, motivated associates, clear strategic direction"

***Clark A. Johnson, Chairman & CEO
Pier 1 Imports, Inc.***

"Innovation and price"

***John W. Brown, Chairman, President, & CEO
Stryker Corporation***

"Worldwide skill at exploring new market niches via clever marketing and technology"

***John A. Gilmartin, Chairman, President, & CEO
Millipore Corporation***

"The successful adoption of Total Quality Management practices throughout our company"

***Stephen R. Levy, Chairman & CEO
Bolt Beranek and Newman, Inc.***

The Competitive Environment

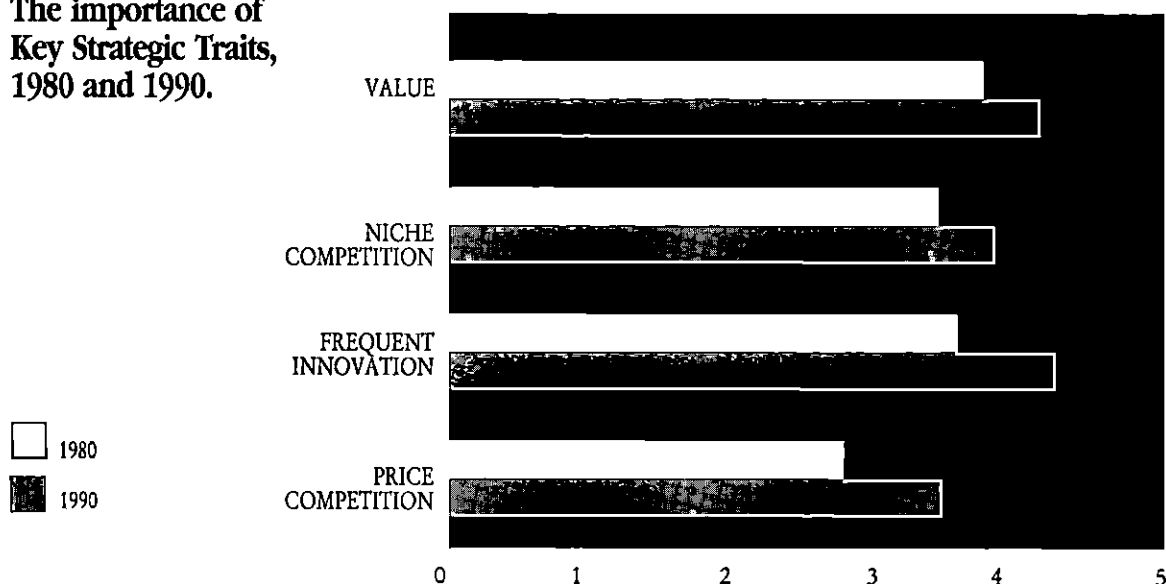
As a group, ABC companies face a tougher competitive environment than they did ten years ago. A look at the importance they place on key strategic traits demonstrates the point.

Ten years ago, ABC executives emphasized innovation, niche competition, and value as key components to their success. Price competition lagged in importance.

Today, innovation, niche competition, and value have become even more critical. Price competition, while less crucial, has also grown in significance.

ABC executives are today faced with the job of speeding the pace of innovation, expanding their share of key niche markets, and providing more value in their goods and services — all of which demand increased investment — while simultaneously cutting costs to meet stronger price competition.

The importance of Key Strategic Traits, 1980 and 1990.



Job Creation

Despite tightening competitive pressures over the past decade, ABC companies achieved a remarkable rate of job creation during the 1980's. According to the survey, for the years 1980-1990, ABC companies created domestic jobs at a compound annual rate of 8.2 percent, thereby more than doubling their number of U.S.-based employees in ten years.

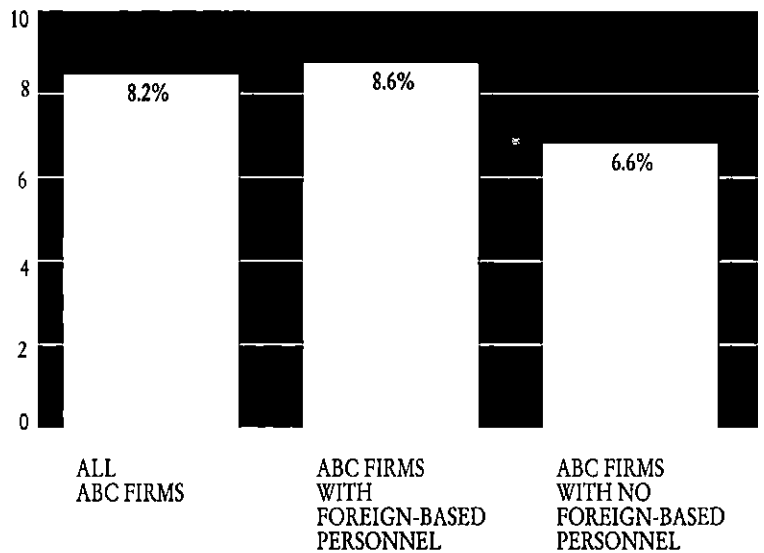
Domestic job creation by the subset of ABC companies investing and hiring abroad surpassed that of ABC companies with no foreign-based employees. Because of the so-called runaway jobs syndrome, this point deserves amplification.

Sixty-seven ABC executives provided employment data in their survey responses. Seventeen reported that their firms had no foreign-

based employees. Between 1980 and 1990, the domestic workforce of these companies increased at an average compound annual growth rate of 6.6 percent. In contrast, the fifty responding ABC companies with foreign-based employees, expanded their domestic employment in the 1980's at an average annual rate of 8.6 percent. Building on a much smaller base, these same companies more than tripled the number of employees outside of the United States.

These numbers suggest that, at the very least, investment and employment abroad do not necessarily reduce domestic employment. In fact the data indicate that for growing companies, establishing corporate presence in foreign markets may protect and expand job opportunities in the United States.

Average Compounded Annual Growth Rate of Domestic Employment, 1980-1990.

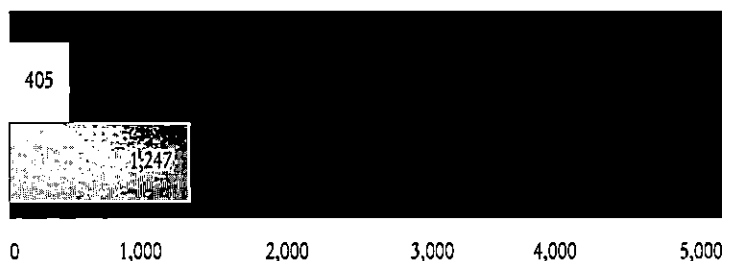


Average Domestic Employment of ABC Firms, 1980 vs. 1990.



Average Non-U.S. Employment of ABC Firms, 1980 vs. 1990.

1980
1990



Workforce Competence

Thirty-four percent of ABC executives surveyed believe that the competence of the American workforce has improved over the past ten years, 41 percent believe workforce competence has declined, and 25 percent found no substantial change.

The survey asked those ABC executives reporting declining competence to describe what their companies are doing to compensate.

"Because the nation's security, economy, and quality of life depend on the technological literacy of all Americans, it is critical that business invest in and help improve our education system."

**John Rollwagen
Chairman & CEO
Cray Research, Inc.**

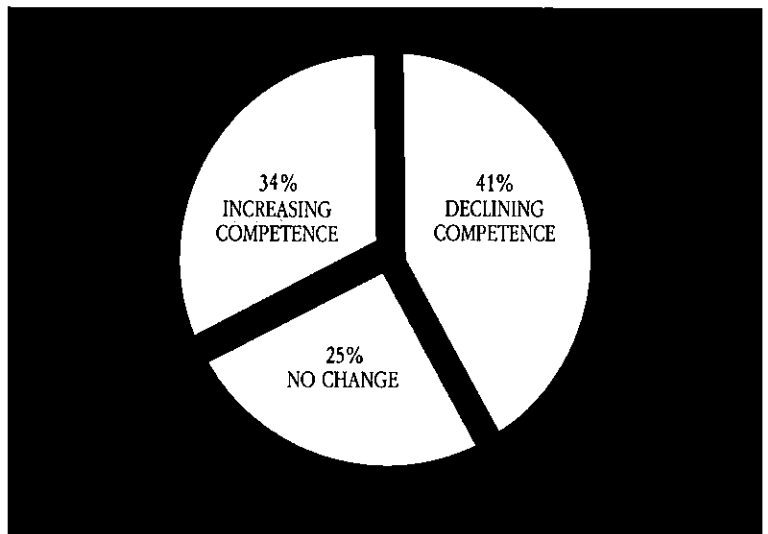
Seventy-one percent of those executives who believe workforce competence is declining reported that their companies were becoming less dependent upon workers in favor of greater mechanization; that is, their companies were substituting capital for labor where possible.

Sixty-eight percent said their firms were redoubling their efforts to retrain workers to specific company standards. Other options cited included instituting remedial education to teach basic skills (32%), looking beyond traditional sources to satisfy labor needs (32%), outsourcing to other firms (18%), and simplifying work procedures to help less able employees (12%).

Clearly there is no single strategy for dealing with the problem of declining workforce competence. ABC executives typically cited multiple tactics.

Most of the tactics are short-term responses to a long-term problem. Ultimately, development of a world-class workforce will depend on a world-class educational system at all levels, in all communities, and for all students. Otherwise, the pressure to export jobs will grow — not to cut costs but to find competent people.

**ABC members' views
regarding changes in the
competence of the U.S.
workforce, 1980-1990.**



International Outlook

In a characteristic departure from conventional wisdom, and in the face of the collapse of the Uruguay Round and the rise of protectionist pressures, the vast majority of ABC executives surveyed believe that the next decade will be a period of generally liberalized trade and investment.

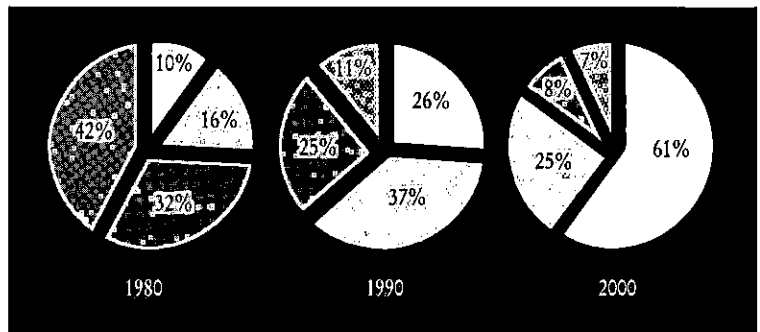
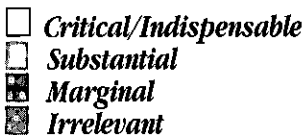
From the standpoint of managerial strategy, ABC executives are looking beyond national borders for increased growth. Sixty-one percent of the ABC executives surveyed said that by the year 2000, international business will be indispensable for their firms' overall success.

International business is already a key factor for the growth of ABC companies. In 1990, on average 24 percent of the total revenues of ABC firms were derived internationally.

For the years 1990-1995, ABC executives project an average compound growth in international sales of nearly 20 percent. Although exporting will remain an important tool for garnering those sales, ABC companies also plan to expand their production capacity abroad.

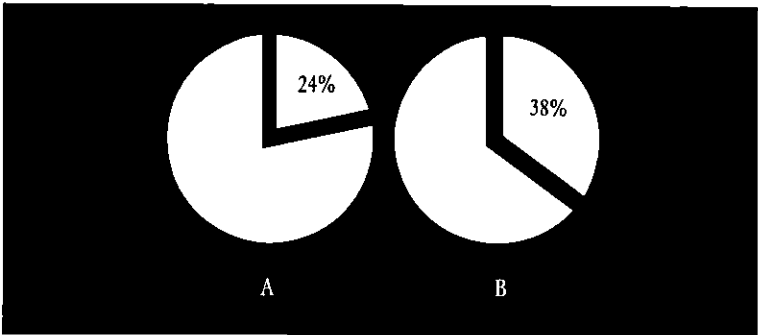
International investment moves in more than one direction. Forty-five percent of the ABC companies surveyed reported that they had tapped international capital markets. When asked why they had looked abroad for financing, ABC executives most often cited the superior availability and price of foreign capital, the longer-term perspective of foreign investors, and the need to minimize risk through foreign exchange hedging. Looking ahead, most ABC executives expect the international capital markets to play an increasing role in helping their companies meet their future financing needs.

ABC members assess the importance of international business for the success of their firms, 1980, 1990, 2000.

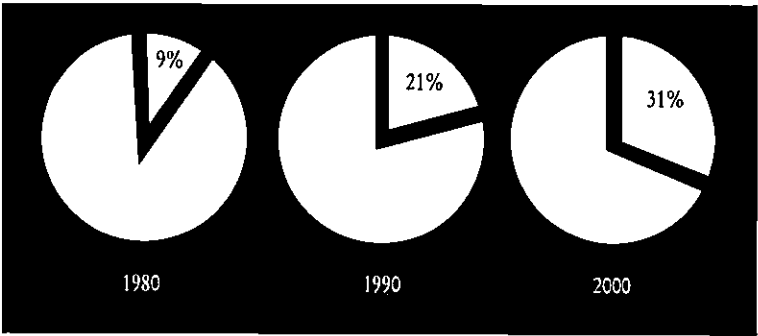


A. International revenues of ABC firms as a percentage of total sales, 1990.

B. Exports as a percentage of all international sales, 1990.

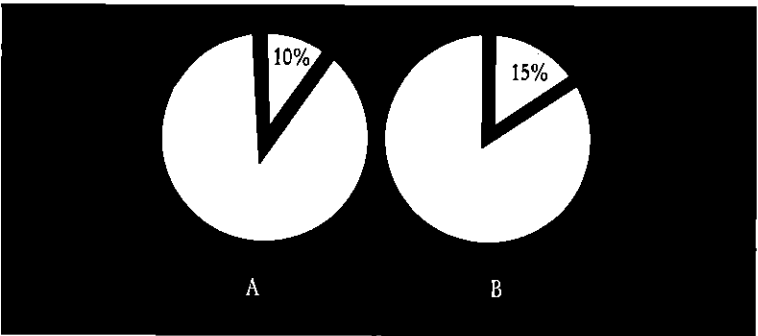


Foreign production capacity of ABC firms as a percentage of total production, 1980, 1990, 2000.

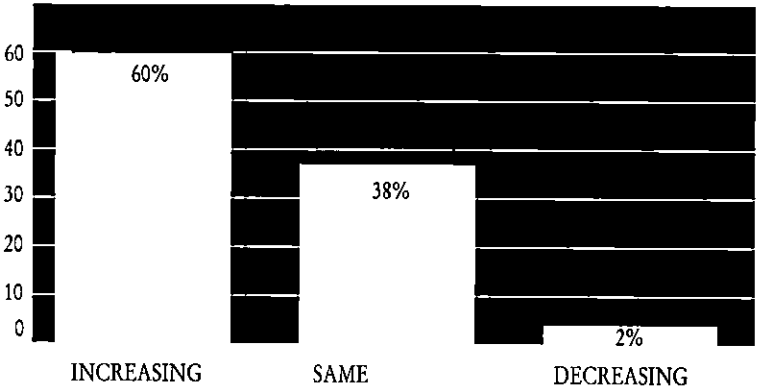


A. Foreign-owned equity as a percentage of total equity of ABC firms, 1990.

B. Foreign-owned debt as a percentage of total debt of ABC firms, 1990.



ABC members assess importance of international capital markets for their future financial needs.



To look at these survey results is to understand immediately ABC's policy agenda. Today more than ever, low cost and plentiful investment capital, an able and motivated workforce, and an international economic system open to the free flow of goods, services, and investment are essential if companies like those in the ABC are to flourish and the economy as a whole is to grow.

Growth is not automatic. Job creation does not just happen. International competitiveness is not a right. All require cultivation. While the future of ABC firms appears bright, that future will only be realized in the appropriate policy environment. Articulating the necessary ingredients for such an environment is what ABC members attempt to do.



ABC and the Washington Business Community: 1981-1991

The decade of the 1980's was the most active period of federal economic policy formation toward business since the New Deal. Private sector efforts to influence that policymaking were correspondingly intense.

One measure of those efforts was the growth of the business community in Washington. According to the authoritative directory, *Washington Representatives*, by the end of the decade there were permanently installed in the Washington area over 1,900 trade and professional associations, 1,500 corporate representatives, and nearly 3,200 lawyers and consultants registered as lobbyists or foreign agents.

These numbers underestimate the private sector presence in Washington. Business-subsidized think tanks, coalitions, and other nominally independent organizations have extended business's reach. Overnight mail, facsimile machines, telephone banks, and computerized mailing lists have enabled companies without permanent representation in Washington to become, in 1980's parlance, players inside the Beltway.

From its inception in 1981, the American Business Conference has faced the challenge of being heard amid the explosion of private sector participation in governance. To do so, ABC has relied upon the power of one idea: economic growth.

In the late 1970's — when ABC was taking shape — the promise of economic growth had dimmed. High energy prices, inflation, rising unemployment, and declines in product quality and service all conspired to produce what was accurately described as a national malaise. For many large American companies preservation of existing capacity had replaced growth as the prime imperative. The American economy and American business seemed exhausted.

ABC offered another view. Here was a group of entrepreneurs whose companies were doubling in size every five years. Between 1975 and 1980, ABC companies had created new jobs at a rate three times faster than the economy as a whole, enjoyed annualized export growth rates of 29 percent, and expanded capital spending at a rate nearly twice that of *Fortune* 500 companies.

This extraordinary performance during the malaise years was bound to attract attention. Even the relative obscurity of ABC executives and their companies contributed to the organization's reputation. The press and policymakers regarded ABC members as novelties: they were not the usual corporate "statesmen" surrounded by public relations advisers. Here were people quite unused to the ways of Washington, evidently more comfortable at home running their companies, and yet nonetheless convinced it was worth their time to try to orient public policy to encourage economic growth and job creation. Even more surprising, they wanted to concentrate

exclusively upon improving aggregate economic conditions rather than plug the self-interest of their individual companies.

This perception of ABC members and their motives, which helped so much to establish the organization's credibility, had the added advantage of being true. Moreover, it was coincident with a burgeoning belief in the possibility of economic renewal that was beginning to sweep the nation in the early 1980's.

Emergence of an Agenda Capital Formation

"Why should the average American who's not an investor be concerned about capital formation? Very simply, it's in four letters: J-O-B-S. There is no way you are going to have job growth unless you have renewed vigorous investment of capital, both in physical plant and in human beings."

**James R. Jones
Chairman,
American Business
Conference
Chairman,
American Stock
Exchange**

ABC's impact was more than just a matter of anticipating and embodying a change in the national mood. Substantively, there was — and is — a difference in public policy perspective between companies that are growing and those that are preserving capacity; companies that aspire to be king of the hill and those desperately trying to stay on top.

An early example of that difference involved tax policy. A McKinsey & Company study sponsored by ABC in the early 1980's measured the effective tax rate paid by 1,200 midsize, high-growth companies compared to that paid by the *Fortune* 100 group of firms. Using 1978 data (the most recent then available), McKinsey discovered that the growth companies were paying twice the rate of the larger companies (30% compared to 15%).

The difference was best understood as the result of a corporate tax structure that rewarded capital intensive, smokestack industries with generous write-offs while taxing at high marginal rates the income of companies relying on intellectual and technical knowledge. Yet, the latter group of companies — including the members of ABC — were creating jobs and internationally competitive products.

For ABC members a solution to this paradox seemed clear: lower corporate tax rates in exchange for the elimination of generous write-offs for capital intensive companies. Lobbyists for firms profiting from the code's prevailing bias were not impressed. The resulting fissure in the business community persists to this day. Without the advocacy of growth companies, the debate might never have occurred at all.

Concern about effective tax rates led naturally to interest in a larger issue: the cost and availability of capital for business investment. In a 1983 monograph entitled *High Cost of Capital: Handicap of American Industry*, a founding member of ABC, Dr. George N. Hatsopoulos, demonstrated that American business faced a real cost of capital three times higher than that in Japan. Dr. Hatsopoulos argued that this disparity in capital costs, if unattended, would cripple the ability of American companies to compete in the world market.

The problem of high capital costs was obvious to ABC executives and business economists. But for Washington, the cost of capital was an idea neither familiar nor well understood. Before the Hatsopoulos monograph, differential labor costs were regarded as the primary

advantage enjoyed by non-American companies. That assumption was a product of the hold that big business had on the Washington policy debate.

For large firms, as ever, the issue was preservation of capacity. Capital costs were not important because older, larger companies were not capital hungry.

But growth companies have a voracious appetite for capital; they must be in the capital markets continually. The predicament of emerging growth companies is particularly dire. Not established in the marketplace and with little collateral, such firms must rely on the equity markets where capital costs are especially high.

Once again, the perspective of growth companies had introduced something new to the Washington debate. In the years since ABC's release of the Hatsopoulos monograph, America's high cost of

**Excerpt from ABC
Economic Policy
Resolution
(Adopted January 24, 1989)**

Be it resolved that the ABC considers the stimulation of national savings and the continued reduction of the federal deficit as the nation's leading economic priorities.

Be it resolved that the ABC believes deficit reduction is primarily a matter of reducing the rate of increase in federal spending. To that end, the ABC urges bipartisan scrutiny of all federal spending programs, including defense and domestic entitlements, for possible savings.

Be it resolved that the ABC believes that savings can be realized without compromising national security, the needs of low-income Americans, and necessary investments in infrastructure and education.

Be it resolved that the ABC advocates consideration of issues of inter-generational equity in order to balance expenditures to meet obligations to older Americans in need while providing programs to develop the potential of the young and working population.

Be it resolved that the ABC advocates reform of the budget process for the purpose of introducing greater discipline and accountability. A disciplined and accountable budget process is one that communicates to taxpayers the costs as well as the benefits of any new programs while insuring that such programs, if adopted, are adequately financed.

Be it resolved that the ABC believes that, to the maximum feasible extent, the burden of new federal spending should be borne by citizens according to their ability to pay, and that citizens with similar income levels should have similar tax obligations regardless of the source of their income.

Be it resolved that the ABC, in the event that spending economies and budgetary discipline are not sufficient to reduce the deficit, supports imposition of new taxes explicitly and without exception for the purpose of deficit reduction. The burden of new levies should fall on consumption rather than savings.

Be it resolved that the ABC supports longer term tax reform which removes the bias against savings and investment relative to consumption.

capital has taken its proper place in discussions about improving the international competitiveness of American business.

Having demonstrated that the declining availability of capital in general and its high cost to business in particular impeded economic growth, ABC executives characteristically set about the task of trying to solve both problems. The solution required two related public policy strategies, neither of modest proportions: reduction of the federal deficit and correction of biases in the tax code.

As ABC members saw it, the huge and chronic deficits of the 1980's would have been tolerable had the nation's private saving rate been robust. But the federal dissavings in the form of deficits had been coincident with a plunge in the private saving rate.

The amount of capital available for investment declined. By the late 1980's, the United States lagged major industrial nations in both net investment and productivity growth. Much of the investment that was taking place was being financed by a huge influx of foreign capital, indebtedness that caused the nation's trade deficits to swell and imperiled the standard of living of future generations of Americans.

For ABC, then, the importance of deficit reduction could only be understood in the larger context of the nation's low level of national savings. This perspective differed from the traditional hostility of business to "big government." ABC executives did not venture any particular view about the optimum size of government; they were primarily concerned that Americans pay for whatever amount of government they wished to have.

While seeing deficit reduction as primarily a matter of moderating the rate of increase of federal spending and establishing greater overall budgetary discipline, ABC also supported new taxes dedicated to deficit reduction.

To raise revenues without penalizing savings, ABC called for larger levies on consumption. In the short-term, that meant excise tax increases such as a higher levy on gasoline. Longer term, ABC in the early 1980's supported a national value added tax (VAT) designed with appropriate exemptions for food, clothing, and shelter. In recent years, support for a VAT has been complemented by member interest in a consumption-based income tax. Administered like the current income tax, a consumption-based income tax exempts from taxation all forms of net savings.

Along with urging deficit reduction as a means of raising the level of national savings, ABC also sought policy initiatives to correct a prevailing bias in the tax code favoring debt over equity and consumption over savings.

The tax code allows corporations to deduct interest on debt while simultaneously taxing equity twice, once as corporate income, later as dividends and the appreciation of corporate shares resulting from retained earnings. As George Hatsopoulos demonstrated in a 1989 monograph co-authored by Professors James Poterba and Paul Krugman of the Massachusetts Institute of Technology, this anomaly has several adverse effects. First, it raises the cost of capital particularly for knowledge-intensive firms and start-up companies that must

rely principally on equity financing.

Second, it provides an incentive for companies to exchange equity for debt, thus making themselves vulnerable in economic downturns. Finally, the code's bias in favor of leverage propelled a number of debt-financed takeovers and buy-outs. These deals resulted in huge, involuntary capital gains realizations for tendering stockholders. Hatsopoulos and his colleagues estimated that every dollar paid out in these transactions resulted in 59 cents of additional consumption. The rash of financial restructuring in the 1980's with leverage, in other words, had been an important contributor to the nation's consumption binge.

The code's bias favoring consumption over savings causes equally perverse results. The flow of money into consumption is taxed only once as income. Savings are taxed twice: first as income and then as returns on accumulated savings. ABC executives believed that this disincentive was at the core of America's chronically lagging savings rate.

ABC members devoted considerable time to forging proposals to achieve greater tax neutrality regarding debt versus equity and consumption versus savings. Of course, a simple way toward neutral treatment of debt and equity would be to repeal the deduction on corporate debt. Some in Congress proposed as much.

ABC members demurred. Repealing the interest deduction would raise the overall cost of capital. ABC members chose instead to join those calling for corporate tax integration — that is, removing a layer of taxation on equity.

As an alternative to integration, ABC endorsed enactment of a capital gains differential applicable exclusively to new equities or new gains on existing equities. The degree of tax preference accorded such gains would depend on the length of time the equity had been owned. For longer-term holdings, the tax on capital gains would decline to zero.

To correct the code's bias against savings, ABC endorsed tax-based savings initiatives such as expanded Individual Retirement Accounts, family savings plans, and an expansion of the current savings bond program. Recognizing the degree to which American cultural attitudes promote consumption over savings, ABC members strongly urged the President and other political leaders as well as their colleagues in the corporate community to underscore the importance of saving for the nation.

ABC's ideas for tax neutrality were not without cost. Compensating for the double taxation of equity and of savings would necessarily reduce federal revenues. ABC's desire to correct the bias in the tax code thus collided with its advocacy of deficit reduction.

Confronting this conflict has led to a sense among ABC members that over the long term, the United States must adopt sweeping tax reform that raises an adequate amount of revenues, does not discriminate against savings and investment, and is fair. The consumption-based income tax theoretically meets all three criteria. For that reason it has the potential for providing the structural framework for ABC's capital formation advocacy in the next decade.

Like the current income tax that it would replace, the consumption-based income tax can be made as steeply progressive as voters wish and economic circumstances require. Because all forms of savings escape taxation until they are drawn down and spent, a consumption-based income tax obviates any need for targeted savings incentives. Similarly, corporate income would remain untaxed unless distributed and used for consumption. The double taxation of equity would disappear.

Obviously, a consumption-based income tax presents daunting transition problems (although unlike a VAT it does not necessitate a new bureaucracy). ABC members believe that the tax's merits warrant discussion and resolution of these transition problems. The alternative is continued tinkering with the current tax code — a process guaranteeing uncertainty, unintended consequences, skewed business decisions, voter cynicism, and fat retainers for lobbyists, lawyers, and accountants.

It is within the capacity of the United States to develop a system of taxation that is equitable, efficient, and neutral. Such a system will not eliminate all concerns about America's economic competitiveness. Absent such a system, however, discussions about what government can "do" for business are futile.

International Trade and Investment

Like ABC's fiscal policy, the organization's perspective on international trade and investment ran counter to the prevailing views of the business community in Washington.

Chronic merchandise trade imbalances in the first half of the 1980's prompted Congress to involve itself far more than at any time since World War II in the formation and management of trade policy. Congressional participation spurred greater business lobbying on trade and investment issues.

The greatest share of business advocacy on trade emanated from companies seeking protection for their share of the domestic market. For firms more intent upon preservation rather than expansion, this was a rational course. It is also true that protective measures are easier to devise and their effectiveness simpler to measure than initiatives to encourage businesses to sell abroad.

ABC executives were not among those pursuing protection. The early 1980's had been a period of rapid international expansion for member firms. Between 1981 and 1986, the foreign sales of ABC firms had grown at an average rate of 20 percent a year, compared with 3 to 4 percent for other American companies reporting international revenues. The foreign operating income of ABC companies had increased 23 percent annually, in contrast to 4 percent for other companies. ABC companies similarly outpaced their corporate colleagues in export growth and in the acquisition of foreign assets.

As in tax policy so in trade policy the line between growth companies and firms seeking to preserve capacity was stark. ABC companies made their views known in two publications, *The Challenge of Global Competitiveness: Views of America's High Growth Companies* (1987) and *Winning in the World Market* (1987). These

"Doing business internationally is not an option for most American companies. It is a necessity. Unless we aggressively establish market presence abroad and unless we are willing to learn from our foreign-based competitors, our capacity to control our market here at home will be irremediably crippled."

**J.P. Barger
President & CEO
Dynatech Corporation**

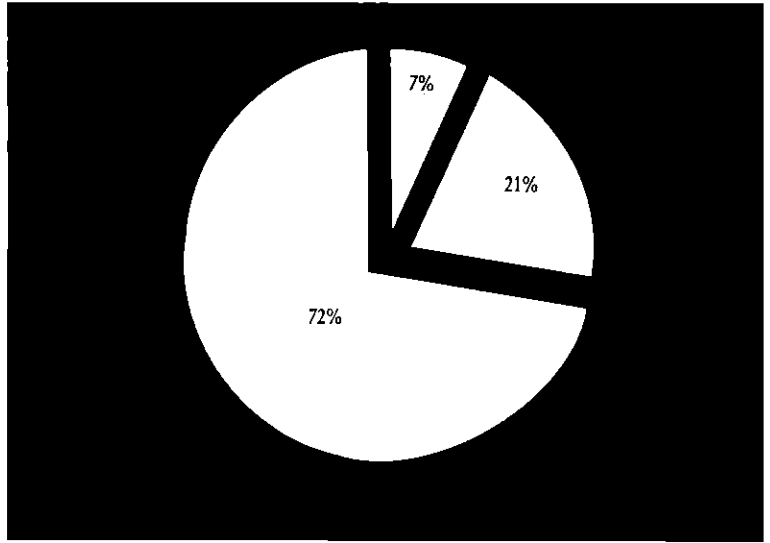
two monographs, based on surveys of ABC executives and follow-up interviews, described the international success of ABC firms and the managerial principles behind that success.

Other than calling for a reconsideration of export control

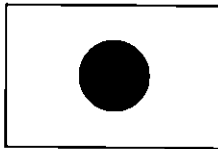
International Environment: Views of ABC Members

ABC members assess the overall trade and investment environment over the next decade.

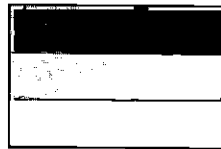
- 72% *Improving/more liberalized trade investment environment*
- 21% *Worsening environment/greater protectionism*
- 7% *No change*



The three highest growth markets for ABC firms over the next five years.



JAPAN/
PACIFIC RIM



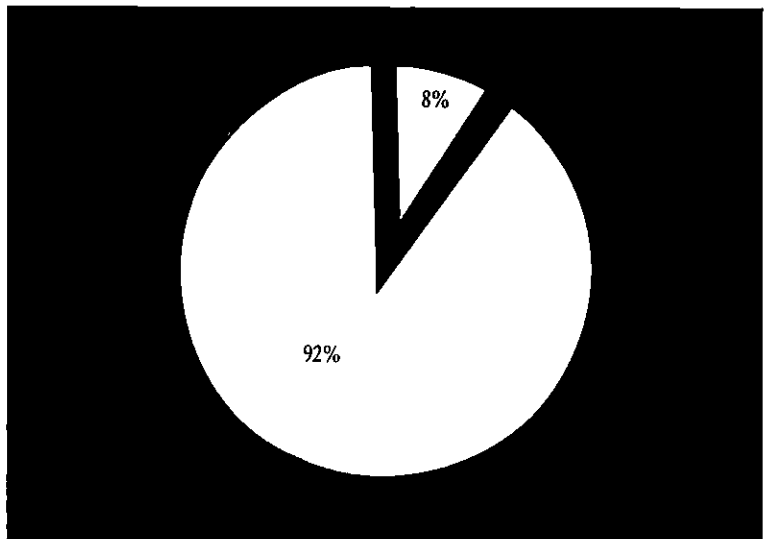
GERMANY/EEC



CANADA

ABC members overwhelmingly support U.S.-Mexico Free Trade Agreement.

- 92% *Support*
- 0% *Oppose*
- 8% *No opinion*



"Our continued success depends upon our ability to compete effectively with international competition in both the domestic and overseas market. We must continue to offer consumers the finest products at the best value in whatever market place we compete. To be successful we must have a competitive cost of capital, able employees, and an open, rules-based trading system."

**W.L. Lyons Brown, Jr.
Chairman & CEO
Brown-Forman
Corporation**

regulations, neither publication made specific policy proposals. Indeed, ABC executives evinced little enthusiasm for new trade legislation and no enthusiasm at all for protectionism.

ABC members did not deny that barriers to trade and investment existed in Japan and elsewhere. They denied instead the capacity of government to remove those barriers through unilateral action. Moreover, ABC dared to suggest that some barriers were not so much walls as hurdles and that managerial commitment and skill could surmount them.

These views were provocative. In advancing them, ABC members were at some pains to point out that they did not regard their international success as automatic or necessarily permanent. They were, in the words of Ray Stata, CEO of Analog Devices, "running scared." They did not want anyone concluding, on the basis of their performance, that government had no role to play in cultivating competitiveness.

For government did have a role. Rather than squander political resources trying to force the Japanese to behave, policymakers could better spend their time helping to create a healthy economic environment at home. Reduction of the federal budget deficit and construction of a neutral tax code to facilitate the amassing of low cost, patient investment capital were high on the list of necessary tasks. Fiscal policy was linked indissolubly to international competitiveness.

That linkage was, during the heat of the battle over omnibus trade legislation in the mid-1980's, an inconvenient truth. ABC's agnosticism on the matter of devising tough new trade laws placed the organization in the not unfamiliar position of bucking current wisdom.

Equally controversial was the nature of ABC firms' international success. As described in *Winning in the World Market*, ABC companies typically had combined exporting with an investment-based strategy. The latter entailed establishing sales, production, and research and development facilities in key international markets such as Japan and the European Community. These facilities were staffed almost exclusively by foreign nationals.

That ABC members viewed exporting as only one tool among many for succeeding in international markets disappointed many tribunes of competitiveness. For them, it was not enough to succeed internationally; a firm must export.

Central to this view was the assumption that investment abroad eliminated jobs at home. For companies struggling to preserve capacity, such a zero sum game might be the rule. Going offshore is a quick way of reducing costs.

Growth companies are different. Their market share at home is expanding. They do not invest in international markets to pare domestic labor costs. They develop a presence abroad to grow abroad, by keeping close to their customers, capturing product and technological innovations developed outside of the United States, and tying down foreign competitors on the latter's turf rather than in the American market.

The ABC experience suggests that, rather than reducing domestic employment, an international presence helps to create new jobs at home. In making this point, ABC members hope to elevate the debate on competitiveness beyond a one-dimensional fixation on the merchandise trade deficit, a measure that disguises as much as it reveals about American business's relationship to the rest of the world.

To that end, ABC members strongly supported efforts to facilitate the movement of goods, services, and investment through bilateral pacts, such as the U.S. - Canada Free Trade Agreement and multilateral negotiations such as the Uruguay Round of the GATT. Additionally, ABC members are today actively involved in establishing linkages with entrepreneurial firms in Japan and the European Community. Ultimately, ABC hopes to establish an international business-to-business dialogue on the importance of open markets for world prosperity and economic efficiency. Forestalling a new era of protectionism is absolutely critical for the ability of ABC companies as well as other American firms to thrive in the next decade.

Education

While international expansion does not necessarily reduce domestic employment, it does require an able and productive domestic workforce. Along with augmenting the quality and amount of investment capital, ABC members are similarly concerned with improving the skills of employees.

This concern predated current business anxiety regarding education. The rapidity of ABC companies' job creation brought them close to the problem early on. A 1982 study of ABC companies found that in order to sustain their job growth rate, 87 percent of the companies surveyed sponsored job training programs, 65 percent job retraining programs, 62 percent handicapped hiring programs, and 53 percent disadvantaged hiring programs.

A 1989 survey of the ABC membership further underscored members' view of the importance of educational improvement. The vast majority — 83 percent — of ABC members described the decline in the quality of American education as "very serious." Asked to rank the severity of that decline at various scholastic levels, ABC members cited grades 9-12 as of greatest concern, followed by grades K-8, college, preschool, and, finally, graduate education.

ABC members were asked to explain the decline in education quality. First on their list was the relative lack of prestige enjoyed by the teaching profession in American society. ABC members also believed that parents were insufficiently involved in their children's education, that there were no incentives in place to encourage students to reach for academic excellence, that curricula needed to be reformed, and that the nation lacked a reliable, standardized measurement to gauge academic achievement.

The diagnosis is not surprising. Respect, involvement, incentives, ability to change in the light of new conditions, accountability: these are principles ABC companies put into play every day. To an extent remarkable for companies of modest size and limited staff resources, ABC firms are intensely involved in applying those principles for the

"We can no longer overlook the needs of the majority of our high school students who directly enter the workforce. They will be our employees, and we must invest in their future."

**Josh S. Weston
Chairman & CEO
Automatic Data
Processing, Inc.**

"Students and educators must know the needs of business and be convinced we will help schools better meet those needs. Business must understand the education system and be ready and willing to make the long-term commitment to be an active partner. THE VITAL LINK is aimed at developing specific conduits that facilitate this process."

**Roger W. Johnson
Chairman, President
& CEO
Western Digital
Corporation**

improvement of education in their communities. This is not the old story of corporations demanding that schools be run more like businesses, whatever that may mean. Rather, it is a statement of belief that across organizations of all kinds, the conceptual keys to higher achievement are the same.

As ABC members talked with one another about their efforts to promote education reform, they sought a way to involve ABC as an organization in the same pursuit. It was not a simple task. The essential paradox presented by education is that, while a matter of national concern, it remains preeminently a local matter. It remains as well an enormously complicated issue: the American education "problem" is in fact a number of discrete dilemmas ranging from preschool funding to securing an adequate supply of doctoral candidates in critical fields.

ABC decided to focus its efforts on improving academic achievement among secondary school students intending to enter the job market after high school. These work-bound students were most in need of incentives to perform well in school.

Virtually from kindergarten, young people learn of the importance for college admission of high grades, extracurricular activities, and good scores on standardized tests. By contrast, students planning to get a job after high school rarely hear of a relationship between scholastic achievement and eventual employment. Too many employers cannot be bothered to look beyond a high school diploma to discover what, if anything, a prospective employee did to earn it. If employers are indifferent to academic achievement, why should work-bound students care?

To break this cycle of shared apathy, ABC in 1989 launched its VITAL LINK project. The VITAL LINK encourages businesses to understand better the skills they seek in new employees, to communicate those criteria to the schools, and to reward with differential pay and superior opportunities for advancement those students meeting the standards. Such incentives enable students to work toward their fullest potential by helping them to understand the opportunities available after graduation.

Conceptually simple, the VITAL LINK promises a revolution in the way business hires high school graduates. Over time, as students learn what skills prospective employers value and see graduates with those skills receive better pay and faster promotions than less able graduates, they will learn that scholastic achievement and meaningful extracurricular experience matter.

The VITAL LINK does not include proposals for changing the structure of schools or school curricula. It may well be that as work-bound students begin to draw a close association between what they learn in school with what they earn on the job, they will ask for more varied courses. Similarly, educators may be spurred to effect innovations to better develop the skills work-bound students seek.

In addition, the VITAL LINK could spawn novel forms of skill assessment as well as new methods for helping students to compile and transmit to prospective employees records of their academic performance, test scores, and relevant work experience. All such innovations would be desirable. From the perspective of ABC and

"We've heard a lot today about the work ethic in our country not being up to par with other nations. As American businesses compete for leadership in a global economy, it is imperative that our productivity and the quality of our work be at least competitive and at best exceptional."

**Gloria Boban
President
Omega World Travel, Inc.**

the VITAL LINK, they are by-products of the core tasks of making businesses more intelligent employers of work-bound students and providing students greater motivation to achieve.

To implement the VITAL LINK, ABC organized a National Steering Committee comprising representatives of leading national business and educational associations. The steering committee oversees a number of demonstration projects in communities around the country.

At these demonstration sites, committees of local business people, community leaders, and school administrators, teachers, and students are working together to establish the feasibility of the VITAL LINK concept. Assuming success, the National Steering Committee will assist in the dissemination of the VITAL LINK model throughout the nation.

The evaluation of each demonstration project will take time. ABC members believe that the potential rewards justify the effort. Helping work-bound students, some of whom are the most disadvantaged young people in the nation, is essential if they are to realize a fair share in a growing economy.

It is said that a rising tide lifts all boats. That assumes that significant segments of the populace are not stranded on islands of apathy and neglect. Education can be a lifeline to these people, if that line is connected to meaningful economic opportunity. The VITAL LINK seeks to supply that connection.

The VITAL LINK National Partners

**American Association of Community and Junior Colleges
American Association of School Administrators
American Electronics Association
American Federation of Teachers
American Society for Training & Development
Business-Higher Education Forum
The Business Roundtable
Cities in Schools, Inc.
National Alliance of Business
National Association of Manufacturers
National Association of Secondary School Principals
National Association of Wholesaler-Distributors
National Education Association
National School Boards Association**

The VITAL LINK Demonstration Sites

**Fort Worth, Texas
Orange County, California
Montclair/Morristown and Somerset County, New Jersey**

Final Thoughts

"The United States faces the real risk of economic stagnation. But if we restore our faith and determination to save and invest for the future - which served our country so well in the past - our society's advantages in natural and human resources will enable America to grow and remain the most prosperous society in the world"

**George N. Hatsopoulos
Chairman & President
Thermo Electron
Corporation**

Two important points implicit throughout this report should, perhaps, be made explicit at the end.

First, ABC members believe that the future of the nation is in our own hands. If we bequeath to our children a lower standard of living and worsened social conditions, we shall rightly be held responsible. The source of our problems is not overseas. It is here at home, with us, and what we have chosen to do with the extraordinary advantages given to us by past generations of Americans.

Second, to secure the future we would wish for our children, we must cultivate economic growth. This is not to say that growth should be an end in itself. A good society is not measured solely in terms of GNP. Without growth, however, the desire to achieve greater equity in American society devolves into a struggle over life preservers on a sinking ship.

Too often in recent years growth has been treated as a code word for avarice. In fact, it is a synonym for opportunity. ABC executives have made the most of the opportunity created by the nation's past commitment to growth. They want future generations of Americans to have an even better chance to do the same. It is that motive, in essence, that led to the founding of the American Business Conference. It is that motive, too, that will propel the organization into the next decade and beyond.

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About ABC

Since its inception in 1981, the American Business Conference has served as the voice of the midsize, high-growth sector of the economy. Comprising 100 chief executive officers of high-growth companies with revenues over \$25 million, ABC works to create policies which promote fundamental economic growth, job creation and a better standard of living for all Americans.



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