

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

FOIA Number:
2009-0166-S

FOIA MARKER

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

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

OA/ID Number: 90669
Folder ID Number: 90669-002

Folder Title:
Friday, April 10, 1992 [2]

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. Vitae	Re: William W. Koeppel; Personal Identifiable Information redacted. (1 pp.)	n.d.	(b)(6)	
02. Handwritten Notes	Re: Presidential Phone Calls with President Endara of Panama [originally closed as 01a] (1 pp.)	4/10/92	(b)(1)	
03. Memo	Bridget to Rose/Robin/Nancy, Re: Photo-Op; Personal Identifiable Information redacted. (1 pp.)	04/10/92	(b)(6)	
04. Schedule	Schedule of the President; redactions. (1 pp.)	04/10/92	(b)(3)	

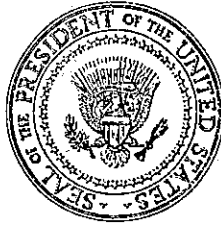
Page 1 of 1

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Friday, April 10, 1992 [2]

Pinksheet Number: cap6056
OA/ID Number: 90669-002
Date Closed: 8/28/2019
FOIA/Sys Case #: 2009-0166-S[4]
Re-review Case #:
P-2/P-5 Review Case #:

daily 4/10



April 10, 1992

Boyden:

Please have someone give me a memo with bullet points on the laws I want Congress to apply to themselves. No detail needed- just title like FOI ,Civ Rights...etc etc.

No rush.

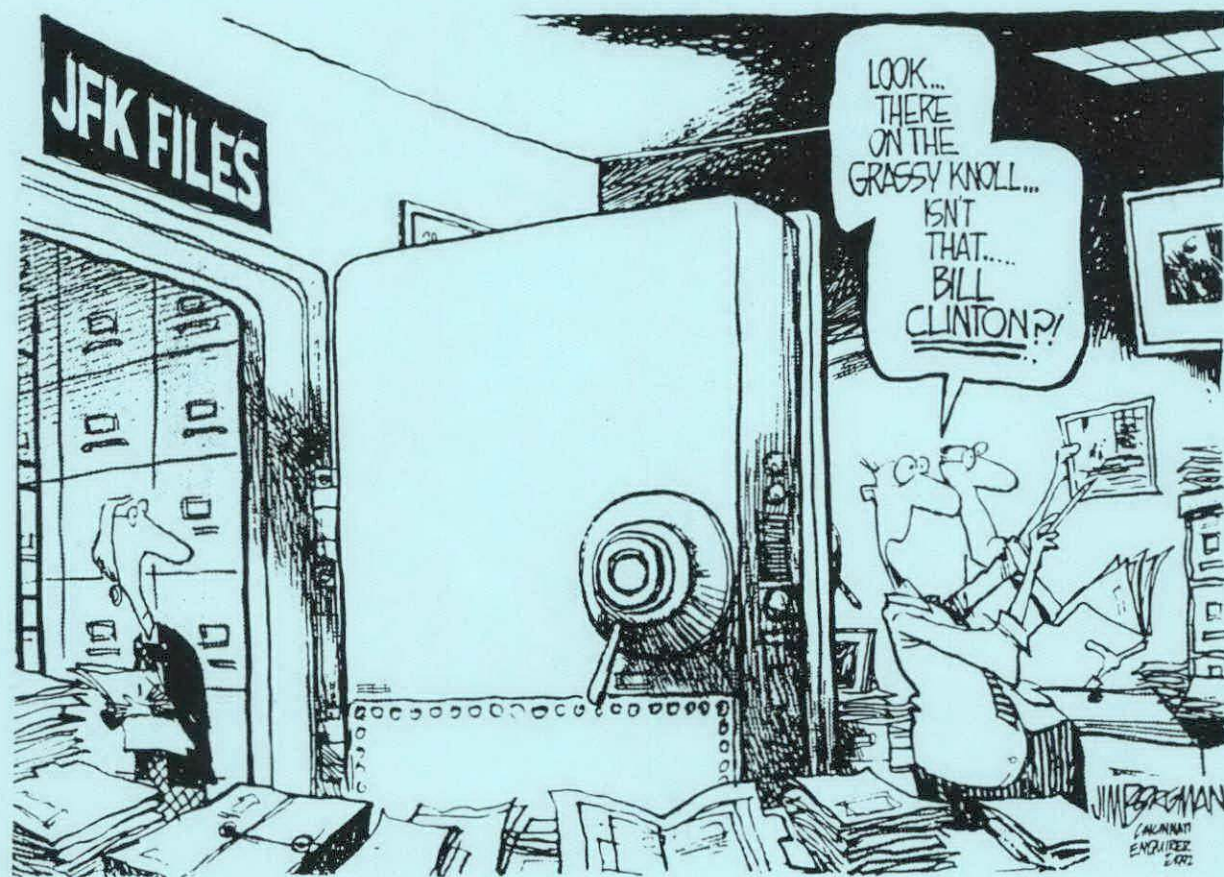
GB

A handwritten signature, possibly "GB", is written next to the typed name "GB".

BUSH LIBRARY PHOTOCOPY - GEORGE BUSH HANDWRITING

FROM THE PRESIDENT

Friday Follies



- a look at politics through the eyes of the political cartoonist -

"I don't care a straw for your newspaper articles. My constituents don't know how to read. But they can't help seeing them damned pictures."
(William Marcy "Boss" Tweed speaking of Thomas Nast, 1871)

WHITE HOUSE NEWS SUMMARY SPECIAL EDITION
VOLUME IV ISSUE 14 -- April 10, 1992

1991

WHAT
RECESSION?



1992

Wright
Providence Journal-Bulletin

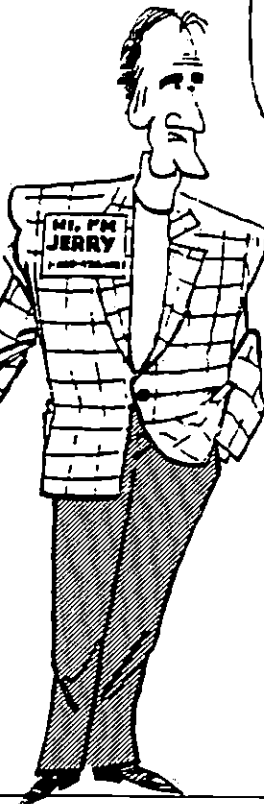
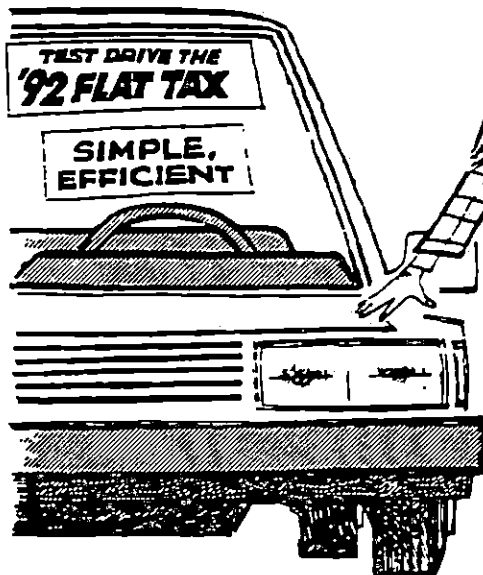
WHAT
RECOVERY?



MOONBEAM
MOTORS

TEST DRIVE THE
'92 FLAT TAX

SIMPLE,
EFFICIENT

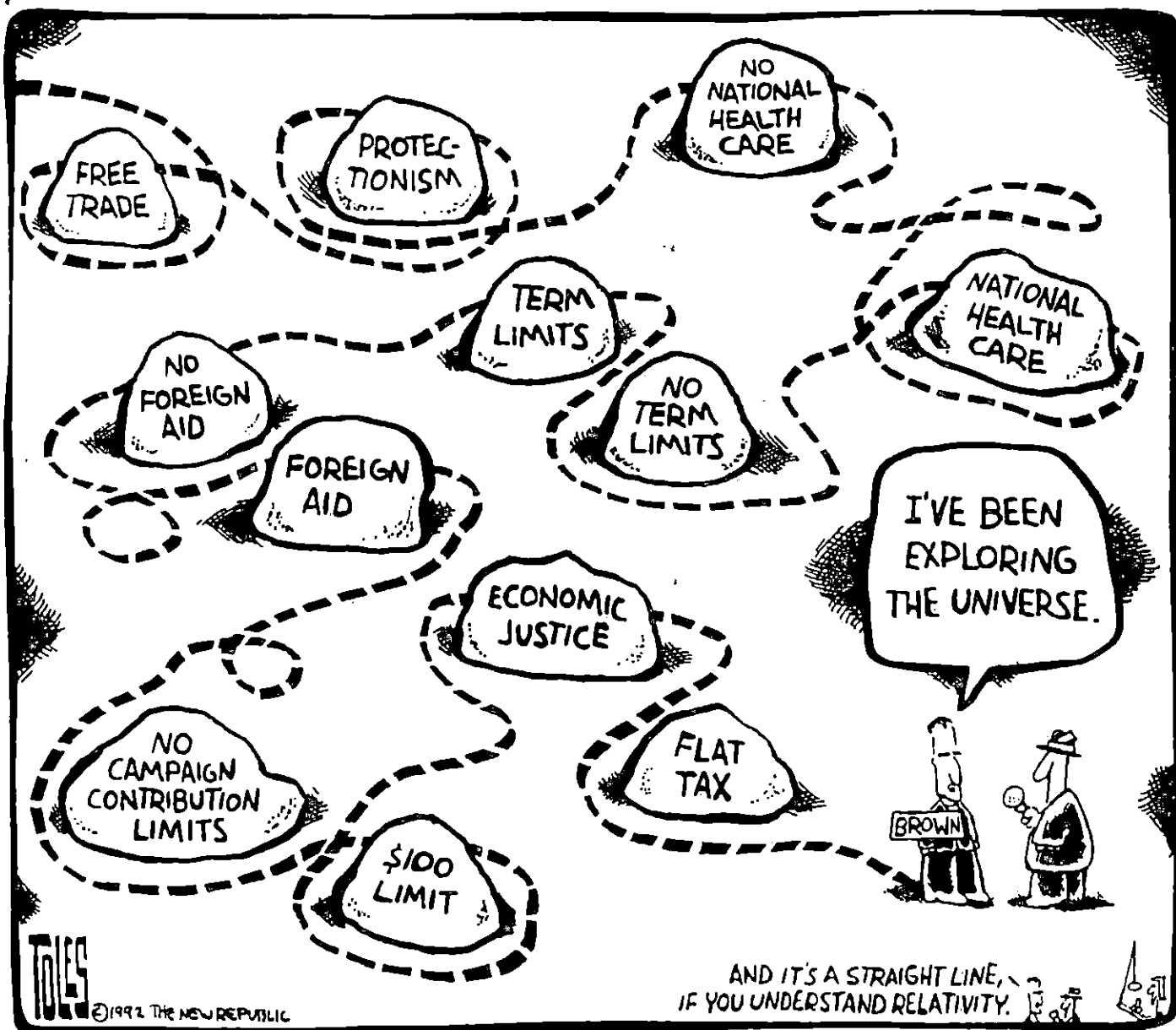


I KINDA
LIKE IT...
IT'S THE
SALESMAN
THAT
WORRIES
ME.



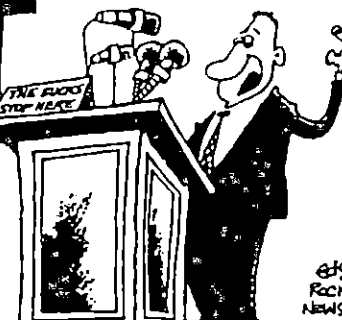
© 1992 SAN DIEGO UNION-TRIBUNE
CARTOON BY SKELLY

SKELLY



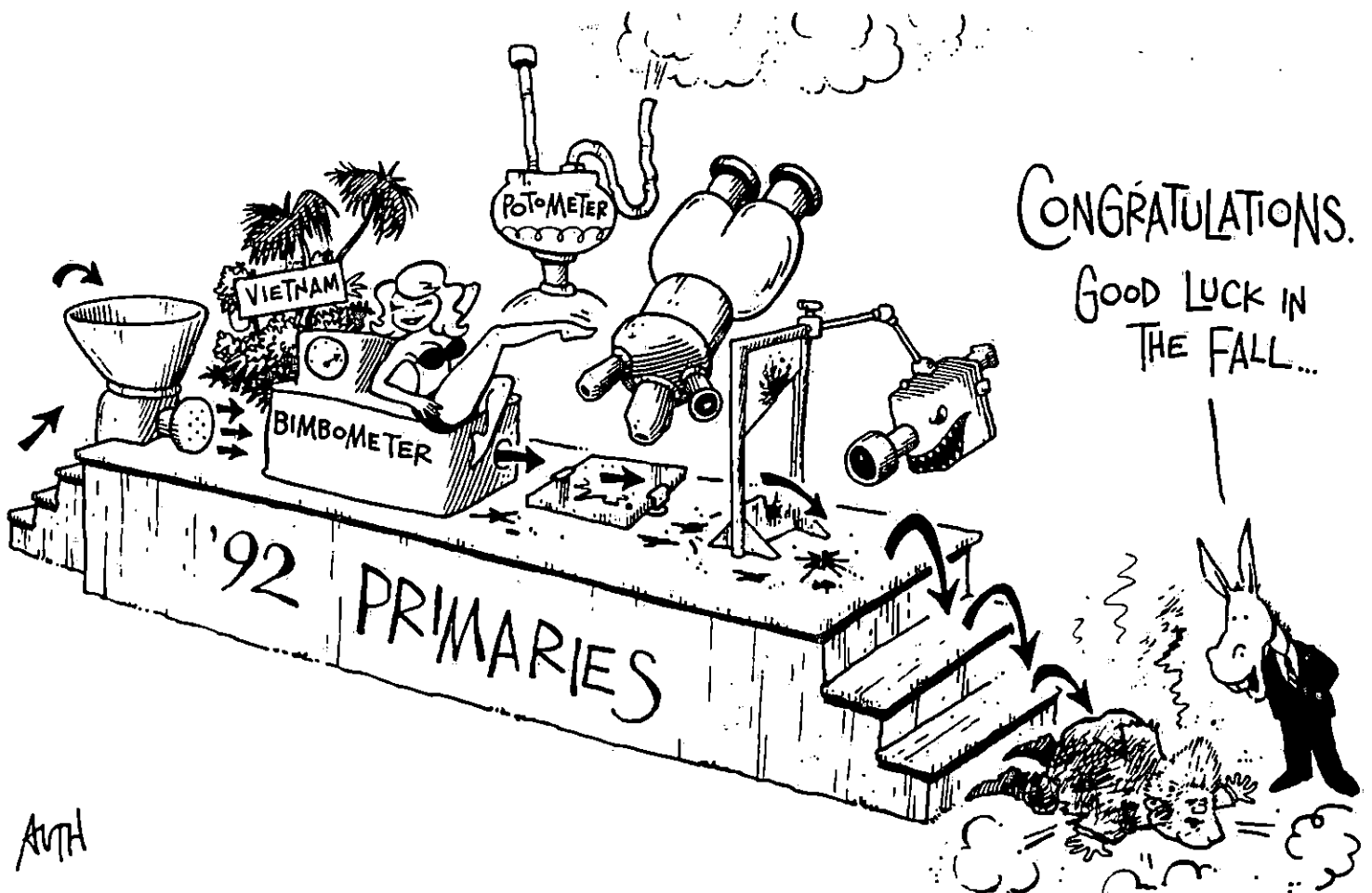
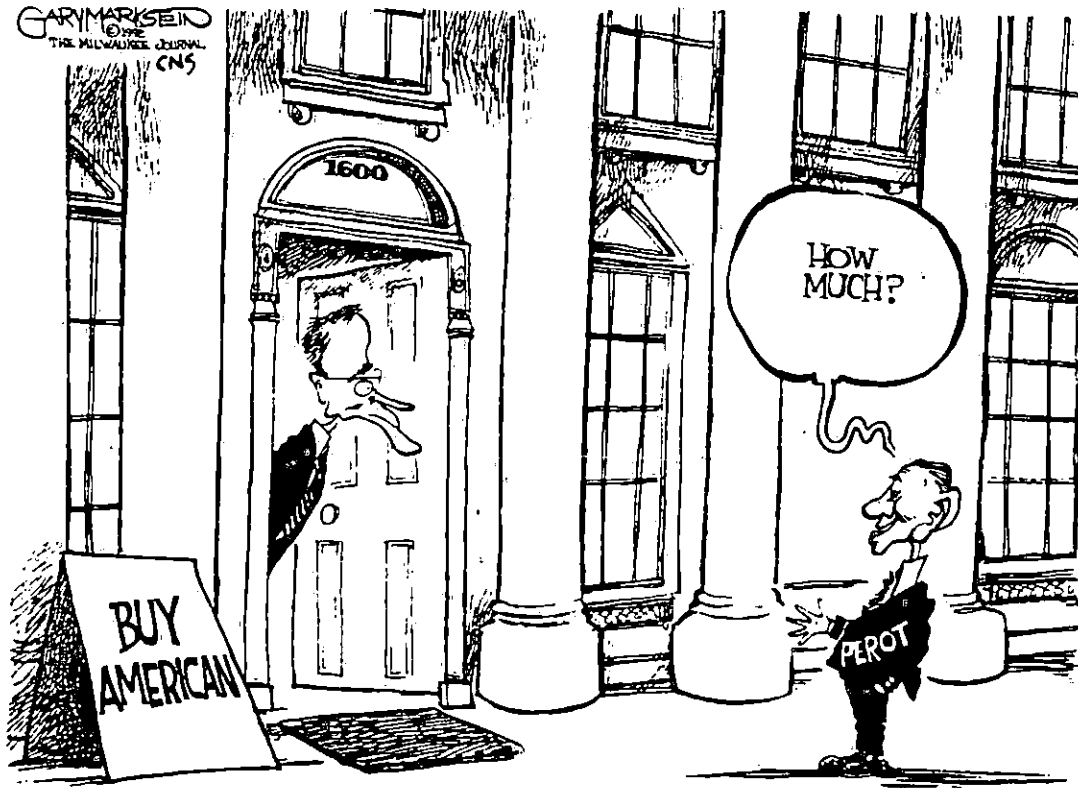
**H. RO\$\$\$
PEROT**
FOR PRESIDENT.

AND IF ELECTED
I WILL
PERSONALLY
PAY OFF
THE DEFICIT.

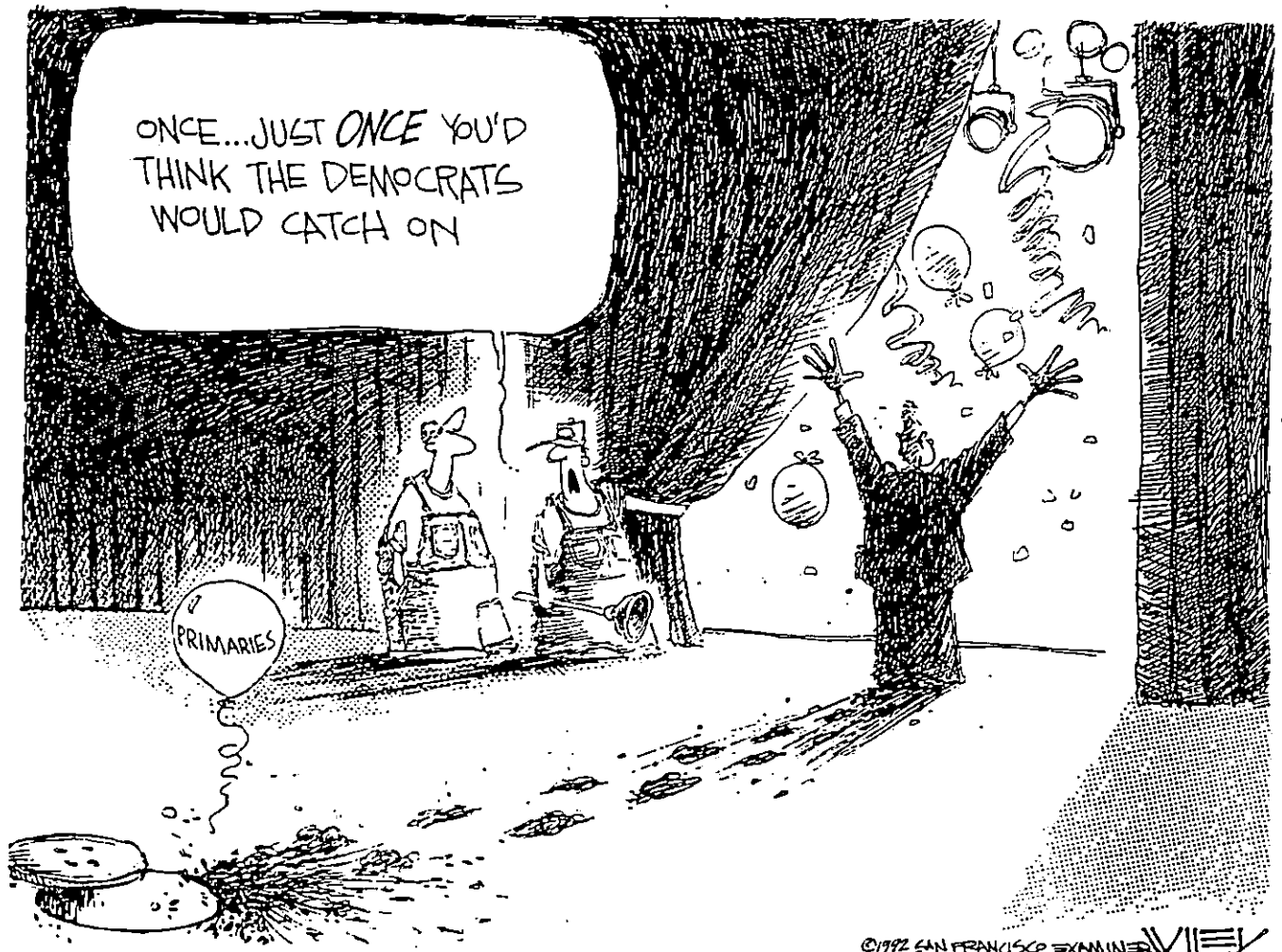


STEIN
ROCKY MOUNTAIN
NEWS 12/1/92

GARY MARKSEIN
© 1992
THE MILWAUKEE JOURNAL
CNS



AUTH



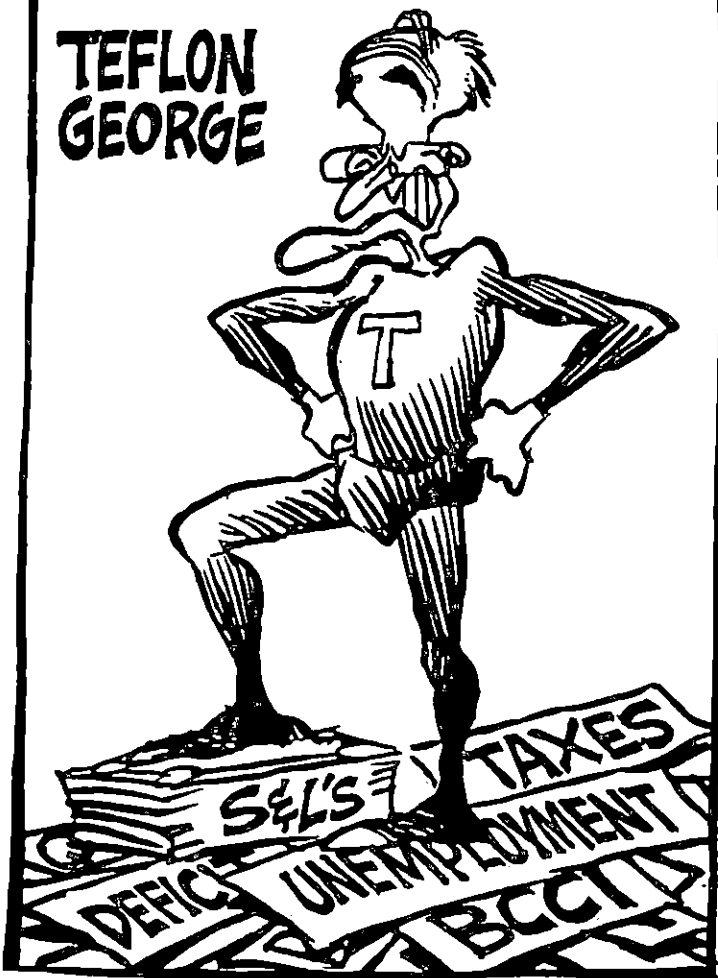
©1992 SAN FRANCISCO EXAMINER



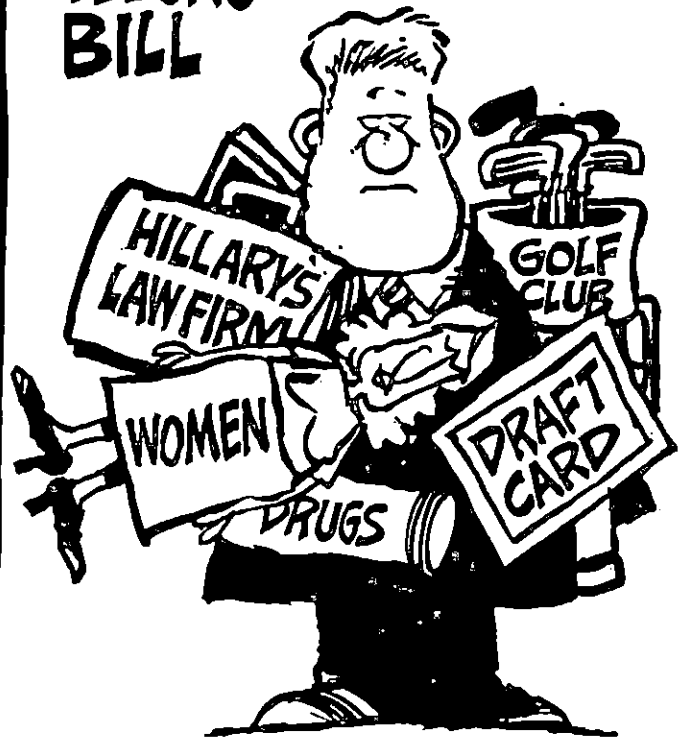
IMPERMAN CALVIN KLEIN
EVERY LIFE IS A JOURNEY



TEFLON
GEORGE



VELCRO
BILL



UNITED FEATURES 5/1/93
0492 DARTON DAILY NEWS

MIKE
PETERS

WE'RE OVER ARKANSAS
NOW, MR. PRESIDENT...

UNITED STATES OF AMERICA

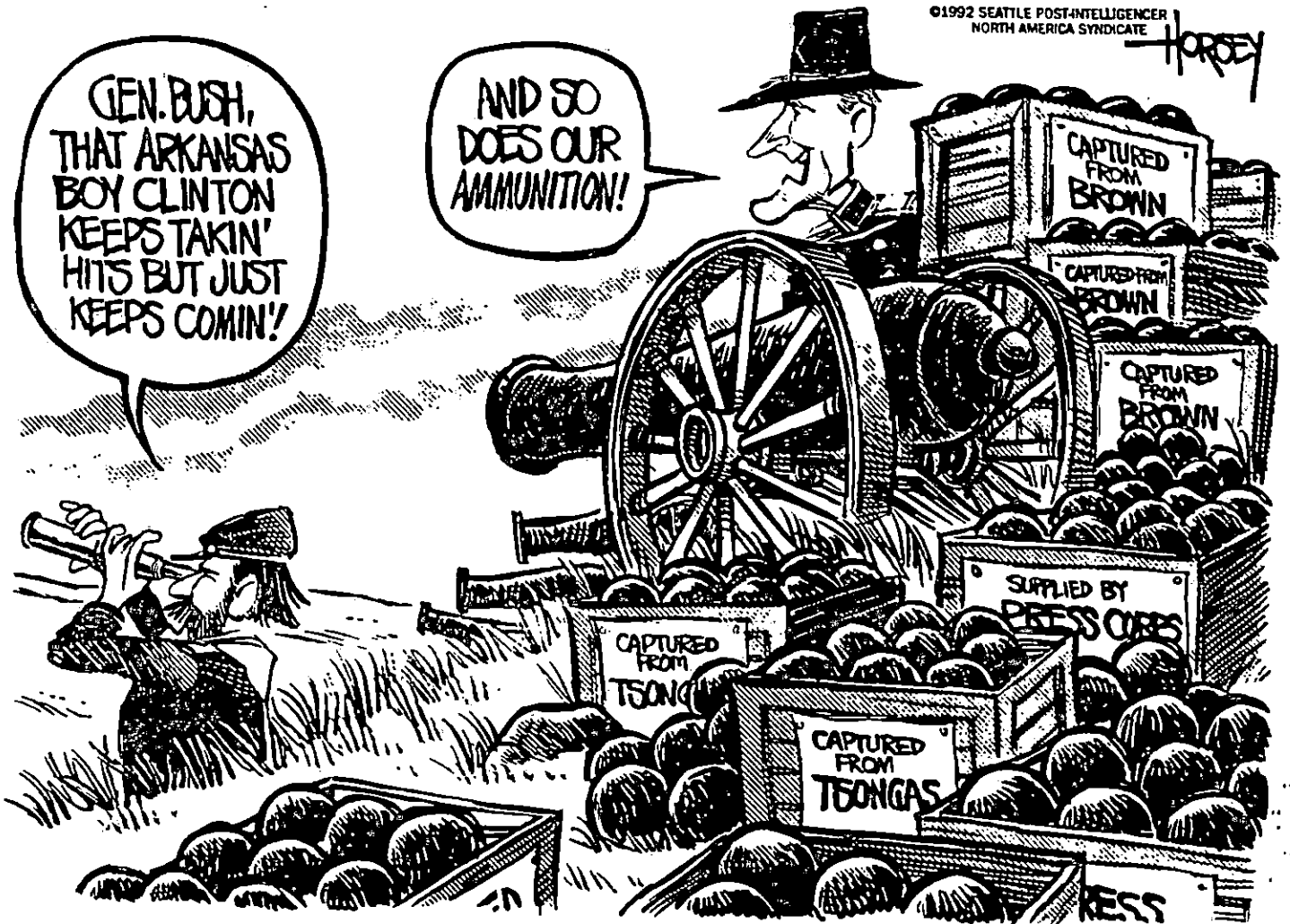
PREVIEW OF THE 1992
BUSH-CLINTON FALL CAMPAIGN:
"OPERATION OTHER SHOE TO DROP"

©1992 SEATTLE POST-INTELLIGENCER
NORTH AMERICA SYNDICATE

HORNEY

GEN. BUSH,
THAT ARKANSAS
BOY CLINTON
KEEPS TAKIN'
HITS BUT JUST
KEEPS COMIN'!

AND SO
DOES OUR
AMMUNITION!

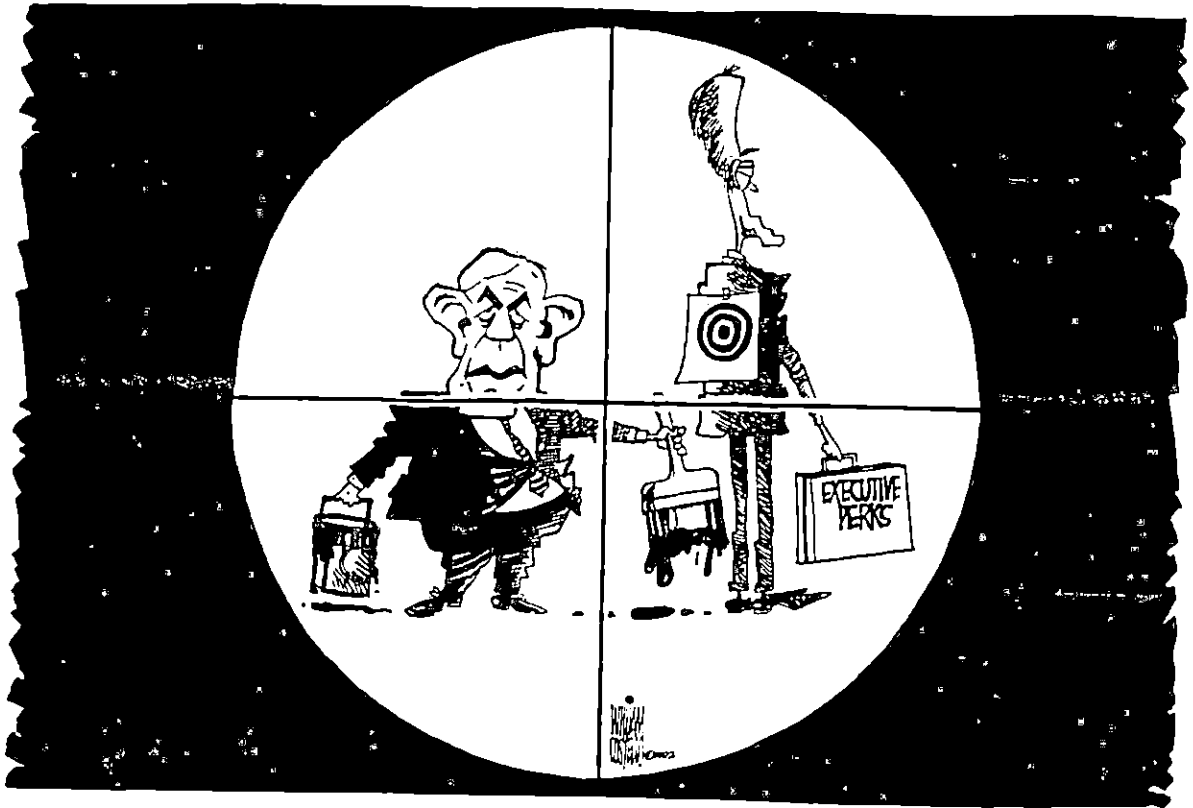




WILLIAMSON-SPENCER ASSOCIATION
3A
COWBOY

MY MAIN
CONCERN
IS JOBS FOR
AMERICANS...

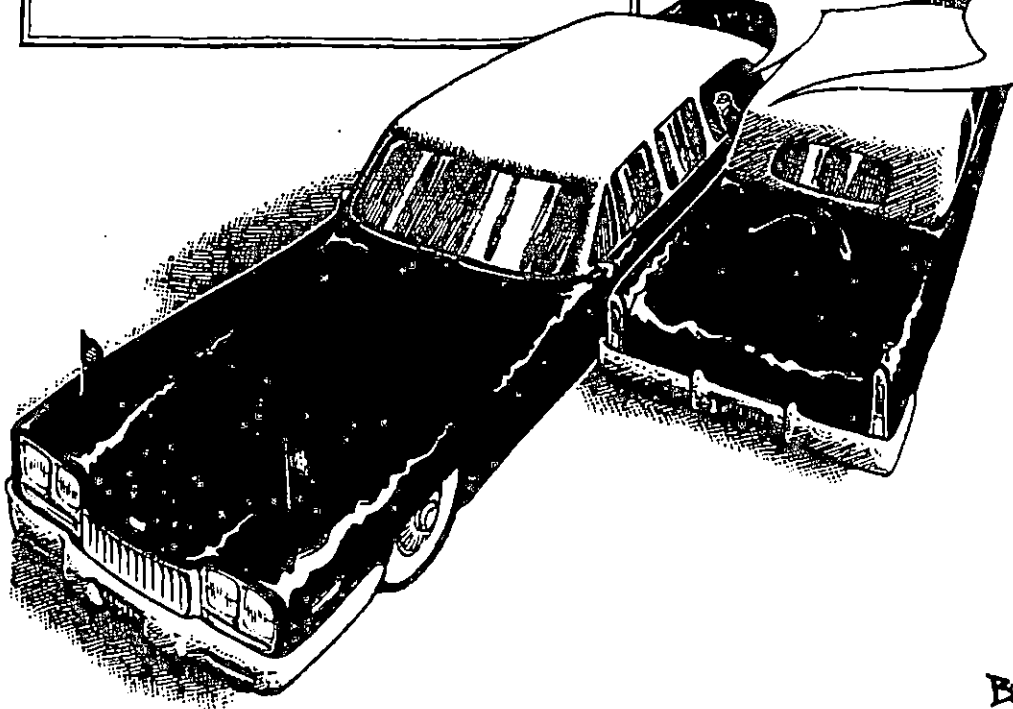




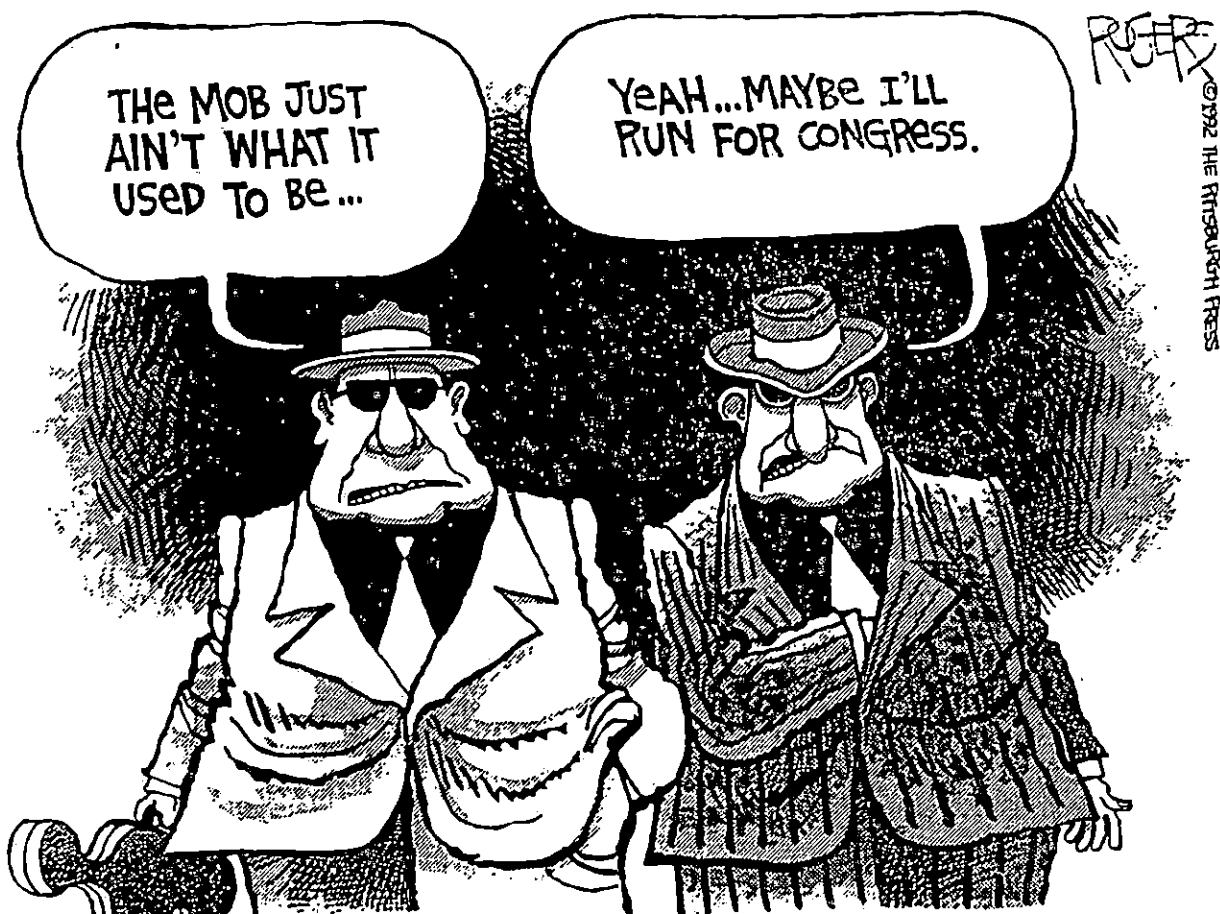
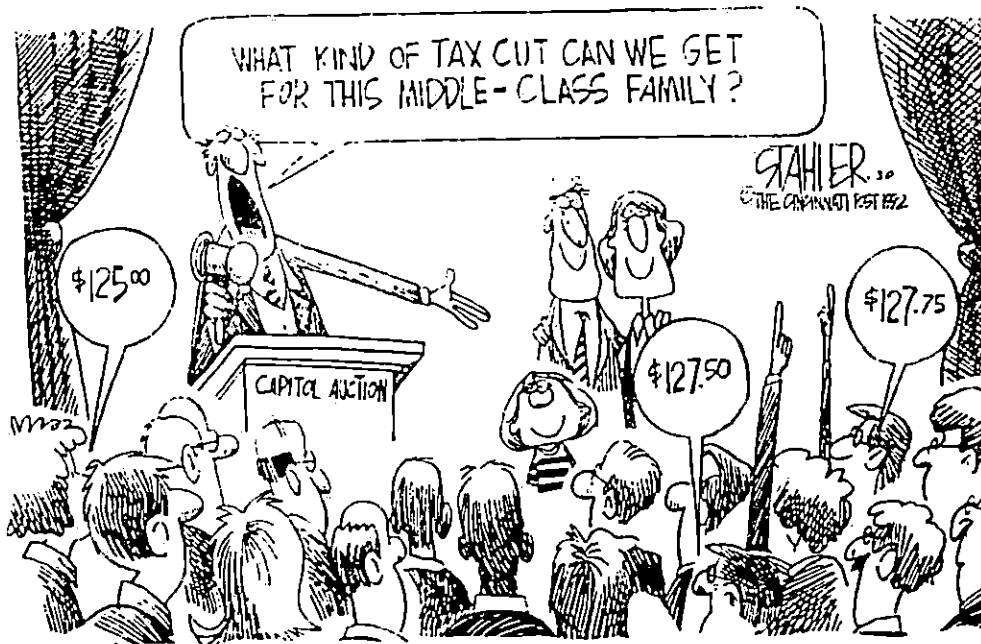
CONGRESS AND THE ADMINISTRATION
MEET TO DISCUSS THE
PERKS OF OFFICE

PARDON ME...
BUT HAVE YOU
ANY GREY POUPOIN?

...BUT OF
COURSE!



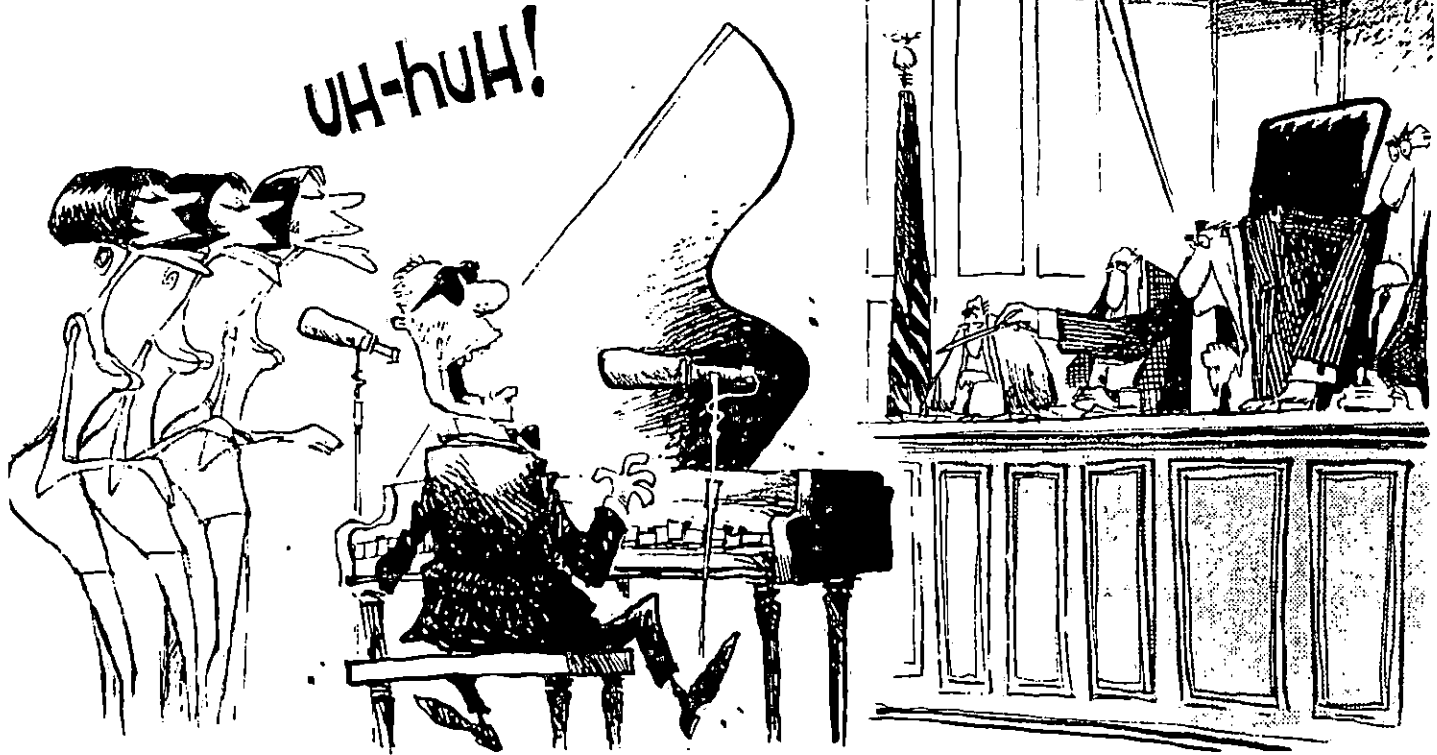
BEN SARGENT
© 1992 The McGraw-Hill Companies
Reprinted from *Amateur*



JIM FARMAN
CONSPIRACY
ENTERTAINMENT

DO YOU MEAN TO TELL THIS INVESTIGATIVE BODY THAT YOU ARE THE HOUSE BANK
OVERSIGHT COMMITTEE ?!!

UH-hUH!



Drawn by eight-month-old baby playing with crayon.

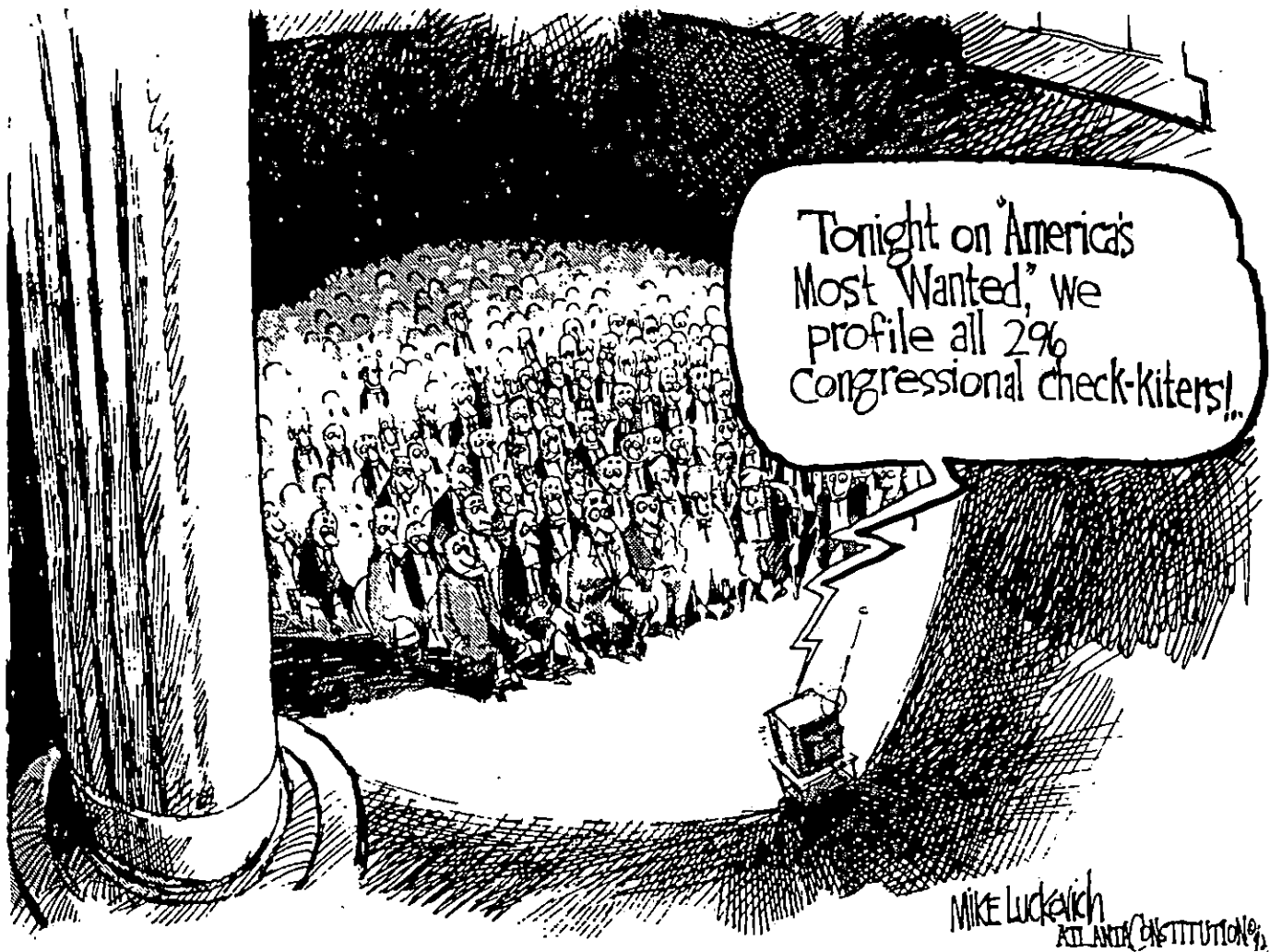
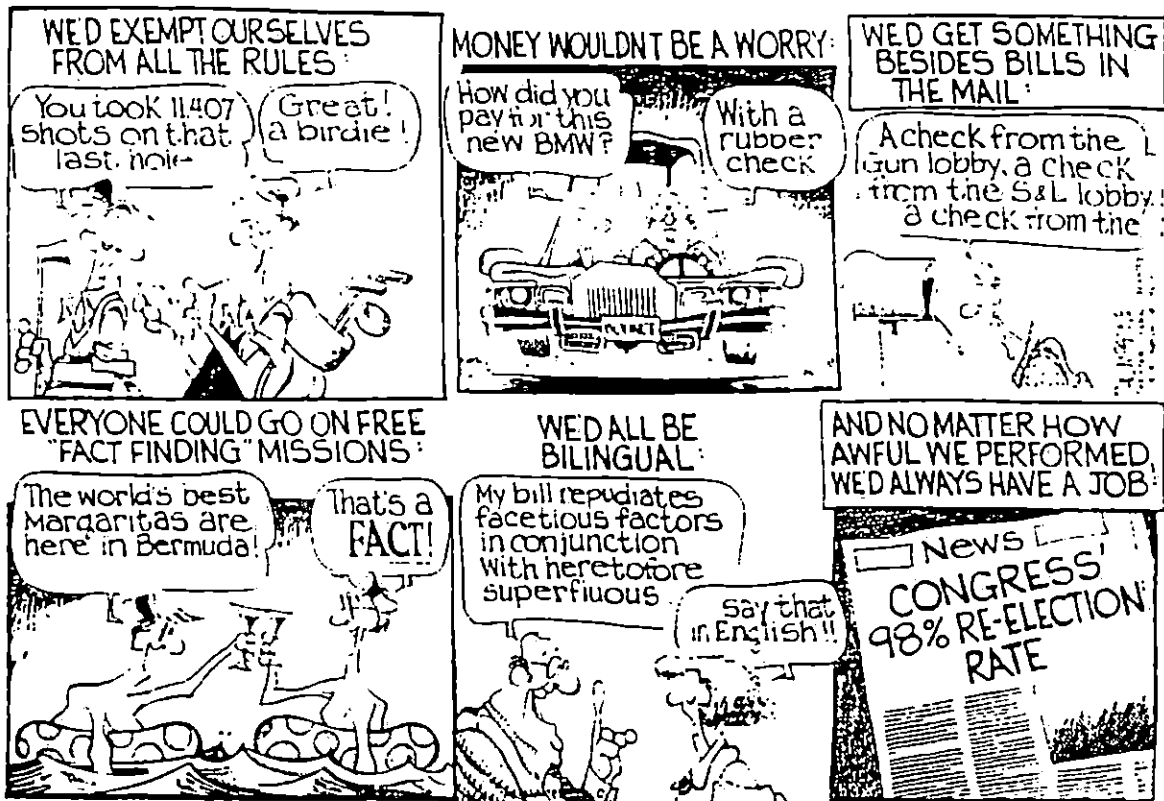


Drawn by chimpanzee playing with felt-tip pen.



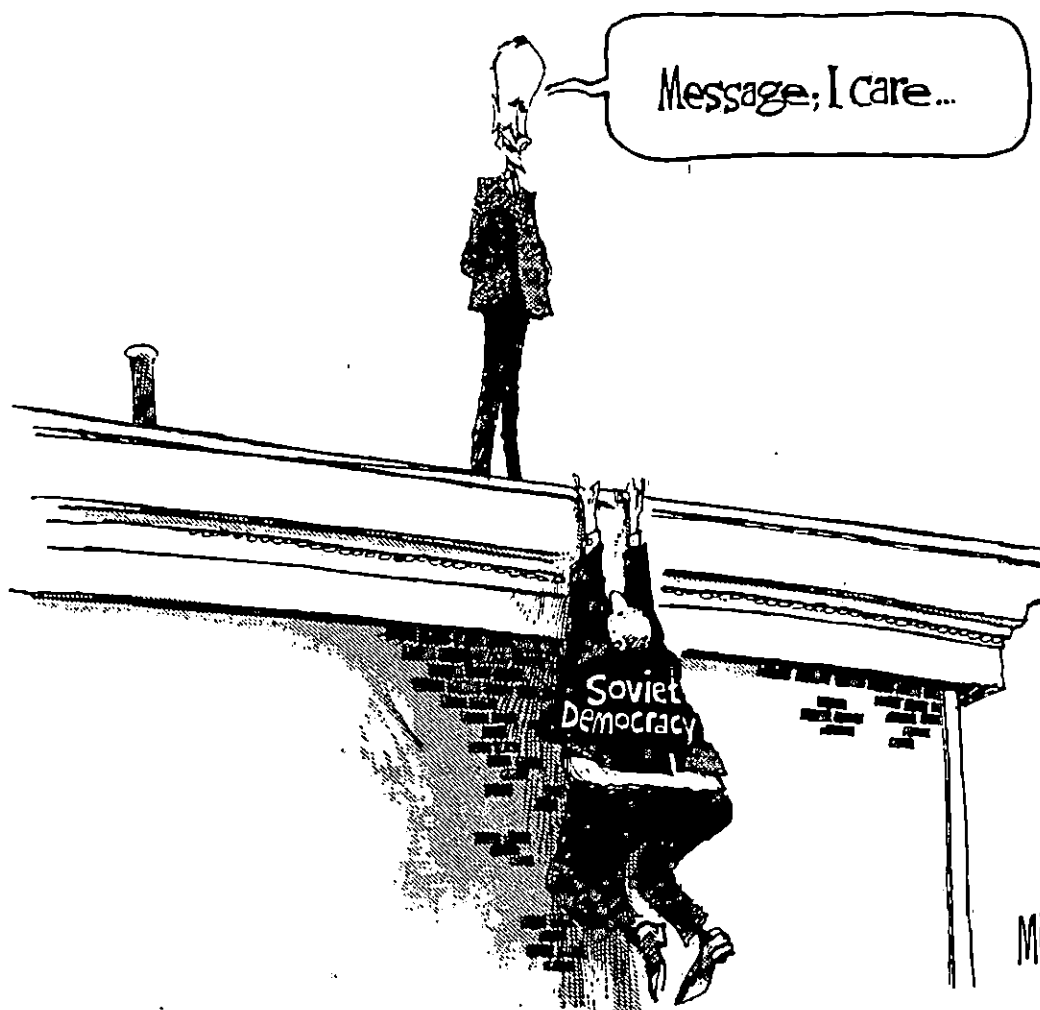
Drawn by politicians playing with new congressional districts.

IF WE ALL LIVED LIKE CONGRESS





"YA, PRESIDENT YELTSIN...THE GOOD NEWS IS AMERICA AGREED TO GIVINK US AID..
THE BAD NEWS IS CONGRESS WROTE THE CHECK..."



PRAISE ALLAH!
FOR A WHILE THERE,
I THOUGHT YOU'D
CHECKED YOUR LUGGAGE
THRU FRANKFURT!



MR. MANDELA, ASSUMING
THE NEXT PRESIDENT
OF SOUTH AFRICA WILL
BE BLACK, DO YOU
FORESEE WHITES IN
ANY POSITIONS OF
REAL INFLUENCE?



PROVIDENCE 3.92
JOURNAL-BULLETIN

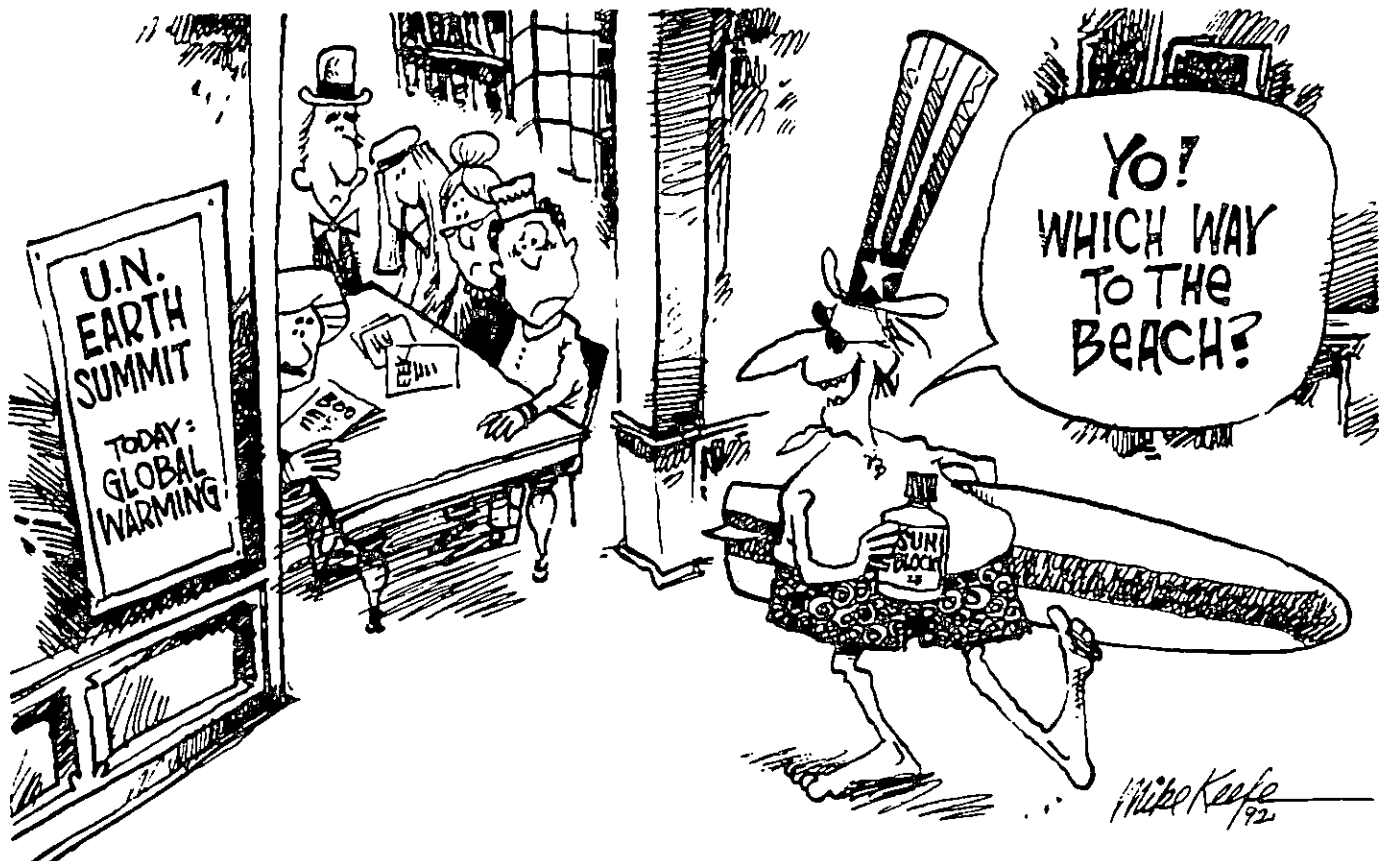
YES!!

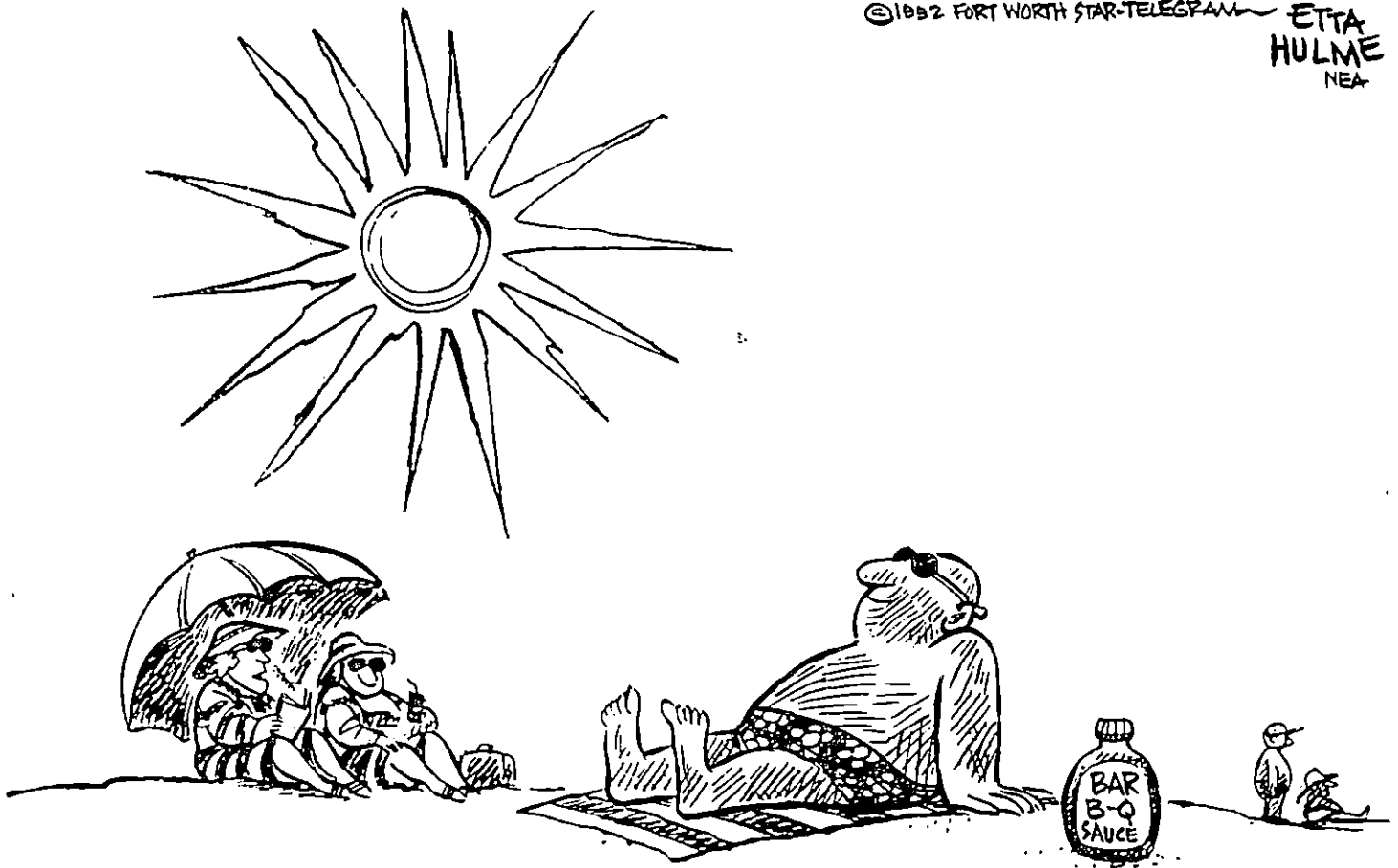




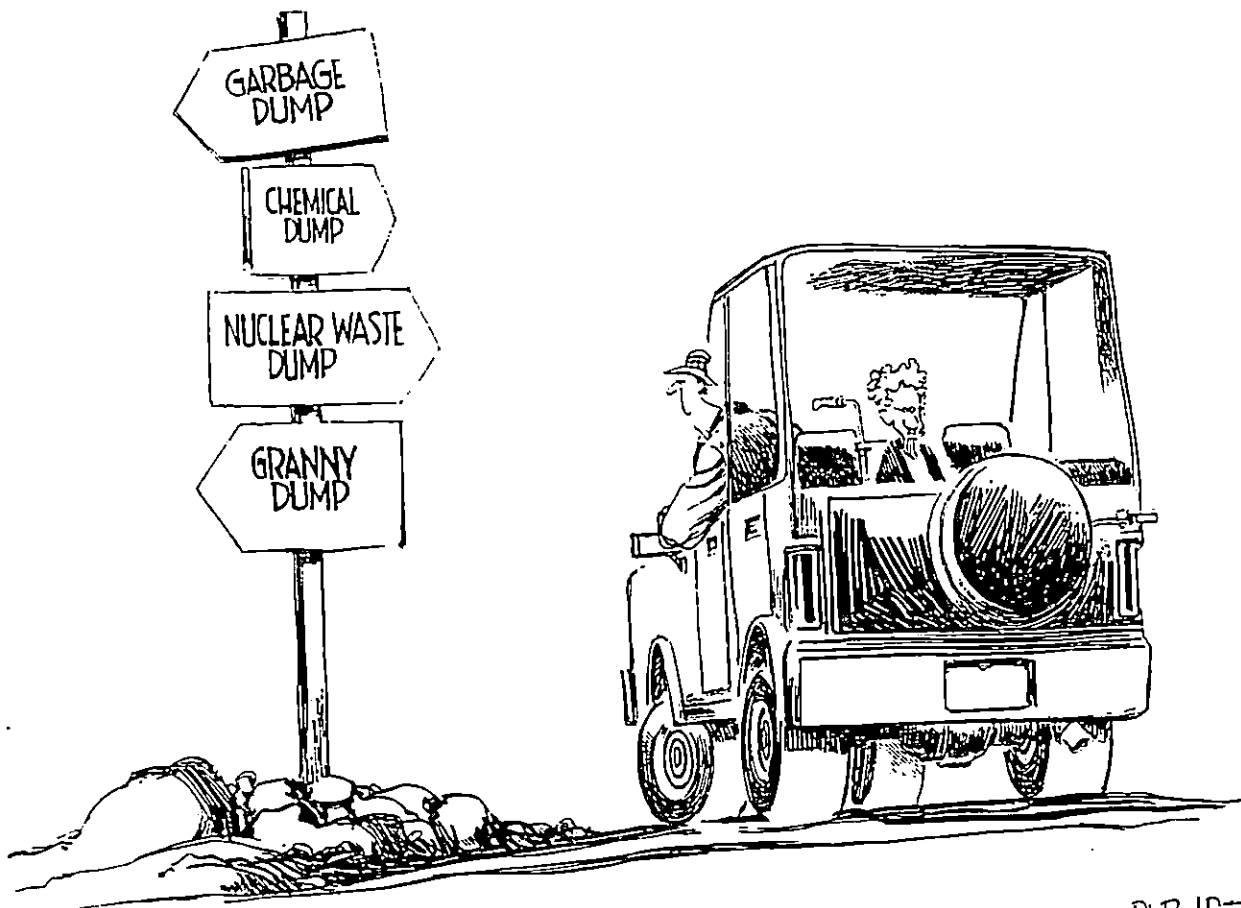
WELL... IF YOU WON'T
PLAY BY MY RULES,
I'LL JUST TAKE MY
BALL AND GO HOME!

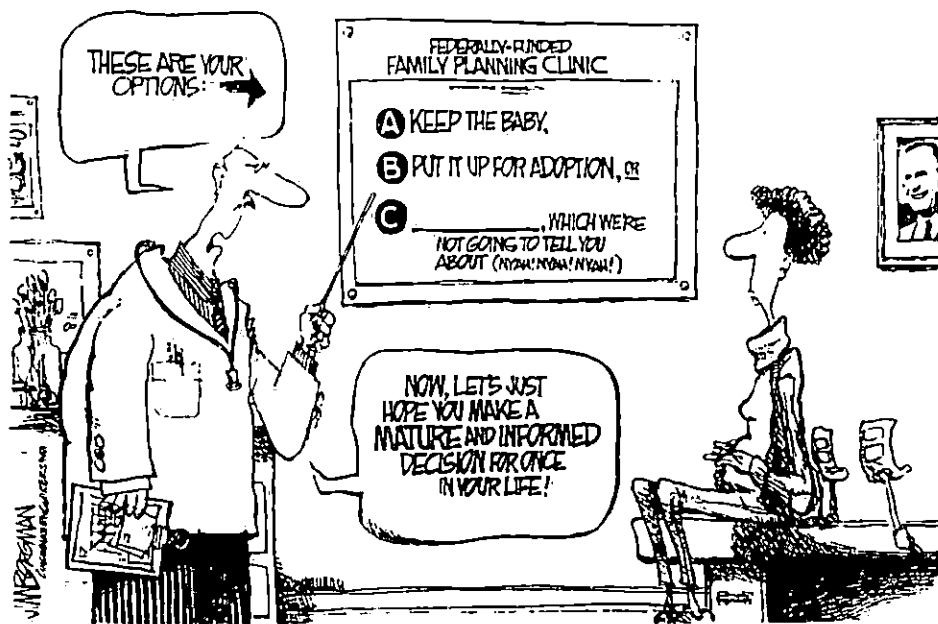
WASSERMAN
© 1992 BOSTON GLOBE
DIST. BY U.A. TIMES SYNDICATE



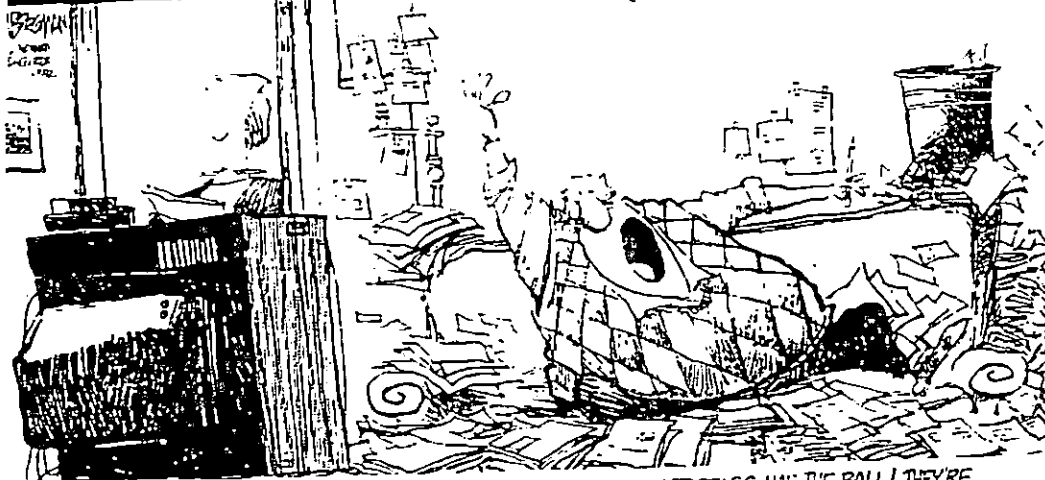


"OTIS SAYS IT WOULD BE HARMFUL TO THE ECONOMIC ENVIRONMENT TO FIGHT THE HOLE IN THE OZONE. HE'S DECIDED TO GO WITH THE FLOW."

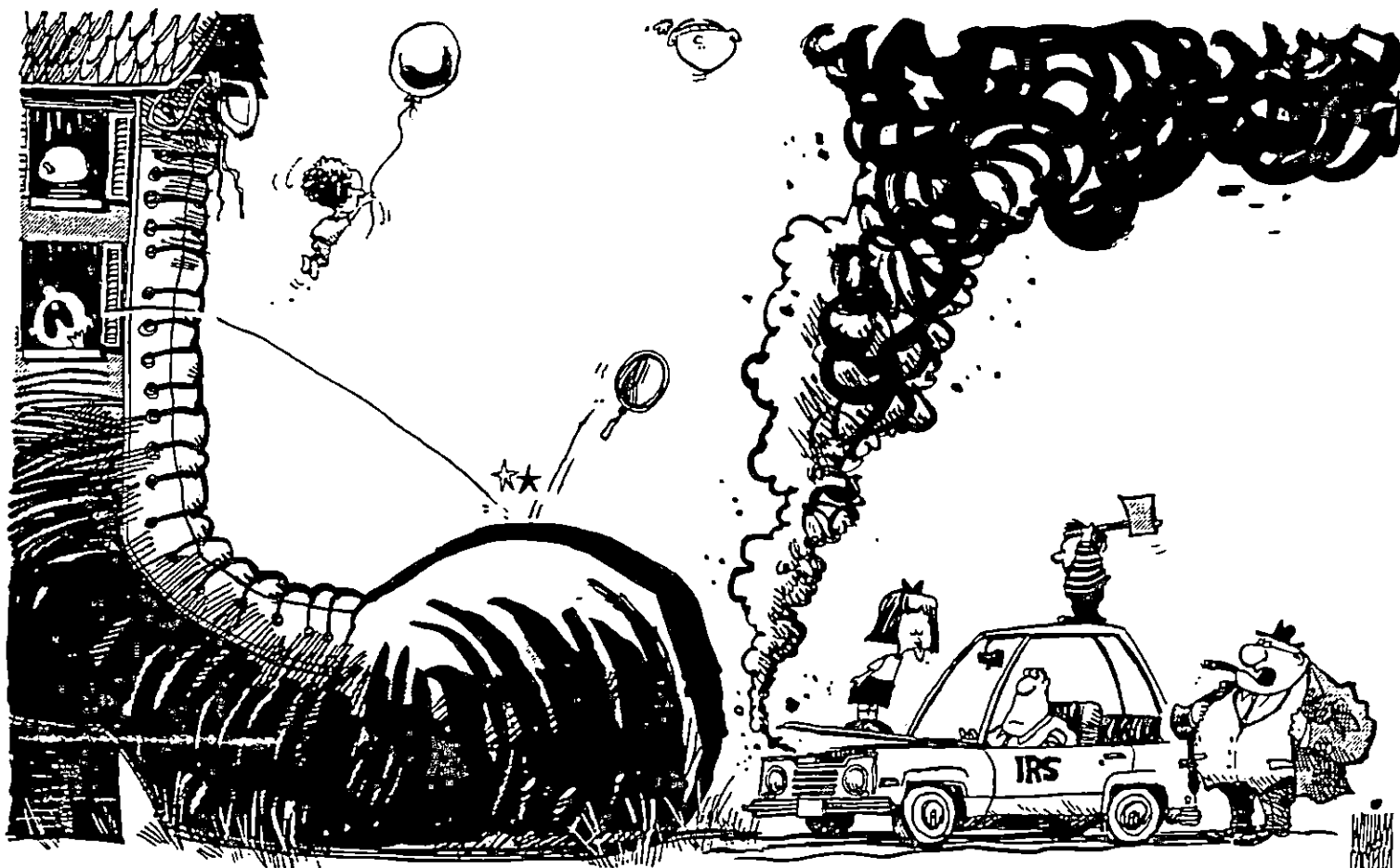




APRIL Madness

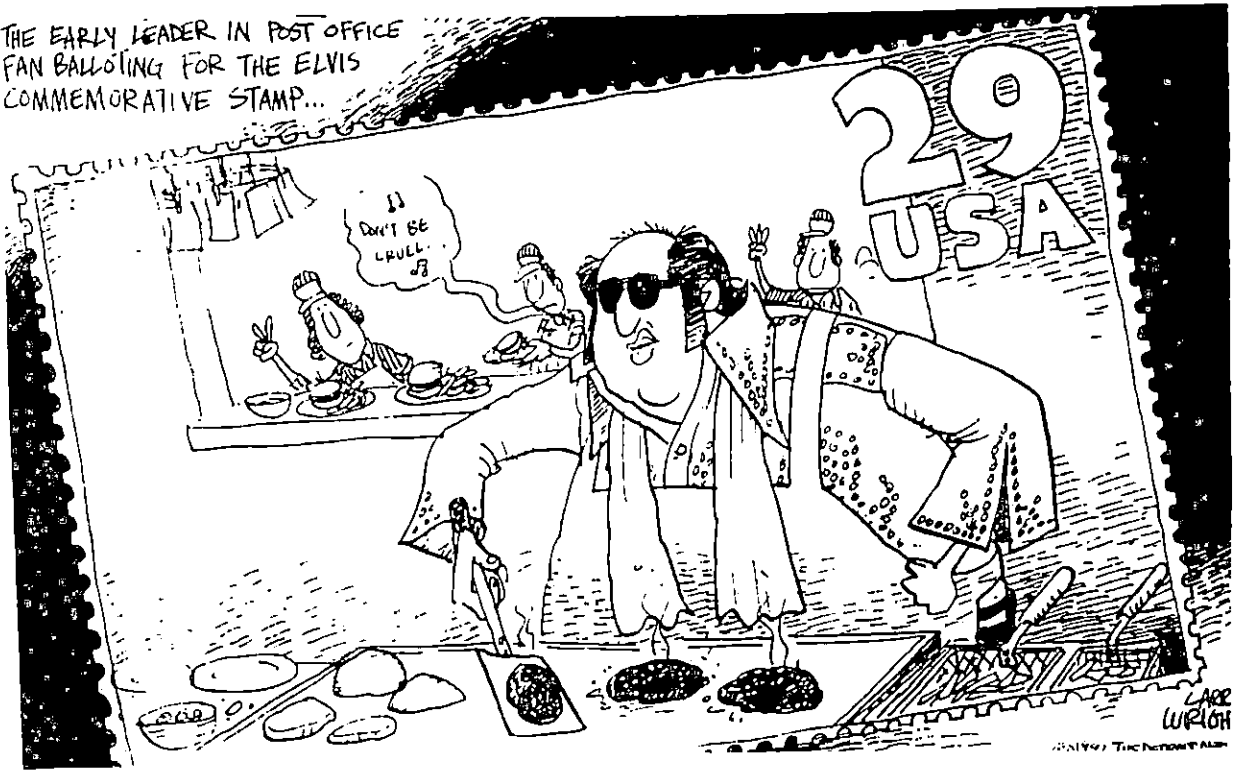


THE DEFENSE APPLIES PRESSURE... HERE'S THE INBOUNDS PASS... SNODGRASS HAS THE BALL! THEY'RE ALL OVER HIM!... BUT WAIT! WHAT'S THIS? IT'S - YES! - ANOTHER BUSINESS DEDUCTION!... SIX SECONDS. FIVE, FOUR... HE TURNS! SUZOTS! BRONNNK!... IT'S GOOD!! HE'S COMPLETED FORM 9983B! HE GOES ON TO THE FINAL FOP!... THE CROWD GOES



"DRIVE OUT TO HER HOUSE, YOU SAID---VERIFY THE NUMBER OF DEPENDENT EXEMPTIONS SHE'S CLAIMING, YOU SAID---IT MUST BE INCORRECT, YOU SAID---WHAT COULD POSSIBLY HAPPEN, YOU SAID---"

THE EARLY LEADER IN POST OFFICE
FAN BALLOTTING FOR THE ELVIS
COMMEMORATIVE STAMP...



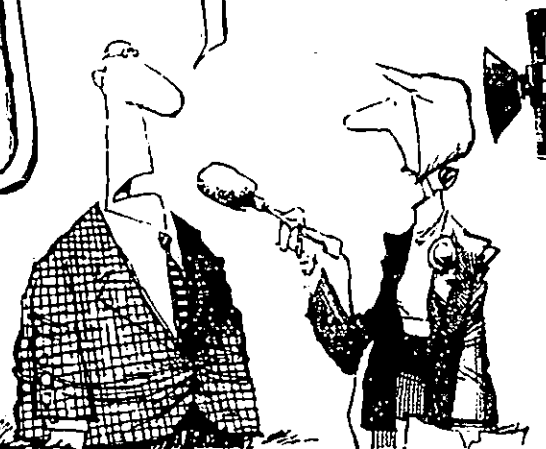
"I'D LIKE TO VOTE FOR A FIRST-CLASS STAMP THAT
WOULD TAKE US BACK TO FIRST-CLASS SERVICE"



JIM ZEMMAN
COLUMBIAN
ENGINEER
1992

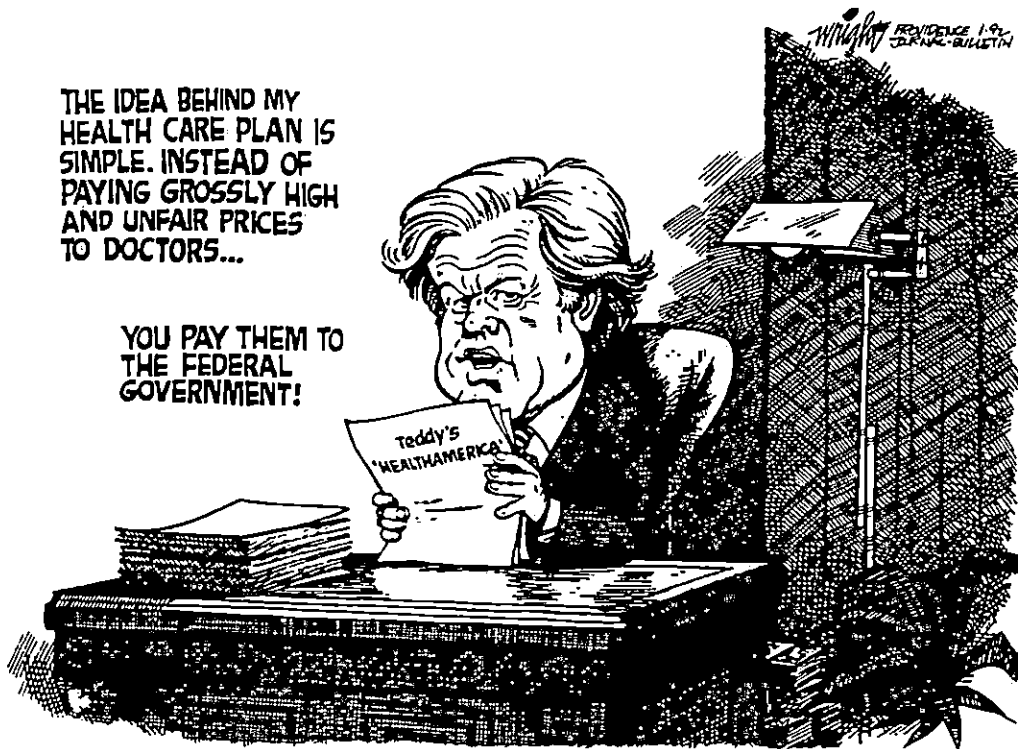


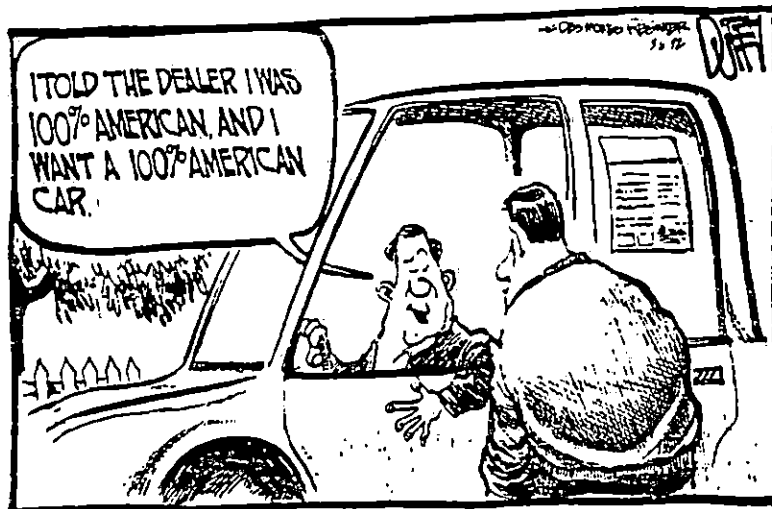
THE TOBACCO
INDUSTRY IS
SHOCKED
-SHOCKED!-
AT THE INSINUATION
THAT THESE ADS
ARE AIMED AT
CHILDREN...

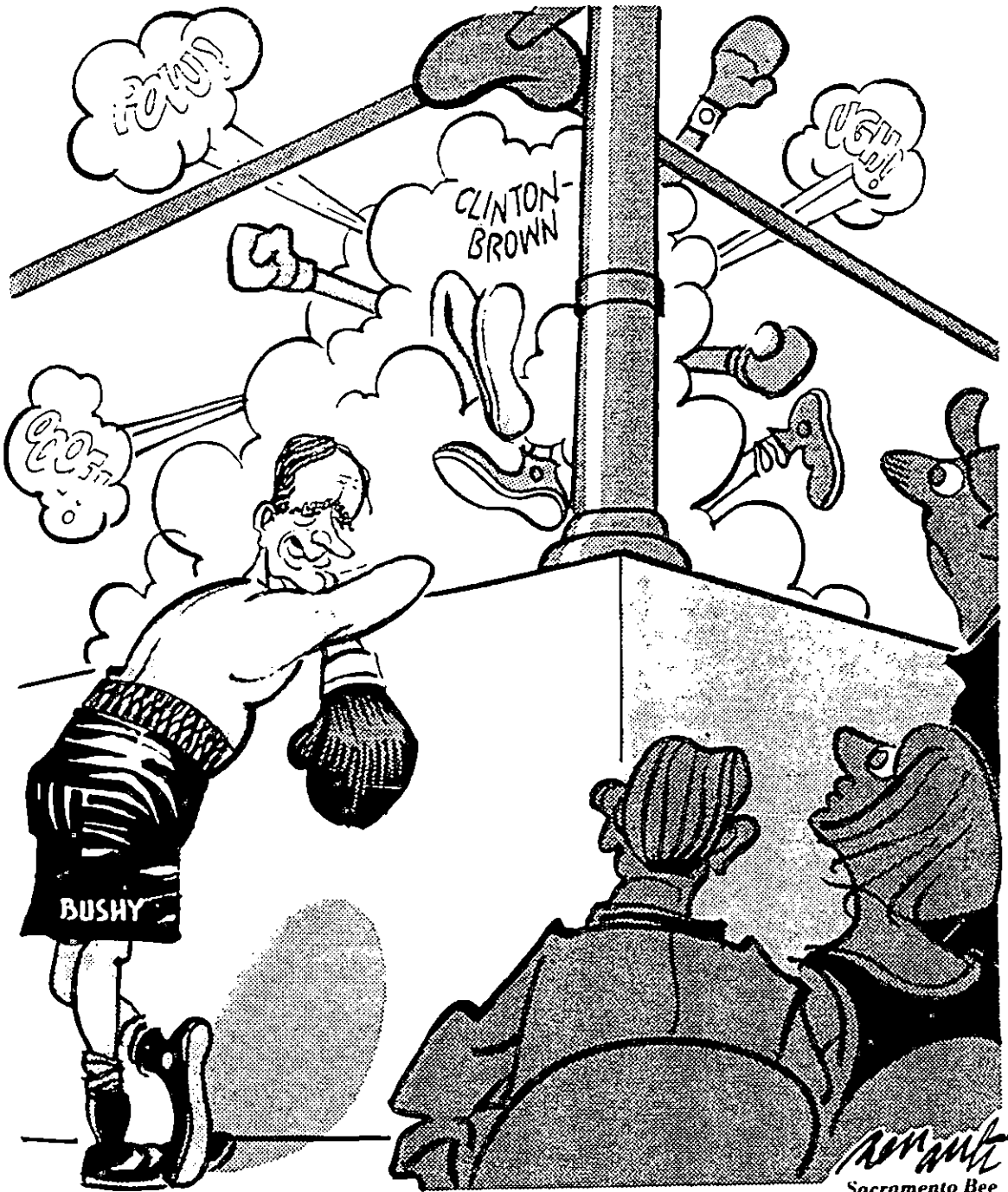


THE IDEA BEHIND MY
HEALTH CARE PLAN IS
SIMPLE. INSTEAD OF
PAYING GROSSLY HIGH
AND UNFAIR PRICES
TO DOCTORS...

YOU PAY THEM TO
THE FEDERAL
GOVERNMENT!





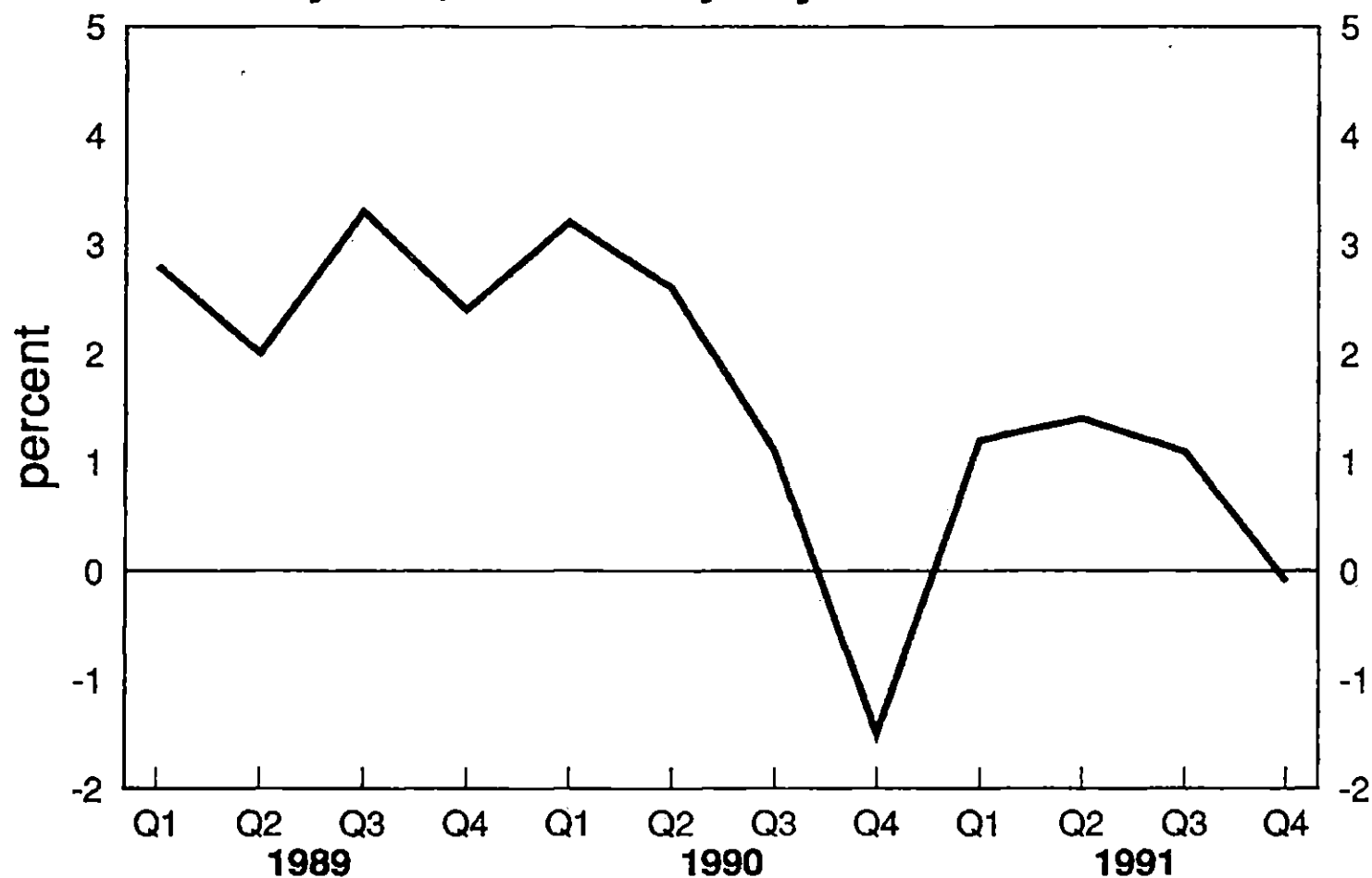


Sacramento Bee

'I just /ove a good fight!'

G-7 Real GDP Growth, 1989-91

Quarterly rate, Seasonally-adjusted & Annualized

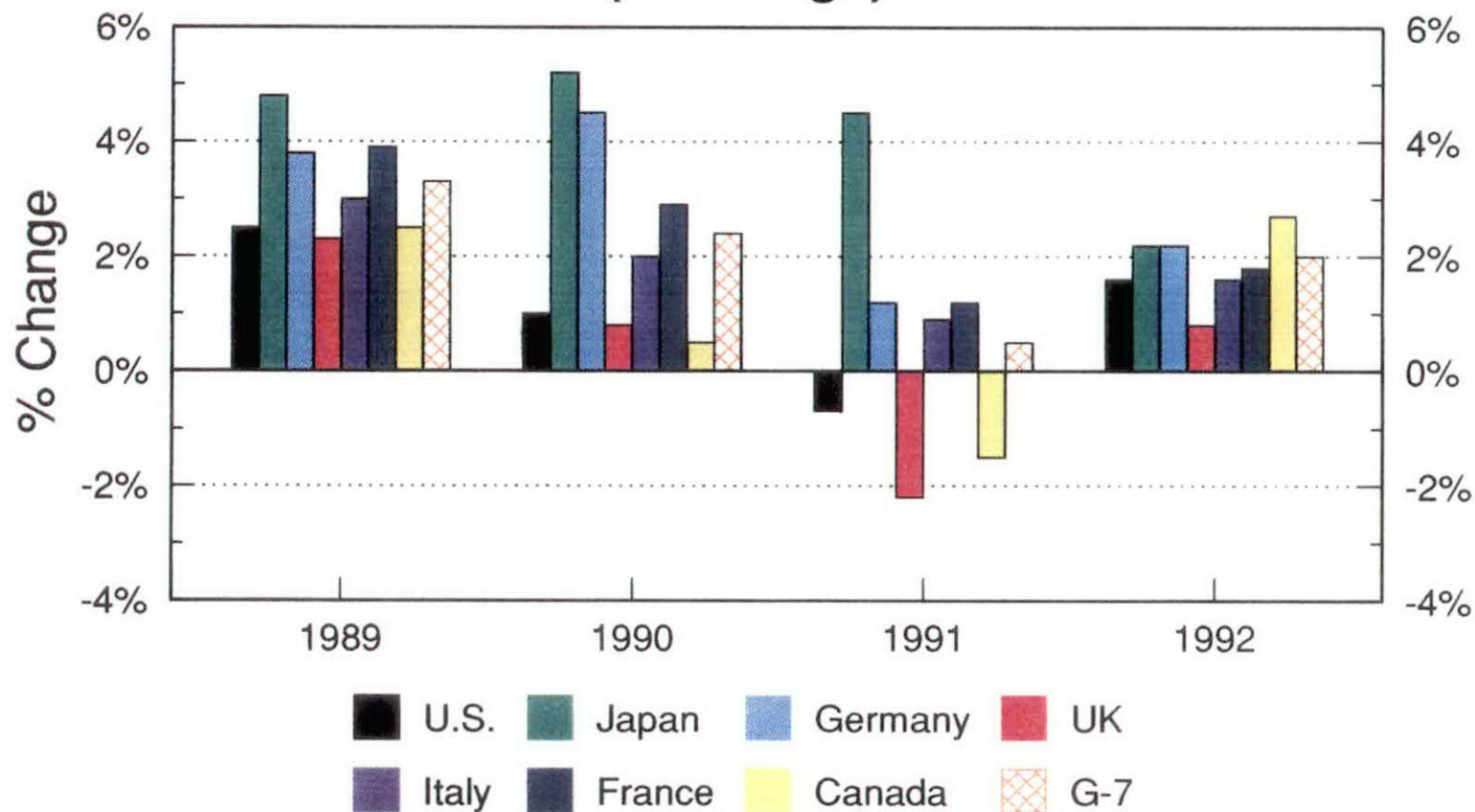


Rates are change over previous quarter at saar.
Italy 1991 Q4 is estimated.

Treasury/OASIA
IMI:mg 4/8/92
g7avgdp

~~Confidential~~

G-7 Real GNP/GDP Growth, 1989 - 1992* (% change)



* 1991 actuals; 1992 data are March 1992 IMF forecast. 1991 and 1992 are data for unified Germany.

~~Confidential~~

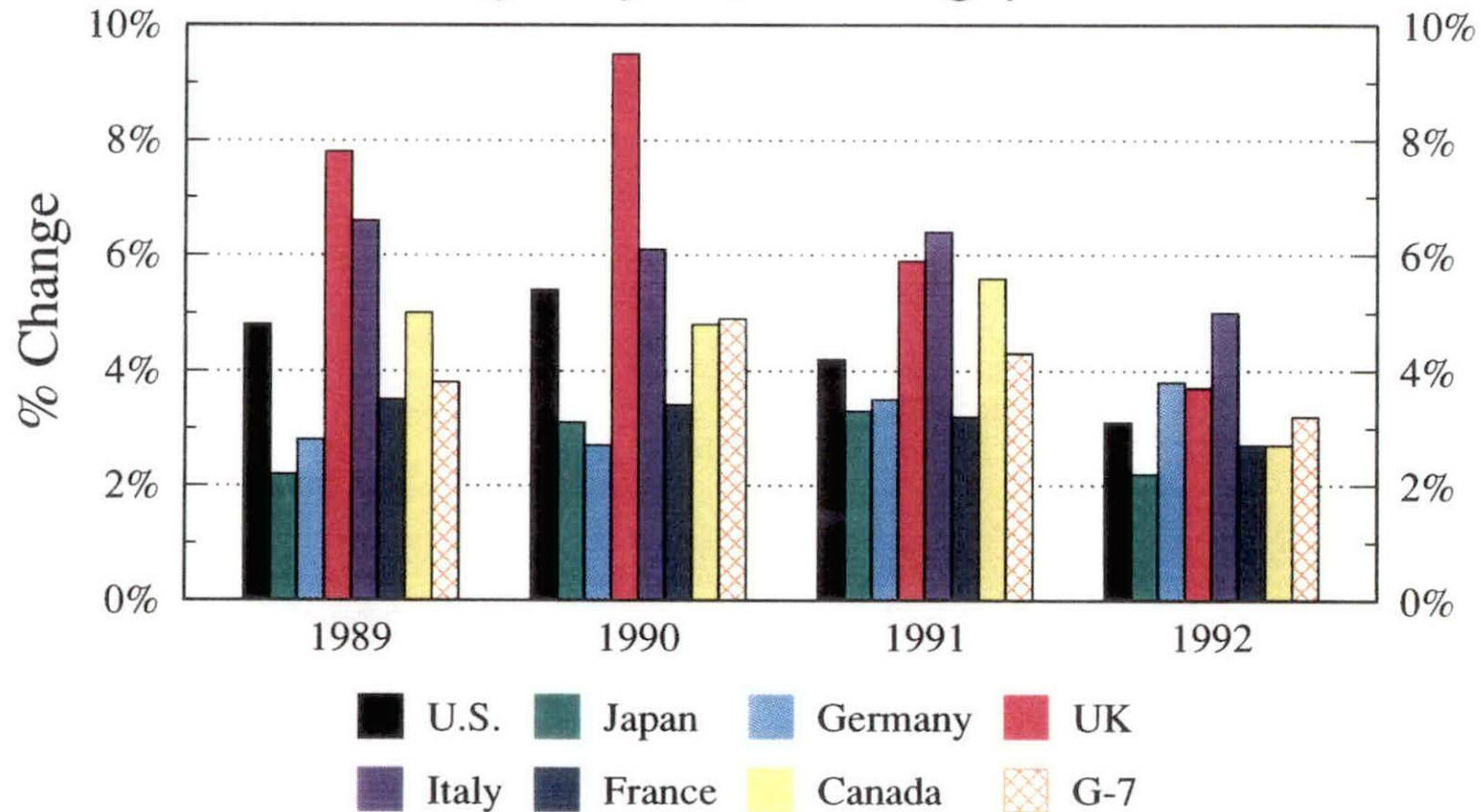
Treasury/OASIA
IMI:SR4/7/91

Declassified
Authority *Treasury Waiver 8.22.06*
By *SS* NARA, Date *8/18/24*

~~Confidential~~

G-7 Inflation (CPI), 1989 - 1992*

(year/year; % change)



* 1992 data are March 1992 IMF forecast.
1989-1992 data are West Germany.

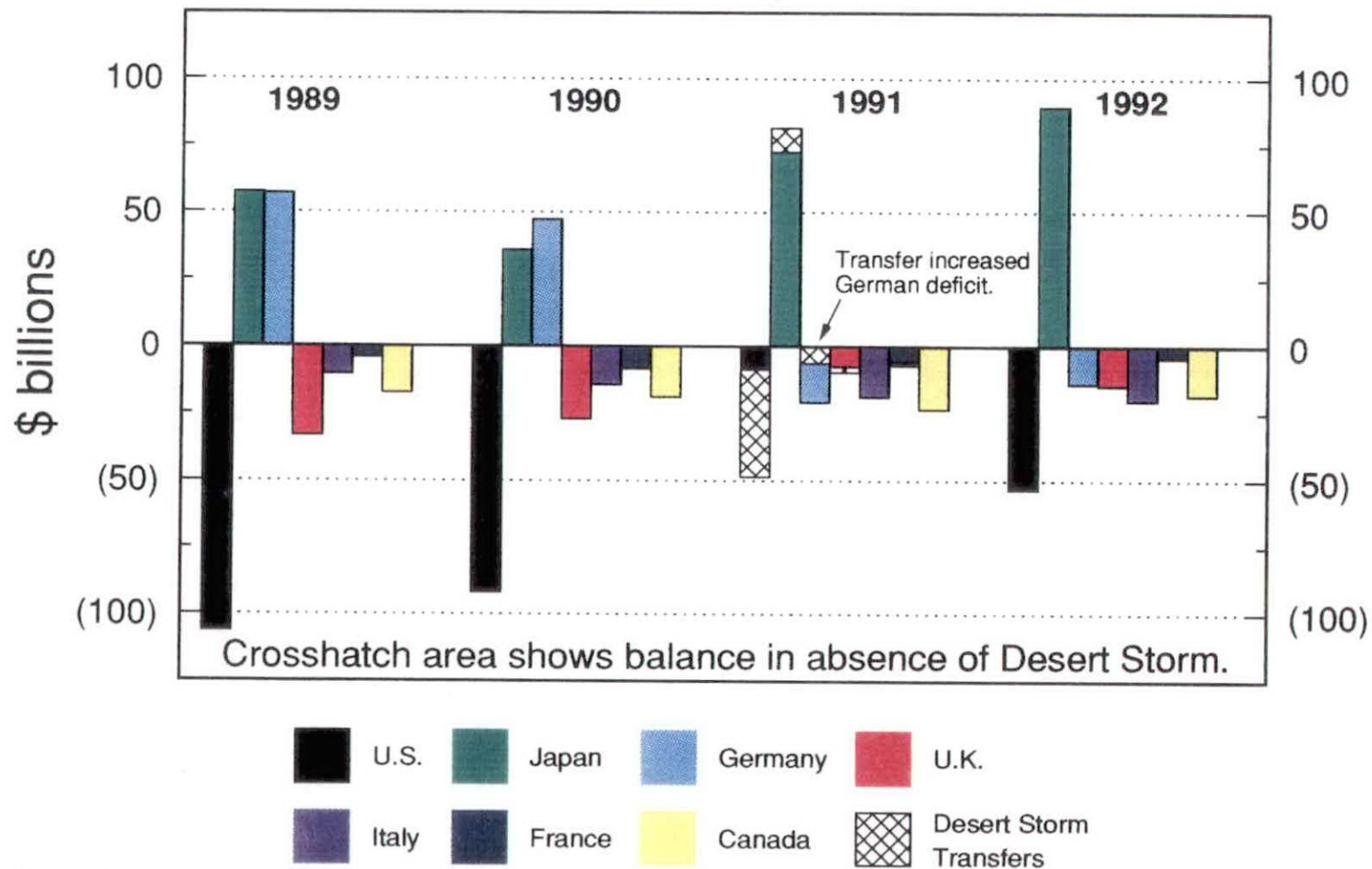
~~Confidential~~

Treasury/OASIA
IMI:SR4/6/92

Declassified
Authority Treasury waiver 8.22.06
By SS NARA, Date 8/18/14

G-7 Current Account Balances for 1989-92 *

(\$ billions)



* 1989-91 actuals; 1992 data are IMF forecasts as of April 1992; Germany is reunified Germany.

Treasury/OASIA
IMI:MG 4/8/92
imfca-yr

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

The Honorable Vincent Weber
U.S. House of Representative
Room 106, Cannon House Office Bldg
Washington, D.C. 20515

(By Courier)

THE PRESIDENT

4-10-92

Dear Vin,

When Dan R gave me the word last night I was shocked and disappointed. You have been a wonderful leader there and you will be sorely

missed.

I guess I have to understand your decision; but that does not alter the disappointment we all feel.

On a personal basis, I fully understand. Family matters and getting out of the ugly maelstrom makes sense. Well Done - All the very best to you. G. B.

Daily
4/10

THE WHITE HOUSE
WASHINGTON

DATE:

4-9-92

FROM THE PRESIDENT

TO:

Ron Kaufman

Pleasev prepare a reply
to Koeppel. He handed this to
me at Eagles meeting- loyal fellow,
but very persistent.

ag

REALTY INVESTMENTS

641 LEXINGTON AVENUE • NEW YORK, NEW YORK 10022-4503 • (212) 751-8334 • FAX (212) 751-8834

**KOEPPEL
&
KOEPPEL**

WRITERS DIRECT DIAL

April 7, 1992

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:

I think history will prove that it was unwise for adversaries, both domestic and international, to misjudge George Bush.

However, for your supporters and admirers, this has been a difficult four years since it has proven nearly impossible to assist you in creating a strong and united nation capable of meeting the challenges of a changing world.

Despite having worked to consistently carry the Administration's message in my capacity as a GOP Congressional candidate in Manhattan, my work as one of the nation's leading co-chairmen and vice-chairmen for the Eagles, and my role as finance co-chairman and top fund-raiser for the Giuliani campaign, I have been offered little in the way of encouragement and support from members of the Bush Administration.

As a successful business leader in New York, I have time and again demonstrated substantive managerial skills that could be an asset to the Administration. I have helped create a resilient Republican network in a Democratic bastion and have provided a clear and articulate countervoice to those who champion everything from welfare to work release. Yet the Administration has seen fit to suggest an appointment for me as a member of the American Heritage Commission dealing with foreign graves.

The Honorable George Bush
April 7, 1992
Page Two

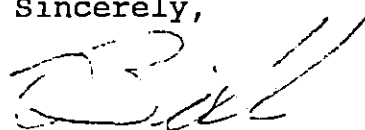
I am proud of my past efforts on behalf of the Administration. I have earned my place on the Presidential receiving line, and I am grateful for our friendship. I hope that by bringing this situation to your attention my personal request might be properly addressed and, just as importantly, that the Administration might also realize that many other fine supporters very committed to you and your Administration are being turned off and away by an inefficient and stalled bureaucracy. Unlike myself, they may not realize where the problem lies and just might, out of frustration, abandon the Administration at a time when you and our country need all hands on deck.

I wish you much luck in the campaign and I remain true, loyal and committed to your goals and objectives having raised already in the neighborhood of \$100,000 and having been one of the top fund-raisers at the November 12 event in New York. I believe our nation, and our world, was saved from a grisly twilight thanks to your leadership during Desert Storm, but my credibility as a fund-raiser and my personal motivation are becoming diminished from a bureaucratic process that chokes ideas with bureaucratic indifference and diffuses the energy of its supporters.

If I can ever be of assistance to you or to the Administration, please know I remain ready, willing, and able to help, but my ability to help is being greatly reduced by an Administration bureaucracy which has failed over the past four years to recognize those who have served the Administration and who could contribute even more to strengthening the Administration and our nation.

I greatly appreciate you looking into my situation and look forward to hearing from you soon.

Sincerely,



William W. Koeppe

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01. Vitae	Re: William W. Koeppel; Personal Identifiable Information redacted. (1 pp.)	n.d.	(b)(6)	

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File Location: Friday, April 10, 1992 [2]

Date Closed: 8/28/2019 **OA/ID Number:** 90669-002

FOIA/SYS Case #: 2009-0166-S[4]

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

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

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

Deed of Gift Restrictions

- C(1) Closed by Executive Order 13526, governing access to national security information
- C(2) Closed by statute or by the agency which originated the information
- C(3) Closed in accordance with restrictions contained in donor's deed of gift [formerly listed as only C]
- PRM. Removed as a personal record misfile

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

- P-2 Relating to the appointment to Federal office [(a)(2) 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]

KOEPPEL & KOEPPEL

WILLIAM W. KOEPPEL

1453 Bay Boulevard
Atlantic Beach, New York 11509

Home: (516) 371-0760 & (212) 879-1206
Office: (212) 751-8334

Social Security No.:
Date of Birth:
Marital Status:

(b)(6)
(b)(6)
Single

EDUCATION

Benjamin N. Cardozo School of Law, Long Island, NY;
J.D., 1984

Adelphi University, Garden City, NY; B.A. Cum
Laude, 1981

Bentley High School, New York, NY; Graduated 1977

WORK

1977-Present: Koeppel & Koeppel
641 Lexington Avenue
New York, New York 10022-4503

Koeppel & Koeppel is owned and managed by Robert A. Koeppel and William W. Koeppel. William Koeppel represents the fourth generation of his family who is involved in New York City and suburban real estate.

Responsibilities are maintenance of residential and commercial properties, acquisition of new projects, refinancing and construction supervision. He personally oversees the operation of approximately 2,000 rental apartments in the City of New York, ranging from luxury to middle income rental housing. He has been extensively involved with rehabilitation of the rental housing stock as owned and managed, which includes the installation of new windows, boilers, elevators, roofs, waterproofing, intercoms, remodeling of apartments and public areas.

He has also been responsible for maintenance, rehabilitation, and building of Koeppel & Koeppel's office space and retail centers.

SOCIAL

Member: Palm Beach Country Club; Palm Beach, Florida
Inwood Country Club; Inwood, Long Island, NY
Marco Polo Club; New York, New York

William W. Koepfel
Page Two

CHARITIES

Fellow, Cardozo School of Law, New York, New York
Albert Einstein College, Member of the Board of
Directors, Young Men's Division
St. Mary's Hospital, Palm Beach, Florida
Involved in assisting the elderly and children with
learning disabilities

POLITICAL

Republican Congressional Candidate for 17th District
(11/90)
National Co-Chairman, Republican Eagles, Republican
National Committee
National Finance Committee member, Bush/Quayle '92
Co-Chairman, 11/12/91 lunch at Hilton/New York for
Bush/Quayle Reelection
Co-Chairman, Republican Eagles' 10/23/91 dinner in
Washington, D.C.
Co-Chairman for New York State, President's Club,
Republican National Committee
Co-Chairman, The President's Club 6/91 luncheon with
Mrs. Bush
Co-Chairman, Presidential Inaugural Anniversary
Gala (1990, and Vice-Chairman/Co-Chairman 1991,
and Co-Chairman, 1992)
Member, Republicans Abroad (and Finance Committee,
1989)
Member of Executive Committee (TEAM New York) and
Finance Committee, New York State Republican
Committee, New York State Republican party
Vice President, New York Republican County Committee
Chairman, New York Republican County Committee's
Lincoln Day Dinner (1990, and Co-Chairman, 1991)
Friends of Giuliani, Leaders Council
Finance Committee for Rudolph Giuliani for Mayor
campaign (NYC), (1989) (Fund-raising and
volunteering)
Finance Chairman of the President's dinner for Rudy
Giuliani (10/12/89)
Working with Rudy Giuliani for possible mayoral
bid in 1993
Finance Director, Earl Andrews for Manhattan Borough
President (NYC), (1989) (also wrote position
paper)

INTERESTS

Golf, tennis, fishing, sailing, photography, car collecting

April 7, 1992

William W. Koeppe
Possible Appointments

First Choices (in order of preference)

U.S. Postal Service Board of Governors
- or -
Postal Rate Commission

Small Business Administration -
Presidential Advisory Board (Region 2)

Consumer Advisory Council (Federal Reserve Board)

(Department of State
(U.S. Mission to the U.N.
(Political Officer
(U.S. Representative

President's Committee on Employment
of People with Disabilities

National Council on the Handicapped

Interagency Committee on Handicapped Employees

President's Committee on Employment of Handicapped

Task Force on Legal Equity for Women

National Advisory Board
on International Educational Programs

Second Choices

Federal Interagency Committee on Education

White House Commission on Presidential Scholars

Intergovernmental Advisory Council on Education

Pennsylvania Avenue Development Corp. Advisory Board

GSA - Advisory Boards

Third Choices

Coordinating Council on Juvenile Justice
and Delinquency Prevention

President's Foreign Intelligence Advisory Board

William W. Koeppel
April 7, 1992
Page Two

President's Intelligence Oversight Board

United States Sentencing Commission

Architectural and Transportation Barriers Compliance Board

Advisory Committee on Federal Pay

Advisory Committee on Student Financial Assistance

National Council on Educational Research

U.S. Arms Control and Disarmament Agency
General Advisory Committee

Jacob K. Javits Fellow Program Fellowship Board

POLITICAL CONTRIBUTIONS
MADE BY WILLIAM W. KOEPPPEL

As of 4/7/92

<u>Campaign/Event</u>	<u>Date</u>	<u>Amount</u>
Bush/Quayle '88 + provided phone bank	'88	\$2,000
RNC Fund	2/89	\$3,300
RNC, Republican Eagles	2/89	\$10,000
RNC, Republicans Abroad	2/89	\$5,000
Earl Andrews for Manhattan Borough President	10/89	\$3,000
RNC, The President's Club	10/89	\$1,000
RNC, Republican Eagles (Koeppel & Koeppel)	11/89	\$20,000
Rudy Giuliani Mayoral Race	11/89	\$6,000 raised \$150,000
Hosted Dan Quayle reception	12/89	\$6,000
Guy Molinari (for Congress & for Staten Island Borough Pres.)	'89/'90	\$1,000 \$1,000
New York State Finance Committee	'89/'90	\$28,000
To various candidates' races	'89/'90	\$5,000
RNC, Republican Eagles	1/90	\$15,000
RNC, Republicans Abroad	1/90	\$2,000
Lincoln Day Dinner	2/90	\$10,000 raised approx. \$65,000
Susan Molinari for Congress + hosted reception	3/90	\$2,000 raised \$7,000
President's dinner/D.C.	6/90	\$4,000
Alfonse D'Amato	6/90	\$2,000 raised \$8,000

Senate Trust	6/90	\$1,000
Ned Regan for Comptroller	6/90	\$1,000
Lee Atwater Trust Fund	8/90	\$3,000
RNC, President's Club (Koeppel & Koeppel)	9/90	\$1,000
Guy Velella	9/90	\$2,000
Rudy Boschwitz for Senator	9/90	\$1,000
Turner for Mayor/D.C.	9/90	\$2,000 raised \$2,000
WWK congressional race	11/90	approx. \$200,000
RNC, Republican Eagles	12/90	\$15,000
RNC, President's Club	12/90	\$1,000
General contributions	'91	\$5,000
Raised for presidential inaugural anniversary galas (Republican Eagles) and President's Club	'89/'90/'91 '92: Sam Hausman Sam Heyman Arthur Belfer Rebecca Katz Stewart Kim Joni Nelson Michael Riccio Jeff Rubin E. Skouloudis Martin Zlotkin	\$377,500 20,000 20,000 20,000 7,500 7,500 15,000 15,000 7,500 7,500 15,000
Bush/Quayle '92 (11/12/91 New York City fund-raiser; 3rd place in top fund-raiser contest)	'91	\$96,000
Team 100 (Zane Alpert \$80,000 + \$20,000 Seabeco corporate Eagle membership)	'92	\$100,000
Fund-raising for 6/91 President's Club event in New York	5/91	\$39,500

TOTAL

\$1,285,800

Loan stance seen hurting Prez

By FRANK LOMBARDI

Daily News Political Editor

President Bush's renewed refusal to pave the way for loan guarantees for Israel has angered Jewish voters while handing Democrats a home-run issue for the presidential race.

That was the consensus yesterday of Jewish activists and political operatives interviewed by the Daily News. Several said Bush's stance could hurt fund-raising for the Bush-Quayle campaign.

"I think it's a very serious issue," said Seth Lipsky, editor of Forward, a weekly newspaper for the Jewish community. "Most Jews are liberal, but even those inclined to give Republicans the benefit of the doubt are beginning to wonder what's going on in the Bush administration."

Bush and Secretary of State Baker have linked the \$10 billion in loan guarantees to a freeze on Israel's building of settlements in the occupied West Bank and Gaza Strip. The guarantees would make it easier and cheaper for Israel to borrow funds for continued resettlement of Jews from the former Soviet Union.

Kenneth Bialkin, president of the Jewish Community Relations Council of New York, said the loan guarantees and other recent differences with the Bush administration have generated widespread resentment among Jews.

"If the vote were taken today, the Bush administration would suffer substantially," Bialkin commented. "But I think the administration will come to its senses."

Shoshana Cardin, who

chairs the Conference of Presidents of Major American Jewish Organizations, said the loan guarantees were being held "hostage to a

WONT STAND PAT

Buchanan vows to fight on.

PAGE 20

political decision." But she said she couldn't judge if Bush's action will hurt his re-election bid.

While most Jewish voters are Democrats, the Bush-Quayle ticket won 30% of the Jewish vote in 1988.

"He's not going to get many votes in my community this time," fumed Assemblyman Dov Hikind (D-Brooklyn), who bolted his party four years ago to support Bush. "People like myself will be doing everything humanly possible to defeat him ... It's

going to be a close race this year, and the Jewish community can absolutely make a difference."

Hikind said he's now considering endorsing either Bill Clinton or Paul Tsongas, who both favor the loan guarantees, as does Jerry Brown, the third major Democratic candidate in the race.

A well-placed Republican political operative who did not want to be identified said the loan-guarantee controversy has angered "a lot of people who gave a lot of money the last time" to the National Republican Party. Several of those supporters did not return calls for comment.

But William W. Koepf, a leading New York fund-raiser for the Bush-Quayle campaign, denied the loan-guarantee issue was hurting fund raising. "Not at all," he said.

No bushwhack in New York

Buchanan's showing hasn't dented Bush fund raising

BY NICKY ROBERTSHAW
CRAIG'S NEW YORK BUSINESS

Patrick Buchanan may be causing big trouble for George Bush in New Hampshire and the South, but he's causing little stir in New York.

Not only is the conservative television commentator not even on the ballot for the state's April 7 primary, he's failed to dent the president's fund-raising efforts.

As of Dec. 31, Mr. Buchanan had raised \$20,000 in New York state compared with \$1.3 million for Mr. Bush. Both figures exclude contributions of \$200 or less.

Even state Conservative Party Chairman Michael Long admits that New York just isn't where the excitement is this year on the GOP side. "There is no Republican primary here," he says ruefully.

That's quite a contrast to the 1988 primary season, when the GOP presidential contest provided a three-ring circus for New York Republicans.

With Ronald Reagan not running, then-Vice President Bush was fighting against then-Rep. Jack F. Kemp, who had extensive home-state connections. There was also Kansas Republican Sen. Robert Dole, the Senate minority leader whose candidacy

was vigorously championed by New York Sen. Alfonse D'Amato.

All of these candidates came through town frequently, firing salvos at one another and competing vigorously for New York dollars.

"On the Republican side, we had very, very serious challenges to George Bush (in 1988)," says Guy V. Molinari, the Staten Island borough president who served as Mr. Bush's New York chairman four years ago. "We had to raise a lot of money and spent a lot of money in the primaries," he adds.

Mr. Bush had no trouble drawing more
(Continued on Page 33)

No bushwhacking in N.Y.

From Page One

than \$2 million at his \$1,000-a-head November fund raiser in New York. Late payments are why the dinner drew more than the \$1.3 million in contributions for the year. His supporters expect a healthy turnout for his next New York event, being planned for next month.

In general, the 1992 presidential race is shaping up across the board as a less moneyed affair than the 1988 contest.

The Federal Election Commission reported last week that as of Jan. 31, the presidential candidates had raised \$32.8 million and spent \$23.3 million. At the same point in 1988, the candidates had raised \$149.4 million and spent \$120.3 million.

Another sign that New York isn't a worry for the Bush/Quayle 1992 campaign is expenditures: The campaign spent only \$59,000 here in January, which his backers say is just enough to support a base of operations. In contrast, Mr. Bush's operatives spent hundreds of thousands of dollars on advertising and other expenses in primary states like Georgia.

The president's campaign in January took in about \$60,000 from downstate New Yorkers, including designer Ralph Lauren, former New York Stock Exchange Chairman John Phelan and Metromedia Co. Chairman and President John Kluge, according to FEC documents.

That sounds like an anemic showing for New York in a month in which \$1.6 million was raised nationwide. But Mr. Bush's supporters point out that many New Yorkers have already given \$1,000, the individual limit for a primary.

"You've already gone through the orchard and picked a lot of the apples," says William Koepel, a partner for Manhattan-based developer Koepel & Koepel. He has been a major fund raiser this time around.

April affair on tap

Mr. Koepel notes that the April affair for Mr. Bush may be \$500 per person—an event that he hopes would bring in another tier

of contributors.

With an incumbent president, fund raising is very events-oriented, observers say. Contributors want to see and preferably meet the president in a charged party atmosphere.

Bush not taking PAC money

For now, the Bush campaign isn't accepting political action committee contributions.

Things could change dramatically by the time the general elec-

tion gets underway, perhaps reviving some excitement in the New York GOP.

In fact, Mr. Long of the state's Conservative Party—like Mr. Buchanan—warns that Mr. Bush may be alienating the conservative Democrats who helped him win in 1988.

"The president has time to change that," Mr. Long says. "But he's got to make some significant moves to show he's going to get back on track." ■

Daily 4/10



April 10, 1992

To: JAB III and Brent

Re: Torricelli and Cuba

Please note the attached article .

I do not want to be out gunned by Torricelli on this issue.

Just FYI.

GB

7

FROM THE PRESIDENT

Bush may compromise on Cuban embargo bill

By CHRISTOPHER MARQUIS
Herald Staff Writer

WASHINGTON — Despite months of private criticism, the Bush administration offered only mild opposition Wednesday to the proposed Cuban Democracy Act, opening the way for compromise.

Robert Gelbard, the administration's No. 2 Latin policy expert, agreed to meet with proponents of the bill — who include Rep. Robert Torricelli, D-N.J., and most of the South Florida delegation — to craft a common approach.

Torricelli quickly hinted that political pressure on President Bush might spur further concessions in an election year.

"The Cuban Democracy Act is the legislative equivalent of the Concorde," an enthusiastic Torricelli said. "This bill is in motion."

As proposed, the act would revamp a 30-year-old U.S. policy toward



Torricelli

Cuba by fostering social change through direct mail and telephone contacts, while squeezing the island's economy by applying the American economic embargo to U.S. subsidiaries in third countries and eliminating U.S. aid to nations that help Cuba financially.

Bill's legality questioned

Previously, Bush administration officials had voiced fears that the bill would anger key U.S. trading partners such as Canada, Britain and Mexico by trying to exert control over U.S.-owned companies operating within their borders. They also questioned the bill's legality, asserting it is vulnerable to charges of extraterritoriality.

In testimony before the House Foreign Affairs Committee on Wednesday, Gelbard asserted that squabbling with such allies — who maintain trade relations with Cuba — would distract the world community from the task of ousting Cuban President Fidel Castro. The administration, he said, shares the goal, but not the strategy, of the bill's advocates, who include the Miami-based Cuban American National

"Where the Cuban Democracy Act would demand adherence by our allies to a policy similar to ours, we would respect their sovereignty and ask their cooperation," Gelbard said. "Where the proposed legislation would remove the focus on Cuba and shift the burden of action to the United States, we would return the focus to Cuba and the failure of the Castro regime to implement change."

Gelbard also expressed fears that billions in U.S. aid to the former Soviet Union would be jeopardized by the act, since some of its remaining trade with Cuba could be viewed as subsidized or concessional.

Intent to embarrass Bush

Still, Gelbard indicated the administration might be willing to accept more stringent licensing standards for the third-country subsidiaries, which, under current law, must receive clearance from the U.S. Treasury Department to ship products to Cuba.

Torricelli, who has made no secret of his intent to embarrass Bush for what he considers a stagnant policy, seized on the opening. He cut short another State Department official, saying it was difficult to believe the administration would be willing to explain to the American people its opposition to measures penalizing nations aiding Cuba and the U.S. parent firms of subsidiaries trading with the island.

"It's my judgment George Bush will not" take such a stance, Torricelli said.

Officials praise bill

The administration underscored its conciliatory approach when Richard Newcomb, director of the Treasury Department's Office of Foreign Assets Control, praised the bill for allowing civil penalties of up to \$100,000 for violators of the Trading With the Enemy Act. Newcomb urged lawmakers to go further and widen seizure and forfeiture rules to nail scofflaws.

Despite the air of compromise, House aides who will be charged with drawing up a new bill said a philosophical gulf might still be unbridgeable between proponents and the administration.

Just in over the
President's
personal fax.
I've shared copy
w/Scowcroft. He
is sked to call
Jeb on this subj.

Document Originally
Attached to
Following Page

**BUSH KLEIN REALTY**

Bush Klein Realty, Inc.
Two Alhambra Plaza
Penthouse II
Coral Gables, Florida 33134
(305) 520-2322

*Dele *
talk about for*

FACSIMILE TRANSMISSION THE PRESIDENT HAS SEEN *1/10*

DATE: <u>4-9-92</u>	FAX NO.: <u>(202) 456-2397</u>
TO: <u>President George Bush</u>	
ATTENTION:	
FROM:	OUR FAX NO.: (305) 520-2350
SUBJECT: <u>Torricelli Bill</u>	
NUMBER OF PAGES TO FOLLOW: <u>1</u>	

MESSAGE

1) Enclosed is the 4-9-92 1 krall article on Sht. Repentment testimony. I never received the paper you said was coming from the WSC.

2) Is there any news on the meeting with the 3 men who have arranged over 250,000 signatures on the Resolution?

Regards, *Jeb*

SENT BY: _____

TIME: _____



BUSH KLEIN REALTY

Bush Klein Realty, Inc.
Two Alhambra Plaza
Penthouse II
Coral Gables, Florida 33134
(305) 520-2322

cc: BS

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SENT BY:

Sf being done

TIME:

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Herald Staff Writer

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THE WHITE HOUSE
WASHINGTON

file
CB

daily
4/10

2 APR 8 A 7: 35

April 7, 1992

MEMORANDUM FOR THE PRESIDENT

THE PRESIDENT HAS SEEN *4/10*

FROM: SAMUEL K. SKINNER *SK*

SUBJECT: PRESIDENT JIMMY CARTER AND THE ATLANTA PROJECT

I am providing the following information in response to your memo of April 5, 1992.

Gregg Petersmeyer was designated to work with President Carter and the Carter Foundation on the non-federal department issues involved. You asked Ede Holiday to work with the Carter Foundation in coordinating the Administration's Cabinet and independent agency involvement. I indicated to President Carter that I would be available if anything got off track.

At this time, we have scheduled a meeting on April 20 with President Carter and several members of your Cabinet and senior staff. To prepare for this meeting, Gregg Petersmeyer has called a meeting, currently scheduled for tomorrow, with members of the various White House offices and OMB. The purpose of this preliminary meeting is to assess how the White House staff can best facilitate the type of social services integration you and President Carter discussed. We intend to develop, prior to the next meeting with President Carter, an action plan that will set forth the various administrative and legislative options available to us.



April 5, 1992

To: Sam Skinner

Re: Jimmy Carter & the Atlanta Project

I can't recall how we left the matter.

Do we owe him any action plan now for coordinating the Federal Agencies?

Do we need to set up meetings for him with Cabinet?

cc: Ede Holiday

67

FROM THE PRESIDENT

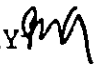
THE WHITE HOUSE
WASHINGTON

4/10
THE PRESIDENT HAS SEEN 

02 APR 6 P3:50

April 6, 1992

MEMORANDUM FOR THE PRESIDENT

FROM: C. BOYDEN GRAY 
SUBJECT: Regulation Articles

I thought you might be interested in the attached articles, which discuss the two major regulatory reform announcements we made last Thursday.

U.S. to Allow S&Ls To Cross State Lines

Administration Loosens Regulation

By Susan Schmidt
Washington Post Staff Writer

The nation's savings and loan industry, which has been fighting for its life for the past three years, got a boost yesterday from the Bush administration, which said that healthy S&Ls now can expand their branch networks throughout the country.

The action was part of a series of regulatory changes announced yesterday that top administration officials said were designed to help the ailing economy and send a political message to Congress.

"The nation can no longer afford to wait for Congress to act," the White House said in a statement that noted that Congress had rejected similar administration proposals last year.

"I don't think it's an election year thing," said Deputy Treasury Secretary John E. Robson. "It's a thing that's consistent with the president's stance from the beginning of his administration."

Rep. Bruce Vento (D-Minn.), a member of the House Banking Committee, said, however, "It's everything the S&L industry wants—less regulation, branching without any safeguards, reducing core capital. The green light is on for business as usual in a presidential election year."

Behind the announcement is a

long and bitter debate over the health and shape of the nation's thrift and banking industries.

Proponents of interstate banking argue that banks and S&Ls will be less vulnerable to one area's economic problems if they can operate in many parts of the country. Opponents say that it will allow large, powerful banks and thrifts to drive out community-based institutions and financial power will become concentrated in a few large institutions.

"It means Treasury is thumbing their nose at the Congress and at state laws," said Diane Casey of the Independent Bankers of America Association, which represents small, locally based institutions. She predicted that big S&Ls would go into new areas and gobble up deposits without being required to lend in the local market.

The administration's surprise announcement of the plan came a day after the House refused to vote additional money for the thrift cleanup, which has already cost taxpayers \$88 billion. Albert V. Casey, chairman of the Resolution Trust Corp., the federal agency that is disposing of failed thrifts, said yesterday that "drastic action" must be taken as a result of the refusal: Insolvent S&Ls will have to remain open, RTC sales will slow down and its extensive con-

See THRIFTS, A9, Col. 4

Administration Allows S&Ls to Expand Branch Networks Across State Lines

THRIFTS, From A1

tract hiring for services will come to a halt.

The changes were announced jointly by the Treasury and top regulators, part of a three-month government-wide review to weed out federal rules the administration has labeled as unnecessary and burdensome.

Other changes announced yesterday will make it easier for banks and S&Ls to grant construction loans by reducing the amounts institutions have to set aside against these loans. The changes also will allow banks and S&Ls to count income from credit card and mortgage servicing operations toward meeting their requirements for capital, the cash available as a cushion against losses, thus freeing up more money to lend out. Reduced disclosure and reporting requirements for banks and thrifts will cut down on unnecessary costs, administration officials said.

"It may be a bit too accommodating to stretched thrift bookkeeping, but in and of itself it's not a disaster," said Rep. Jim Leach (R-Iowa), a key member of the House Banking Committee who generally opposes new powers for S&Ls.

"Nationwide branching for thrifts is a very big issue because it enhances the thrift charter," making the S&L more valuable, said Leach. He opposes the idea because he believes local institutions pose less of a risk to the deposit insurance fund. "The farther away the lender, the greater the risk," he said.

Over the longer term, proponents argue that it will lead to a more efficient system and healthier institutions.

Nearly 700 S&Ls have been taken over by the RTC in the past three years. The shutdown of the weakest S&Ls and a favorable interest rate climate in 1991 gave the industry its first annual profit since 1986, a boost to an industry whose very survival has been in doubt.

Bush announced the review of federal regulations in his State of the Union address Jan. 28. The effort is part of his reelection strategy of attacking Washington's bureaucracy and has had other political benefits, political observers said.

Before primaries in Texas, Oklahoma and Louisiana, for example, Bush announced several regulatory changes intended to increase the use of natural gas. And four days before the Michigan primary, the president traveled to Detroit to announce that the Environmental Protection Agency was backing away from a rule that automakers had fought for years.

Vice President Quayle, who leads the administration's regulatory review efforts, said yesterday he would recommend that the effort go beyond the 90-day period, which ends later this month.

"This war against unnecessary rules and regulations is not going to end," he told a group of reporters. "This is just the beginning of a mission to search for and get rid of unnecessary regulations that harm the economy."

Even before the regulatory review began, the administration began urging bank examiners across the country not to take steps that would exacerbate the credit crunch that many have said was holding the economy back. They urged that examiners be "realistic" in evaluating a bank or S&L's financial condition.

Administration officials yesterday strongly denied suggestions made Wednesday by some Democratic senators and Congressional Budget Office Director Robert Reischauer that regulators were slowing down the closings of failed banks because of political considerations.

Robson, the deputy Treasury secretary, who outlined yesterday's regulatory changes, called the claim "about as cheap a political shot as I can imagine."

S&Ls are allowed by law to branch across state lines, but until now regulators have permitted it only in cases where they want to encourage a strong institution to acquire one in danger of failing. The new regulation goes into effect in 30 days.

Justice Department, FTC Unveil Merger Guidelines

Unified Approach Taken for First Time

By Mark Potts
Washington Post Staff Writer

The Department of Justice and the Federal Trade Commission yesterday announced a set of guidelines for the regulation of corporate mergers that for the first time unifies the two agencies' approach to antitrust law.

The new guidelines—the first formal set of policies on the enforcement of merger laws in nearly a decade—do not make significant changes in the way federal trustbusters handle corporate combinations, according to government and private antitrust lawyers. However, the guidelines codify several enforcement standards that have evolved informally over the past decade to evaluate whether mergers are anti-competitive and thus should be challenged by regulators.

"It's really an effort to try, in a more clear fashion, to explain what we do," said Kevin J. Arquit, director of the FTC's bureau of competition. "It's not so much a change as it is a clarification."

By bringing the two agencies together on the enforcement of antitrust laws covering mergers, the new guide-

lines are expected to help end confusion in the business and legal communities over what had been a bifurcated approach to antitrust enforcement. For years, the FTC and the Justice Department have decided between themselves which cases each would review and then applied different standards. The two agencies still will divide up the cases, but will now approach them in more or less the same way, officials said.

"We have had considerable comment from the business community that the two agencies enforcing antitrust do not have a common set of standards, and for the first time today we do," said James F. Rill, the assistant attorney general for antitrust. "Clearly the advantage of having a common set of standards is that firms won't be concerned about which agency a merger is being reviewed by. . . . The common set of standards will produce a result that's identical regardless of upon whose lap the filing lands."

Antitrust attorneys agreed that the unified approach would reduce confusion, although they said the two agencies already had been moving closer

See MERGERS, B7, Col. 4

Two Agencies Announce Merger Guidelines

MERGERS. From B1

together on enforcement standards.

"One of the problems in this area is that you've got competing federal agencies who don't always do it the same way," said Joe Sims, an antitrust attorney at Jones Day Reavis and Pogue in Washington. "The notion of joint guidelines is a positive, a strong positive."

The FTC and Justice Department, led by Arquit and Rill, have been working on the new guidelines for most of the past year. They are based on guidelines adopted by the Justice Department in 1984; the FTC had been using its own standards, adopted two years earlier.

In many ways, the new rules reflect

the greater reliance on economic analysis of the effects of mergers that came into prominence during the Reagan administration, replacing the more simplistic "structural" approach to merger enforcement that tended to look askance at deals that simply created larger companies.

A more relaxed antitrust policy through the economic approach permitted the wave of merger-mania in the 1980s—with dire effects on corporate bottom lines, jobs and small investors, according to critics.

As in the past, the new guidelines use the Herfindahl Index—which is based on individual companies' market shares—to test whether a merger will reduce competitiveness in a market. But the new guidelines say exceptions

can be made if it can be proved that other competitors can be easily attracted into a market or that a merger will not force product prices higher.

"It's merely an acknowledgment on our part that [the Herfindahl standard] can be overcome in some cases, for instance if people can show that substantial [market] entry is easy," Arquit said. However, he emphasized, "I think it makes clear that price increases won't be tolerated."

The new rules also take more fully into account the effect of foreign competitors on markets in which a merged company would operate. Many business experts have complained that antitrust regulators have in the past not fully acknowledged the competition that U.S. firms face from overseas.

S&Ls get OK to branch out

By Bill Montague
USA TODAY

The Bush administration Thursday lifted a barrier preventing many savings and loans from expanding outside their home state.

✓ The change, by the Office of Thrift Supervision, allows federally chartered thrifts to open branches in any state or U.S. territory. That rule was part of a package of S&L rule changes announced by administration officials, who say the measures will promote lending and stimulate the economy.

"The president has given the regulators a poke in the ribs," says Deputy Treasury Secretary John Robson.

The branch rule overrides some state laws that forbid interstate thrifts. State-chartered thrifts would still be governed by those laws. OTS officials couldn't say how many of the USA's 2,096 S&Ls would be covered by the change. But industry officials welcomed the overall package. "It lifts some burdens," says Jim Eberle of the U.S. Savings League.

Thomas Vartanian, a lawyer who specializes in bank regulation, says only a few dozen large thrifts are likely to move quickly to open branches in other states. But the new rule should make S&Ls more attractive to investors, he says.

Bush lets healthy S&Ls go interstate

FROM COMBINED DISPATCHES

✓ Throwing a dart at Congress for failing to act on its proposals, the Bush administration said yesterday that healthy savings and loans now may open branches in any state or U.S. territory.

Interstate branching for federal thrifts, over the objections of some banking interests, was part of a package of regulatory changes the White House said would stimulate the economy by freeing businesses and financial institutions from what it says is red tape.

Other actions will ease antitrust guidelines for corporate mergers.

"Fortunately, the administration already has authority to permit interstate branching by federal thrifts," a White House statement said.

The nation "can no longer afford to wait for Congress to promote job creation and economic growth," the statement said. "The administration is taking ... concrete steps — on its own."

The actions, effective in 30 days, stem from the election-year 90-day regulatory moratorium, announced by President Bush in January as a prelude to pruning federal books of what the administration

THRIFTS

From page C1

views as needlessly burdensome rules.

The White House statement said the government had to act unilaterally to eliminate "needless regulatory burdens and red tape" on banks and thrifts that it said are slowing the country's climb out of recession.

These include modifying the definition of capital so that credit card servicing relationships and mortgage servicing rights could be counted.

Steps were also taken to boost real estate lending by reducing the amount of capital that banks and thrifts must hold against loans for construction of pre-sold homes. This should free up several billion dollars in residential real estate lending, the statement said.

Agencies that regulate banks and thrifts were also taking numerous steps to reduce or eliminate costs of complying with the law, the White

House said.

These include reducing market surveillance data required by the Commodities Futures Trading Commission, streamlining procedures for the approval of new contracts submitted by futures exchanges, simplifying disclosure rules and streamlining thrift financial reporting.

The policies almost immediately drew criticism.

State banking regulators and an association of small-town and rural banks attacked S&L branching.

By making the change for S&Ls, the administration "thumps its nose at congressional prerogatives," said the Independent Bankers Association of America.

But the National Council of Community Bankers, a lobbying group for the S&L industry, applauded the move. "Interstate branching is an option that should be available to all depository institutions," the group said.

Congress in November rejected a similar proposal for banks, and nearly two dozen senators have

signed a letter protesting the administration's move.

The anti-red tape campaign is heating up as the president faces election in seven months. But Deputy Treasury Secretary John E. Robson denied it is an election gimmick.

"Periodically it is a good thing for the government to examine what it is doing and see whether there are ways to make it easier on the regulated communities. I don't think it is an election-year thing. I think it is a thing that's consistent with the president's stance from the beginning of this administration, which is to promote economic growth," Mr. Robson said.

The Federal Trade Commission and the Justice Department, which share authority to enforce antitrust laws, said they were issuing joint guidelines for the first time.

James F. Rill, the assistant attorney general for antitrust, said the new guidelines were not intended to result in more or fewer challenges to mergers of companies.

Quayle Says the White House Is Seeking To Expand Its Regulatory Crackdown

By BOB DAVIS

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — One day before a showdown over Bush administration attempts to weaken environmental rules, Vice President Quayle said the White House is looking for ways to broaden its crackdown on government regulation and make it permanent.

✓ The vice president said that he is weighing different strategies to "institutionalize" deregulation after the 90-day freeze ends April 28. Among the possibilities are extending the freeze on new regulations and changing the underlying analyses used by agencies in devising regulations.

Specifically, the White House's Office of Science and Technology Policy is working on a policy that would require agencies to look for the "most probable" risk to human life from exposure to health and safety hazards, administration officials said. That would be a big change from current risk-analysis approaches, which set regulations according to what essentially are worst-case estimates of health threats to workers and the public. The current practice leads agencies to conclude that far more protection—and, hence, costly regulation—is necessary than would be the case under the White House plan.

Success Claimed

✓ Mr. Quayle declared the regulatory freeze a big success. He said the estimated \$400 billion annual cost of regulations would be reduced by \$10 billion to \$20 billion a year because rules had been revised or eliminated. Regulators have "complained in the past" about White House pressure, he added, "but they ain't seen nothing yet."

The White House included in its list of accomplishments, though, many proposals that agencies would have taken even without administration prompting. And it used cost estimates that agency officials consider spurious.

For instance, the White House claimed credit for a Federal Communications Commission plan to relax the limit on the number of radio stations a company can own in a market—even though the agency has been easing ownership requirements for years. And the White House claimed regulatory savings of between \$100 million and \$1 billion for a pollution-credit trading system although details of the system haven't yet been worked out.

EPA Challenge

The toughest test yet of the regulatory freeze is set for this morning when Mr. Quayle's Competitiveness Council takes up an Environmental Protection Agency plan to issue tough rules on air-pollution control. The EPA is pressing to give environmental groups a big say in the government's review of whether companies exceed air pollution limits; the White House, backed by industry, considers that too onerous.

✓ "It's one of the most significant issues we'll have to face," acknowledged the vice president, who said he wasn't sure whether the matter eventually would go to the full Cabinet for resolution. Even if the Competitiveness Council votes against the EPA plan, EPA Administrator William Reilly could sign the rule or appeal to the president. The EPA contends the White House's position would be found illegal if there's a court challenge.

The EPA dispute has taken on special importance partly because the regulatory freeze was aimed largely at reducing the cost of environmental rules—and the EPA has so far fended off the White House. Last month, the agency agreed to a policy that eases review of biotechnology products, but it has resisted efforts to apply the policy to pesticides.

Thrift Proposal

Many other agencies have used the regulatory review to ratify efforts already under way. Yesterday, the Office of Thrift Supervision made final a proposal, first announced in December, to allow federally-chartered savings and loans to open branches across state lines. That overturned decades of restrictions. The final rule, which the thrift office says will let S&Ls diversify their risk, applies only to institutions that meet capital requirements. Last year, Congress rebuffed attempts by the Bush administration to give banks similar authority because of concerns that small banks would be swallowed up by larger competitors.

✓ The thrift office also proposed regulations that would alter S&L conflict-of-interest rules to make them similar to those that apply to banks. Thrift officers and directors no longer would be required to seek approval from regulators if they borrow from their own institutions.

That change could be controversial. The General Accounting Office has testified that insider loans made in violation of the current regulation contributed substantially to S&L failures. Thrift regulators have put the rule at the center of several important lawsuits. For example, the Resolution Trust Corp. filed suit against Arizona Governor Fife Symington, contending, among other things, that he failed to get prior approval for a loan he received from an S&L where he was a director.

In another regulatory change that has been packaged as part of the 90-day freeze, the Justice Department and the Federal Trade Commission announced merger guidelines that have long been in the works.

—Paulette Thomas also contributed to this story.

Quayle thrusts lance in federal regulations

By Paul Bedard
THE WASHINGTON TIMES

Vice President Dan Quayle said yesterday that he will press President Bush to expand the administration's 90-day ban on new federal regulations after initial reviews showed the moratorium is helping slash business costs.

"We're fighting the dragons every day," said Mr. Quayle, referring to efforts of his Competitiveness Council and other federal agencies to stop the flood of federal regulations.

The White House, bowing to Mr. Quayle's call, said it is ready to "continue the spirit of the moratorium," said spokesman Gary Foster.

Since Mr. Bush announced his Jan. 28 moratorium on new regulations, the number of rules proposed by federal regulators has been cut in half. Mr. Quayle, in a roundtable interview with reporters yesterday, said the slash in new rules and an aggressive effort to revise current regulations would cut \$10 billion to \$20 billion in business costs passed on to consumers.

And, Mr. Quayle declared, "This is only the beginning."

Armed with charts and documents, the vice president said burdensome regulations cost consumers \$400 billion a year, or \$433 per household.

By placing a ban on new rules, he

explained, "what we are trying to do is change a mind-set."

An administration fact sheet indicated that deregulation actions taken by the Environmental Protection Agency and the Agriculture Department could save \$10 billion in 1992 alone.

When he announced the 90-day moratorium, Mr. Bush said, "Every regulation that reduces efficiency slaps a hidden tax on the consumer."

Mr. Quayle conceded that the stepped-up anti-regulation measures were needed because the Bush administration was "lax" in its oversight of new rules.

Since his announcement, the administration has taken 50 moves to cut or revise regulations to cut red tape.

Mr. Quayle said that while regulations have been slashed, no moves have been taken that would violate federal laws or threaten the health or safety of Americans.

The effort to reform regulations continued yesterday when the White House announced steps to reduce barriers to business loans by banks. In addition, the administration announced a unified antitrust enforcement program for mergers and acquisitions.

Mr. Quayle said once the moratorium ends, he will present Mr. Bush with a list of options to step up the anti-regulation campaign.

Quayle Says Rule Review Is Saving U.S. \$10 Billion

By ROBERT D. HERSHEY Jr.
Special to The New York Times

WASHINGTON, April 2 — Pressing what has become a chief domestic theme in the election year, the Bush Administration said today that its 90-day review of Federal regulations would produce savings of \$10 billion to \$20 billion a year.

The White House is now seeking ways in which it could permanently subject the thousands of regulations mandated by Congress for everything from exposure to workplace chemicals to the labeling of meat to permanent review by the Administration.

"This is only the beginning," said Vice President Dan Quayle, who heads President Bush's Council on Competitiveness. "We are the ones who are going to run this operation — and it's not going to be the Congress."

Permanent Process Sought

Briefing reporters in his office, Mr. Quayle said that with some 50 initiatives already announced by the Administration for reducing the cost of regulations, which he estimated at \$400 billion a year, the focus had shifted to finding a way to "institutionalize" the review process.

In announcing the 90-day review of regulations and a moratorium on putting some new ones into effect in his State of the Union Message, Mr. Bush exercised his power over the way rules are put into place. The Administration might need the approval of Congress to continue to resist putting new rules into effect.

In addition to confronting Congress, the Vice President's comments were seen as part of an election-year strategy that relies heavily on the economy's prompt recovery from the nation's longest postwar recession.

"A sluggish economy doesn't need overregulation," Mr. Quayle declared. "A sluggish economy needs less regulation."

Responding to a question about the President's endorsement of various pieces of legislation requiring a host of new rules, Mr. Quayle said the Bush Administration was "probably a little bit lax" about trying to review new regulations during its first 18 months, assuming that the regulatory "beast" had been killed by the Reagan Administration.

More Measures Announced

At the same time, Government officials announced today another flurry of measures related to the review process. Included in a package identified as reforms in financial services, was final adoption of a rule under which Federally chartered thrift institutions are permitted to open branches in any state or territory.

The rule was immediately denounced by the Independent Bankers Association of America, which said the

and Congressional authority and that its action could result in the loss of thousands of jobs.

Also announced was the adoption of uniform antitrust enforcement policy by the Justice Department and the Federal Trade Commission, which share responsibility for approving corporate mergers and acquisitions. The White House said the new policy would give business "greater certainty" about applicable standards and would make it easier for American companies to get the economic "clout" they need to compete successfully abroad.

James F. Rill, Assistant Attorney General for antitrust, said that while some of the changes would be welcomed by business, there would likely be little overall impact on enforcement. He said this would continue to be based on preventing combinations of companies from obtaining or enhancing pricing power in the market.

Previous announcements to hold up

Bush challenges Congress on regulations.

or streamline regulations, which has resulted in cutting in half new rules since the moratorium started, have involved transportation, agriculture, the workplace and the environment.

Breakdown on Savings

Aides to the Vice President, with some apparent reluctance, provided a breakdown on how the estimate at \$10 billion to \$20 billion of direct and indirect savings was calculated.

The biggest chunk, \$2.4 billion a year, would come from a Presidential order relating to a court decision under which union members are entitled to dues refunds for money spent by unions on things other than collective bargaining. The order involves how the union members are to get the money.

The estimate also included \$1 billion to \$3 billion by encouraging the use of more natural gas, which would mean cleaner air and cheaper energy, more than \$1 billion from the accelerated approval of new drugs, and as much as \$8.3 billion at the Environmental Protection Agency, including rule changes on toxic waste cleanup and air pollution.

Over-ll, Mr. Quayle promised a regulatory policy based on the initial presumption, albeit a rebuttable one, that any new rule is unnecessary. "They can't even begin to tell me," the Vice President said.

Daily
4/10/92

M

April 8, 1992

02 APR 9 A7:14

FOR THE PRESIDENT
FROM: BOB TEETER

Thought you would find the attached interesting.

MEMORANDUM

TO: Bob Teeter
Fred Malek
Mary Matalin
Charlie Black
Dave Carney
Torie Clarke
Will Feltus
Fred Steeper

FROM: Debra Keel, David Hansen

DATE: April 8, 1992

RE: Democrat Black Support in Primaries: Jackson and Clinton

The following table compares Jackson's 1988 and Clinton's 1992 black support in the Democrat primaries.

Yesterday's results in New York follow the trend that 1992 black voter participation in the Democrat primaries is substantially lower than in 1988. According to exit surveys and vote returns, black participation yesterday was only 39% of 1988's Democrat primary turnout.

The numbers do not support the spin that Clinton is building a solid coalition of both white and black support. While his percentages of black support in the primaries look strong, Clinton has received 1.3 million less black votes than Jackson had at this point in 1988.

**Democrat Black Support in Primaries:
Jackson and Clinton**

State	Jackson Black Vote 1988	Percent Blacks for Jackson	Clinton Black Vote 1992	Percent Blacks for Clinton
Florida	224,323	86	125,404	74
Georgia	202,706	93	91,702	70
Illinois	390,241	91	195,688	70
Louisiana	245,784	96	85,951	86
Maryland	134,325	88	54,468	49
Mississippi	147,799	92	62,327	78
Tennessee	113,286	95	35,086	82
Texas	411,668	95	202,002	86
New York	403,740	95	86,667	52
Total	2,273,872		939,295	

Source: ABC News and VSR Exit Poll Results, Vote returns reported by The Associated Press
Florida through Texas from article in *The Washington Times* dated 4/3/92

April 8, 1992

daily
THE PRESIDENT HAS SEEN #10 cc: Weintraub file

LETTER FROM JERRY WEINTRAUB
POSTMARKED: MARCH 27, 1992

Jerry
Weintraub has
to me on phone
no reply
needed

Dear Mr. President,

As you know, I have not bothered you with any appointments for people in the Administration, but there is an F.C.C. Comm. coming up for re-appointment who is very important to me personally.

Her name is Sherry Marshall. Her qualifications are:

1. For de-regulation
2. Easily confirmed by the Senate
3. Will carry out all your programs.

I would appreciate your consideration on this matter.

All my best personal regards.

Your friend,

Jerry

~~I called PPO~~
she may not be
reappointed. She
apparently did not
go along with
the Administration
on a crucial issue

JERRY WEINTRAUB

DEAR MR. RESIDENT,

As you know I have not bothered

you with any appointments for people

in the Administration, but there is

an FCC. comm. coming up for

RE-APPOINTMENT which is very

important to me personally.

Her Name is SHERY MARSHALL

Her qualifications are -

1- FOR DE-REGULATION

2- EASILY CONFIRMED BY THE SENATE

3- WILL CARRY OUT ALL

your programs.

I would appreciate your

consideration on this matter,

ALL MY BEST

PERSONAL REGARDS

your friend

Jerry

daily 4/8

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS

Cy

April 9, 1992

To: The President 32 APR 9 P6:48

From: Mike Boskin *mb*

Re: March Consumer Price Index

✓ We were fortunate that the FED cut the funds rate today. The consumer price index is up 0.5 percent and had Chairman Greenspan anticipated this, he would have waited some weeks to lower the funds rate. Private analysts had expected the CPI to be up 0.3 percent. ✓ I am not particularly worried about a one-month blip-up in the CPI. ✓ Over the last twelve months it has increased slightly over 3 percent.

Your comment this afternoon that you hoped the interest rate reduction would give a little boost to the fledging recovery was, in my opinion, pitched exactly correctly, recognizing the economy is improving but not putting yourself out on a limb.

Michael J. Boskin
Chairman



THE CHAIRMAN

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

April 9, 1992

07

MEMORANDUM FOR THE PRESIDENT

FROM: MICHAEL J. BOSKIN *mjb*

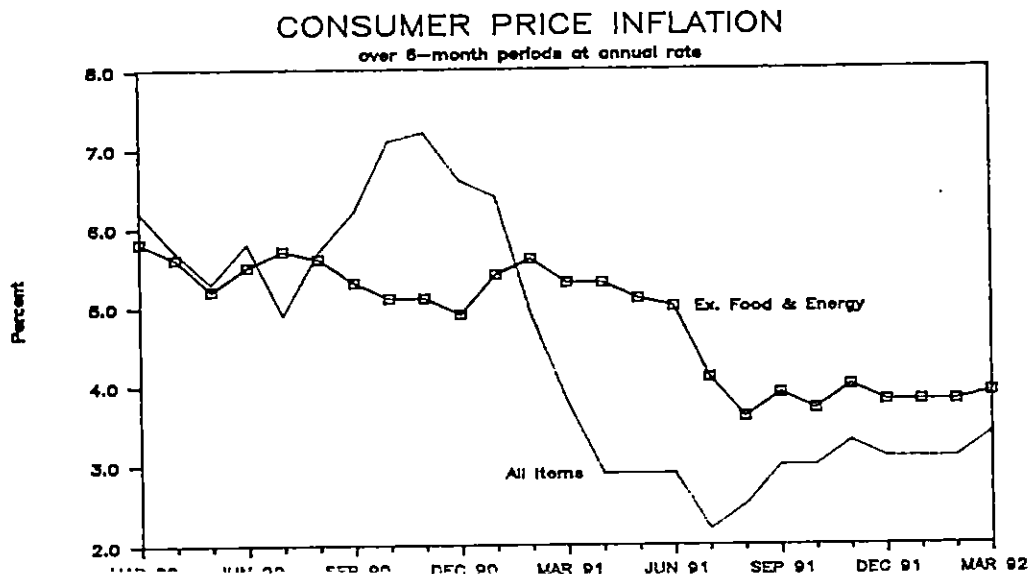
SUBJECT: Consumer Price Indexes for March, Labor Department Release, Tomorrow Morning, 8:30 a.m.

Consumer prices rose 0.5 percent in March, a larger increase than the 0.3 percent rise expected by private analysts. Over the past year, consumer prices increased 3.2 percent.

Core inflation--consumer price inflation excluding food and energy items--was 0.5 percent in March, and 3.9 percent over the past year. Food prices rose 0.5 percent in March, due in large part to an increase in the price of fruits and vegetables, and energy prices rose 0.6 percent. Over the past year, food prices rose 1.7 percent, but energy prices fell 0.8 percent.

Price increases were widespread across major expenditure categories. Transportation showed the largest percentage increase, followed closely by apparel and upkeep. Some of the increase in apparel prices appears to be seasonal, however, resulting from early introduction of spring and summer clothing.

The graph below shows that, despite the slight uptick in March, consumer price inflation and core inflation over 6-month periods remain at relatively low levels in comparison to the previous 2 years.



Memo to the President
 Jim Charley Bartlett

THE NEW YORK TIMES COMPANY
 15 WEST 43 STREET
 NEW YORK, N.Y. 10036

ARTHUR OCHS SULZBERGER
 CHAIRMAN OF THE BOARD
 AND
 CHIEF EXECUTIVE OFFICER

R2

show to
 Marlin
 when he
 returns

FYI —

April 6, 1992

Dear Charlie:

Thanks for sending me a
 copy of your letter to the editor.

There were a number of
 people (besides George Bush) who
 felt that the Trudeau column went
 too far. And, in confidence, I'd
 have to say that I am one of them.

Love and kisses to Martha.

Cordially,

PC

CS
 4-6

cc. Marlin
 4/15/92

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

ct

ISRAEL MAY BOYCOTT TALKS ON REFUGEE AND ECONOMIC ISSUES

JERUSALEM -- Israel may boycott two upcoming rounds of Middle East peace talks over its objections to sitting down with Palestinians from Jerusalem or the diaspora, state television reported Thursday.

Prime Minister Shamir told Likud party supporters Thursday: "We must muster all our forces against making the most minimal concessions in all that concerns the territories of Israel and the borders of Israel." (Allyn Fisher, AP)

IRAQI JETS STILL FLYING, RADARS STILL TRACKING

Iraqi anti-aircraft radars continue to track allied planes and Saddam Hussein's combat jets have been sent aloft four days in a row despite repeated expressions of U.S. concern about such activities, Pentagon spokesman Bob Hall said Thursday. "It is a matter of great concern to us," Hall told reporters.

Air Force Brig. Gen. Glenn Profitt, the commander of the Provide Comfort task force, met in the northern Iraqi town of Zahku on Thursday with Iraqi military officers to relay Washington's objections, Hall said.

Hall refused to characterize the U.S. message as a warning, but said the Iraqis "are very aware that we will take whatever actions we would deem necessary to protect our forces."

Hall said the allies are worried about "a threat to one of our aircraft" or any allied aircraft in the region.

(Susanne Schafer, AP)

BUSH READY TO RISK EARTH SUMMIT VISIT

President Bush is preparing to attend the politically risky "Earth Summit" in Rio de Janeiro, even if he can't win tough pro-business terms that satisfy angry conservatives.

Although the Senate voted 88-10 on Tuesday to urge Bush to go, some conservatives liken that prospect to Neville Chamberlain's appeasement of the Nazis at Munich. "There's a lot of support up there for the President to go, on both sides of the aisle, and his inclination is to go when all the world leaders are there," said one senior White House adviser who would not confirm reports from others that the decision has been made.

"The desire is to go, the tendency is to go if we can have some meaningful results. He (Bush) certainly doesn't want to go and have a result that the American people, the American economy, can't live with," the senior official said.

Clayton Yeutter is deeply concerned the President would anger conservative Republicans who worry that he is letting the U.S. be pushed around by Third World nations. "We've got to decide what the U.S. positions are going to be in Rio, whether the President attends the conference and so on, and that's a highly contentious issue," Yeutter said.

A senior administration official discounted the possibility that Bush will actually attend the summit. "Politically, it would be a loser," said the official. "There is no way he can come back with a win. And if he just skips it, the issue will go away."

(Paul Bedard & Frank Murray, Washington Times, A1)

REP. WEBER OF MINNESOTA WILL NOT SEEK REELECTION

Rep. Weber announced Thursday that the prospect of a "vicious campaign" for reelection has persuaded him to retire. "He is the best we have," William Kristol, the vice president's chief of staff, said Thursday of Weber. "He really was in it for the ideas."
(Ann Devroy, Washington Post, A16)

EDITOR'S NOTE: "Bush's Son Rides Into Town To Review The Campaign," by Andrew Rosenthal, in The New York Times, page A27.

SKINNER SAYS PLANE TRIPS PROPERLY REIMBURSED

Samuel Skinner says the government was properly reimbursed for several trips he and Vice President Quayle had taken over the past two years. Skinner, in an interview Thursday with UPI, expressed frustration with news reports that suggest wrongdoing but offer no evidence of malfeasance. "Everybody was reimbursed and no one had any problem with it," Skinner said. "There's no story because the GAO said everybody was fine."

Later in the day, while holding a news conference to set new drug approval rules, Quayle said, "We've complied with all the laws and all the regulations. The real problem is Democratic leadership in Congress. The real scandal is the house banking system and the post office."

(Steven Heilbroner, UPI)

WHITE HOUSE REVIEW MIRED IN HILL PANEL SQUABBLING

The House subcommittee looking into White House expenses tried again Thursday, and for the most part, failed again.

After a five-hour hearing and testimony by two White House officials, Ron Rasmussen and Phil Larsen, the subcommittee on human resources had in hand only one undisputed detail on the cost of running the White House: It costs \$1,350 a year to lease each of its chauffeur-driven Chrysler cars.

Part of the reason the subcommittee did not get more out of Rasmussen and Larsen is because everyone spent most of the hearing in heated partisan squabbles debating whether the hearing was political or not.

"The only reason we're holding these hearings now," offered Rep. Kanjorski is because it is time to mark up the authorization bill.

Rep. Moran asked over and over again whether the White House's procedures for hiring detailees, as they are called, amounted to "a lie," or "a crime," or "a wrongdoing," so much so that his summation of testimony by the GAO's Bernard Unger drew laughter at least once from the audience.

"We're going to get the government in control, we're going to start right here," Kanjorski said. "We're going to stop the smoke and mirrors."

(Dana Priest, Washington Post, A25)

PEROT COULD HURT BUSH, HELP CLINTON

Ross Perot could sink President Bush in November by siphoning off Democrats, independents and disaffected Republicans who embraced Bush's opposition in the primaries, Patrick Buchanan said Thursday. "These are angry and politically active people who bother to vote in primaries and they are going to vote in November," Buchanan said. "When it's between Clinton and Bush, as angry as they are, they're going to vote for Bush," Buchanan said. "But Perot gives them a place to go, if he is on the ballot and does fairly well."

Buchanan said Perot is particularly threatening to Bush in California. "Nixon's fear is that in the general election, Bush could lose California. And the problem for Bush in California is going to be Perot," said Buchanan.

(Ralph Hallow, Washington Times, A4)

BUSH PUSHES PLAN REFORMING CONGRESS

The White House proposed sweeping congressional reform legislation Thursday night that would subject committee staff to the Hatch Act and Freedom of Information Act (FOIA) for the first time. "The general strategy is to make laws affecting the executive branch apply to Congress," a White House official said.

An Administration official said if Congress fails to approve the legislation, President Bush would expand his reelection campaign attacks on Congress to charge that lawmakers are a "ruling class" running "sweatshops." (Paul Bedard, Washington Times, A3)

HOUSE VOTES TO EMPLOY A MANAGER**Professional Will Administer Payroll, Food, Mail Services**

The House, moved by scandals to look inward and clean up its affairs, Thursday adopted a package of administrative changes that introduces professional management and curbs political patronage in nonlegislative operations. A Democratic resolution approved 269-81 authorizes the hiring of a professional administrator to oversee nonlegislative affairs including payroll, food and mail services.

The new administrator, a cross between a city manager and a chief financial officer, is to hire employees for 22 services under his control "without regard to political affiliation, and solely on the basis of fitness to perform the duties involved."

Rep. Foley described the administrative changes as historic. But outside experts on Congress said they were less consequential than rules changes and legislative reorganizations in House operations in 1946, after WW II, and 1976, after Watergate.

(Kenneth Cooper, Washington Post, A1)

**GAO: CONGRESSIONAL, WHITE HOUSE,
DEFENSE TRAVEL COST \$150 MILLION**

Taxpayers paid at least \$150 million in 1991 for members of Congress, the White House and Defense Department to use the Air Force's 89th Military Airlift Wing on business, according to a federal report released Thursday. The GAO reported that "most travelers use the 89th without considering cost" to taxpayers. It also said that the Air Force destroys the detailed passenger records of individual flights 30 days after a given trip, making it impossible to determine who went where and why.

"The policies that address the use of military aircraft are so broad and vague as to have little impact on the use of the 89th Wing aircraft," the report notes. "...the Air Force does not, nor does anyone else, independently verify that officials requesting use of the 89th Wing aircraft have complied with the policies."

In Thursday's report, the GAO found that members traveled with their spouses and/or children on 40 percent of the trips between May 1990 and April 1991, mostly to overseas locations. In an undisclosed number of trips, spouses of executive and legislative branch officials were allowed to travel on the 89th Wing without reimbursing the government. "Reimbursement situations involving official and nonofficial travelers are left to the travelers' agencies to account for and collect," the report said.

(Dana Priest, Washington Post, A25)

BUSH LIBRARY PHOTOCOPY - George Bush Handwriting

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chug

NATIONAL NEWS

BUSH TO EMBRACE WELFARE OVERHAUL White House Scrambles To Ready Waiver For Wisconsin Plan

President Bush Friday will grant Wisconsin a waiver from federal welfare regulations in order to highlight Gov. Thompson's controversial welfare overhaul as a model of national welfare reform, a senior White House official said.

Bush will use the Wisconsin waiver, the first granted, to outline his welfare overhaul principles, officials said Thursday.

The White House Thursday scrambled to meet Friday's deadline, which they did not know they had until Wednesday.

An Administration official said the White House is looking at welfare proposals that go beyond endorsing state reform efforts but that the review is not complete.

(Ann Devroy, Washington Post, A25)

FED SLICES KEY SHORT-TERM INTEREST RATE Action To Prevent Another Stall In Economy Comes Amid Upbeat Report On Inflation

Worried that a recent sharp drop in the nation's supply of money could be signaling that the U.S. economy will stall again, the Fed Thursday cut a key short-term interest rate by a quarter of a percentage point, the first such action since December.

Fed officials said they are not sure what has caused the unusual decline in the money supply measure or what it foretells about the economy's strength later this year. But after last year's initial rebound, the officials did not want to take any chances. "It seems like to big a risk to ignore," a senior Fed official said.

A number of financial analysts said they doubt that the quarter-point drop in the federal funds rate target will be enough to cause major banks to lower the 6.5 percent prime lending rate.

Economists cautioned that changes over short periods of time may be misleading and have little importance for the economy.

"The real issue is that we are not sure," one Fed official said. "We have had several weeks in a row of major declines.... We are not sure how to read the tax payments coming up, which usually cause people to put more money in their accounts."

(John Berry, Washington Post, B1)

THE WHITE HOUSE
WASHINGTON
APRIL 8, 1992

67
12 APR 9 11:53

MEMORANDUM FOR: THE PRESIDENT

FROM: NICHOLAS E. CALIO *NEL*

SUBJECT: LETTERS FOR YOUR READING FILE

Diell
no replies
THE PRESIDENT HAS SEEN

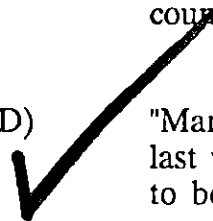
Enclosed are several letters which you have recently received from Members of Congress.

Sen. John Chafee (R-RI)



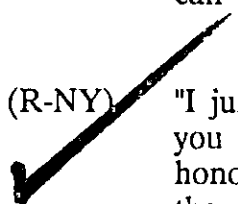
"Thank you very much for the most pleasant reception you gave last week for the Republican Senators. Ginny and I thoroughly enjoyed it, especially the tour of the Lincoln and other upstairs rooms. You were very thoughtful to have us with you and everyone present appreciated it. I am totally confident you are going to win reelection in good style and that win will be very good for our country."

Sen. Steve Symms (R-ID)



"Many thanks for the nice reception at your home last week. We thought it a great thrill. Good luck to both of you this fall and count me in to do all I can for your and the countrys success."

Rep. Amo Houghton (R-NY)



"I just wanted to write. These are tough times. But you are tough - and one great guy to boot. I am honored to be part of this process (messy as it is at the moment) whose leader is you!!"

↑
Saw him
at Eagles 4-9



April 3, 1992

UNITED STATES SENATE
WASHINGTON, D. C.

JOHN H. CHAFEE
RHODE ISLAND

Dear George and Barbara:

Thank you very much for
the most pleasant reception
you gave last week for the
Republican senators.

Ginny and I thoroughly
enjoyed it, especially the
tour of the Lincoln and
other upstairs rooms.

You were very thoughtful
to have us with you
and everyone present

appreciated it.

I am totally confident
you are going to win the
election in good style and
that win will be very
good for our country.

Warm Best Wishes

Johnny



STEVE SYMMS
IDAHO

2 April 92

Dear President + Mrs Bush -

Many thanks for the
nice reception at your home
last week - We thought
it a great thrill -

Good luck to both of you
this fall and count me in to

do all I can for you and
The Country's success —

Sincerely —

Steve Symms



HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

AMO HOUGHTON
34TH DISTRICT
NEW YORK

3/26/92

DEAR MR. PRESIDENT -

I JUST WANTED
TO WRITE. THESE ARE
TIGHT TIMES. BUT YOU
ARE TIGHT — AND ONE

GREAT Guy TO BOAT.

I AM HONORED TO
BE PART OF THIS PROCESS
(MESSY AS IT IS AT
THE MOMENT) WHOSE
LEADER IS YOU!!

BERNARD -

Amo

THE WHITE HOUSE
WASHINGTON

FOR: ROSE ZAMARIA

FROM: PHILLIP D. BRADY

The President's *unpublished* schedule for

4/10

R2

SCHEDULE OF THE PRESIDENT
Friday, April 10, 1992

8:00 am (15 min)	<u>Personal Staff Time</u>	Oval Office
8:15 am (10 min)	<u>Radio Taping</u> (Smith) (TAB A)	Oval Office
8:25 am (5 min)	<u>Phone Interview with Larry Dierker, Broadcaster for the Houston Astros</u> (Smith) (TAB B)	Oval Office
8:30 am (15 min)	<u>Intelligence Briefing</u> (Scowcroft)	Oval Office
8:45 am (30 min)	<u>National Security Briefing</u> (Scowcroft)	Oval Office
9:15 am (15 min)	<u>Meeting with Chief of Staff</u>	Oval Office
9:30 am (10 min)	<u>Meeting with Governor Thompson and Secretary Sullivan</u> (Holiday) (TAB C)	Oval Office
9:40 am (20 min)	<u>Personal Staff Time</u>	Oval Office
10:00 am (10 min)	<u>Meeting with the Nation's Lieutenant Governors</u> (Rollins) (TAB D)	Roosevelt Room
10:15 am (45 min)	<u>Administrative Time</u>	Oval Office
11:00 am (30 min)	<u>Meeting with Secretary Baker</u>	Oval Office
11:30 am (30 min)	<u>Personal Staff Time</u>	Oval Office
12:00 pm (75 min)	<u>Lunch</u>	Oval Office

UNP 04/09/92
6:00 pm

1:15 pm (10 min)	<u>Meeting with Lionel Hampton</u> (Super)	Oval Office (TAB E)
1:25 pm (35 min)	<u>Personal Staff Time</u>	Oval Office
2:00 pm (20 min)	<u>Meeting with Prime Minister</u> <u>Marian Calfa of Czechoslovakia</u> (Scowcroft)	Oval Office (Distributed Separately)
3:00 pm	B <u>Depart for Camp David</u>	
3:30 pm	B <u>Arrive Camp David</u>	
	B <u>RON Camp David</u>	

UNP 04/09/92
6:00 pm

THE WHITE HOUSE

WASHINGTON

April 9, 1992

RADIO ADDRESS TAPING

DATE: April 10, 1992
TIME: 8:15 a.m. - 8:25 a.m.
LOCATION: Oval Office Dining Room

FROM: DORRANCE SMITH 

I. PURPOSE:

To tape record a radio address.

II. BACKGROUND:

You are scheduled to participate in taping a 3 to 4 minute radio address.

This address will focus on your welfare reform proposals.

Your remarks will be released April 10, 1992 but will be embargoed until April 11, 1992, at 9:00 a.m. EDT.

A White House Photo may also be released to the wire services.

III. PARTICIPANTS:

The President
Dorrance Smith
Scott Sforza
WHCA Personnel (2)

IV. PRESS PLAN:

White House Photographer.

V. SEQUENCE OF EVENTS:

- The President enters the Oval Office Dining Room.
- The President tapes the address.
- At the conclusion of the taping, the President remains seated for telephone interview with Larry Dierker from the Houston Astros.

VI. REMARKS:

Script to be provided by Speechwriting.

THE WHITE HOUSE
WASHINGTON

April 9, 1992

TELEPHONE INTERVIEW WITH LARRY DIERKER

DATE: Friday, April 10, 1992
TIME: 8:25 a.m.
LOCATION: Oval Office Dining Room

THROUGH: DORRANCE SMITH *BS*
MARIA EITEL SHEEHAN
SCOTT SFORZA

FROM: KATHERINE HOLT *11*

I. PURPOSE:

To conduct a five minute phone interview with Larry Dierker for his pre-game Houston Astros' show entitled "Baseball Library."

II. BACKGROUND:

Larry Dierker is one of the greatest pitchers to have ever played for the Houston Astros and he and Milo Hamilton are the primary broadcasters for the Astros. In addition, Larry hosts a pre-game show known as "Baseball Library", which airs prior to every Astros game. Your interview with Larry will air prior to the game on May 25, 1992.

Larry would like your reflections on baseball as a Bush family tradition. In addition, he would like to include your thoughts on Ethan Allen -- something you have learned from him, an amusing incident or a comment on his style, character or leadership qualities. Finally, Larry will ask you to comment on Yale's win over North Carolina State on April 4, 1948 when you had a triple and drove in five runs.

III. PARTICIPANTS:

The President
Larry Dierker
Dorrance Smith

IV. PRESS PLAN:

White House Photographer Only

V. SEQUENCE OF EVENTS:

- After you complete the Radio Taping, you remain in the Oval Office Dining Room for telephone interview with Larry Dierker.
- You interview with Larry Dierker for five minutes.
- End of telephone interview.

VI. TALKING POINTS:

None Required

THE WHITE HOUSE

WASHINGTON

April 9, 1992

MEETING WITH GOVERNOR THOMPSON AND SECRETARY SULLIVAN

DATE: April 10, 1992
LOCATION: The Oval Office
TIME: 9:30 a.m.
FROM: EDE HOLIDAY *SJA*

I. PURPOSE

To meet with Governor Tommy Thompson and Secretary Sullivan to discuss the Administration's approval of Wisconsin's waiver request to implement the state's innovative welfare reform program.

II. BACKGROUND

In your State of the Union address, you made a commitment to help advance innovative state welfare reform initiatives by speeding up the federal approval process for states that seek a waiver of current regulations. On March 13 the State of Wisconsin submitted its welfare reform package; the Administration approved its waiver request in 28 days.

Wisconsin's welfare plan, entitled the "Parental and Family Responsibility Demonstration Project," is intended to foster personal responsibility among AFDC recipients and encourage them to seek employment. The waiver of the federal rules will allow Wisconsin to require training and education for welfare recipients; make it easier for those who want to earn extra income to do so without forfeiting benefits; and establish a financial disincentive for welfare recipients to have additional children.

III. PARTICIPANTS

The President
Secretary Sullivan
Governor Thompson

Ede Holiday
Gail Wilensky

IV. PRESS PLAN

Open photo and writing pool.

V. SEQUENCE OF EVENTS

- Sullivan and Thompson will be escorted into the Oval Office.
- The press will enter the Oval Office.
- You will deliver a brief statement; the press will depart.
- At the conclusion of your meeting, Thompson and Sullivan will brief reporters in the White House press room.

VI. REMARKS

Talking points attached.

Attachment

**TALKING POINTS
MEETING WITH GOVERNOR THOMPSON AND
SECRETARY SULLIVAN
APRIL 10, 1992**

- I am very happy to have Governor Thompson here today for this announcement.
- In my State of the Union address in January, I called for fundamental reform of our Nation's welfare system. Individuals must take responsibility for their lives and families. Our welfare programs must promote economic independence rather than persistent dependency.

2

- With this Wisconsin project, we have a perfect example of "states as laboratories."
- I am renewing my call to states to come forward with reforms like Wisconsin's. Healthy adults have a responsibility to work and to act in the best interest of their family's well-being.
- In my State of the Union address, I said we want to help states by accelerating the approval process for federal waivers. Today, I am pleased we have made good on my promise. Wisconsin's "Parental and Family Responsibility Demonstration Project" has been approved four weeks after it was submitted.

- Governor Thompson, you are a great innovator, and I salute you.

#

P2

THE WHITE HOUSE
WASHINGTON

MEETING WITH LIEUTENANT GOVERNORS

DATE: FRIDAY, APRIL 10, 1992
TIME: 10:00 A.M.
LOCATION: ROOSEVELT ROOM
THROUGH: SHERRIE ROLLINS
DEBRA ANDERSON
FROM: *DK* DAVID J. BEIGHTOL

I. PURPOSE

To meet with the nation's Lieutenant Governors who are in town for the Spring meeting of the National Association of Lieutenant Governors.

II. BACKGROUND

You have spoken to the National Association of Lieutenant Governors twice when you were Vice President, but you have yet to address the group as President. This year's meeting will be an opportunity to highlight some of the Administration's initiatives on welfare reform.

Clayton Yeutter and Secretary Andy Card will address the group after you have left the room.

III. PARTICIPANTS

The President
Lieutenant Governors (list attached)
Secretary Card
Clayton Yeutter
Sherrie Rollins
Debra Anderson
Bobbie Kilberg
David J. Beightol

IV. SEQUENCE OF EVENTS

- * Enter the Roosevelt Room.
- * Take seat at head table.
- * Give informal remarks.
- * Scott McCallum (R-WI) will thank you for addressing the group.
- * Depart Roosevelt Room.

V. PRESS PLAN

White House photographer only.

VI. REMARKS REQUIRED

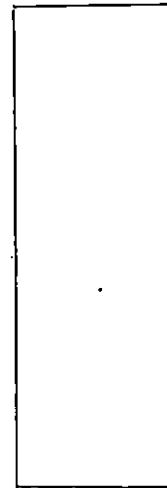
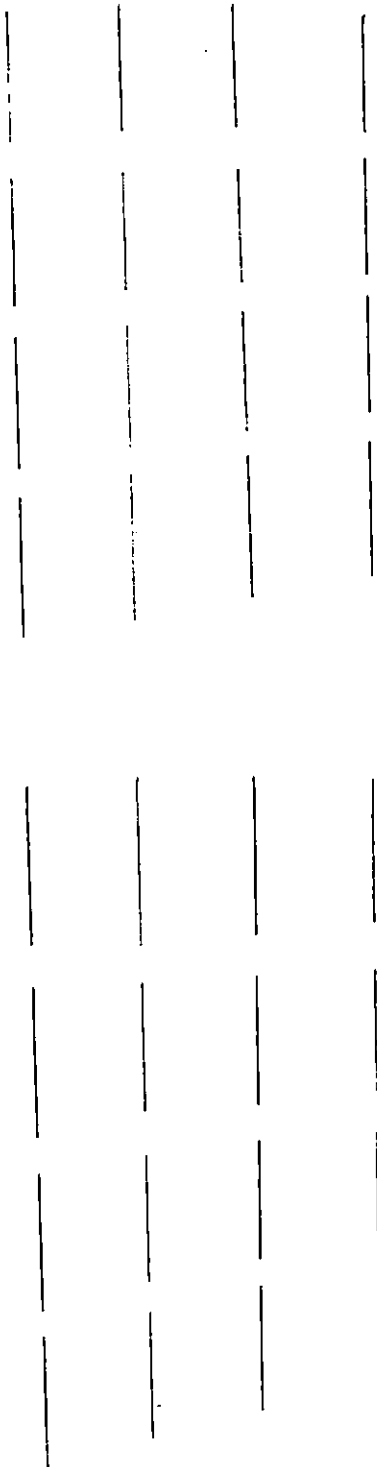
Talking Points provided by Office of Intergovernmental Affairs in the morning

Lieutenant Governors

Scott McCallum (R-WI) - Chairman
Frank O'Bannon (D-IN) - Chairman-Elect
Jim Folsom, Jr. (D-AL)
Michael Callihan (D-CO)
Dale Wolf (R-DE)
Bob Kustra (R-IL)
James Francisco (D-KS)
Paul Patton (D-KY)
Melinda Schwegmann (D-LA)
Melvin Steinberg (D-MD)
Paul Cellucci (R-MA)
Connie Binsfeld (R-MI)
Joanell Dyrstad (R-MN)
Maxine Moul (D-NE)
Sue Wagner (R-NV)
Donald DiFrancesco (R-NJ)
Casey Luna (D-NM)
Jack Mildren (D-OK)
Stan Lundine (D-NY)
Roger Begin (D-RI)
Nick Theodore (D-SC)
Walter Miller (R-SD)
Bob Bullock (D-TX)
W. Val Oveson (R-UT)
Donald Beyer, Jr. (D-VA)
Joel Pritchard (R-WA)
Keith Burdette (D-WV)
Frank Blas (R-GU)
Derek Hodge (D-VI)

FIREPLACE

DOOR



YEUTTER
O'BANNON
PRESIDENT
McCALLUM
CARD

CHAIRS

R2

THE WHITE HOUSE
WASHINGTON

April 9, 1992

MEETING WITH LIONEL HAMPTON

DATE: APRIL 10, 1992
LOCATION: OVAL OFFICE
TIME: 1:15p.m.
FROM: KATHY SUPER *K. Super*

- I. PURPOSE
A courtesy call with Lionel Hampton
- II. BACKGROUND
Mr. Hampton requested to briefly meet with you while he is in Washington for the Republican Eagles reception. He has an upcoming tour scheduled in Europe and will be meeting with USIA officials on Friday to ask their assistance in facilitating the trip. He was last in to see you on March 26, 1991.
- III. PARTICIPANTS
The President
Lionel Hampton
Kathy Super
- IV. PRESS PLAN
White House Photographer only
- V. SEQUENCE OF EVENTS
 - o Mr. Hampton enters the Oval Office
 - o The President greets Mr. Hampton and photos are taken
 - o Mr. Hampton departs the Oval Office

At White House - Eagles meeting today.

— By Hand —



THE UNIVERSITY CLUB

WASHINGTON D.C.

April 9, 1992

860 Bank St.

N.Y. City, 10021

Mr. President —

in informal hasty note
to inquire; George, if I can
help again, as ambassador
or in any way most useful
to our country. Do let
me know. I have seen Nixon, Ford,
& Reagan. Am working on Eagles.
Issues Committee on banking
and credit problem, now.
I am faithful, bringing you
concern.

(Hon. Edward R. Felt)
1135 Sixteenth Street, N.W., Washington, D.C. 20036-4801
(202) 862-8800



File cc

April 10, 1992

To: Ron Kaufman cc: Connie Horner.

Please give me a little background on "Eagle" Edw. R. Finch

He wants to be an Ambassador having served Nixon, Ford, and Reagan (he says). He is now working on "Eagles Issues" committee on banking and credit problems (?).

Address: 860 Park Ave NYC 10021.

He handed me a note outlining all this at Yesterday's Eagles event.

7

FROM THE PRESIDENT



April 10, 1992

To: RZ

cc: Sam Skinner, Tim, Patty

Re: K'port Travelling Squad.

Please keep the travelling party to a bare minimum. I understand Bill Farish will not be there-fine. The Mil. Aide can do anything required

I'd like to have the travelling party kept as small as the Camp David model if possible. That might not be possible given press but see what can be done.

gb

47

FROM THE PRESIDENT

CB

4/10/92

Mr. President:

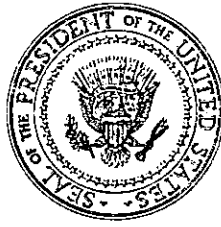
1) Gordon Zacks returned your call (9:35) 614 861-0145 ✓

2) Re Kennebunkport at Easter. GUIDANCE PLEASE. ✓

What staff do you want there? Will there be someone from
Chief of Staff's Office, NSC, etc. ✓

Bill Farish will not be there. Do you want someone from this
office?

Rose



April 10, 1992

To: Don Rhodes

Yes, for photo op with Wazoo and wife. Also be sure he gets a tour of the premises etc.

Thanks!

gb

4

FROM THE PRESIDENT

Nov 1

for them?

Photo of everything

down on April 22-26.

Wages and wife, (dram), in

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02. Handwritten Notes	Re: Presidential Phone Calls with President Endara of Panama [originally closed as 01a] (1 pp.)	4/10/92	(b)(1)	

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Friday, April 10, 1992 [2]

Date Closed:	8/28/2019	OA/ID Number:	90669-002
FOIA/SYS Case #:	2009-0166-S[4]	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

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

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

Deed of Gift Restrictions

- C(1) Closed by Executive Order 13526, governing access to national security information
- C(2) Closed by statute or by the agency which originated the information
- C(3) Closed in accordance with restrictions contained in donor's deed of gift [formerly listed as only C]
- PRM, Removed as a personal record misfile

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

- P-2 Relating to the appointment to Federal office [(a)(2) 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]

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

POINTS TO BE MADE FOR
TELEPHONE CONVERSATION WITH
PRESIDENT GUILLERMO ENDARA OF PANAMA

*Not used
Turn
yellow
notes*

Noriega Trial

- I am extremely pleased about yesterday's verdict in the Noriega trial. I appreciate your government's cooperation in this effort and your personal support.
- I hope this conviction brings a difficult chapter in Panama's history to a close.

Consolidation of Democracy

- I congratulate you on the impressive progress you have made in consolidating democracy in your country. I know that you may not be doing well in the polls, but the polls are not what really counts.

Economic Progress and U.S. Aid

- You have done a terrific job in getting your budget and inflation under control. I understand that your economy grew by over nine percent last year. This is an accomplishment few countries have matched.
- We were glad to be able to provide substantial assistance (\$451 million FY 90-92) to support your efforts to consolidate democracy and boost your economic reform efforts, and we will do what we can in the future to help.

Fighting Drug Trafficking

- I want to thank you for your efforts to fight the drug trafficking problem in the region that is a scourge for all of us.

BUSH LIBRARY PHOTOCOPY - George Bush Handwriting

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

DECLASSIFIED
PER NSC WAIVER, #2021-07
By MC NARA, Date 7/16/21

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

- What a difference a couple of years makes. A little over two years ago, Noriega was facilitating the drug trade and now you are making courageous efforts to shut it down.
- I know it's a tough battle, but keep up the good work. We want to work closely with you in fighting these drug dealers.

Mutual Legal Assistance Treaty

- (if asked only) I understand that our Senate here in Washington has scheduled hearings on the Panama MLAT during early May, and we are working for prompt ratification. This will be an important tool in our mutual efforts to combat drug trafficking.

BCCI

- (If asked only) I know you have written to me about the BCCI issue and I have asked the Justice Department to look into it. I understand they have notified your Florida counsel in a mid-February letter of the proper procedure for pursuing Panama's claim against BCCI. Our Embassy in Panama has background information on the legal procedures if your people have further questions.

Endara's Nomination of Cristiani for Nobel Peace Prize

- (If asked only) We will try to be helpful, but I would suggest to you that it will be critical to get support from the "four friends" countries (Mexico, Colombia, Venezuela, Spain).

BUSH LIBRARY PHOTOCOPY - George Bush Handwriting

~~CONFIDENTIAL~~

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~~CONFIDENTIAL~~

BACKGROUND ON PANAMA

Noriega's conviction is a triumph for justice and democracy, and an important blow against narcotics traffickers. President Endara has publicly praised the verdict.

Operation Just Cause was undertaken to safeguard the lives of Americans, to defend democracy in Panama, to combat drug trafficking, and to protect the integrity of the Panama Canal Treaties, and it has met all those objectives.

- Panama has a fully-functioning vibrant democracy with vigorous competition among the political parties and a completely free press. The Panamanian Government also has made great progress in professionalizing its police force.
- The Panamanian Government, with the help of a substantial U.S. assistance program, has initiated a host of sound economic reform programs that resulted in a 9.3 percent growth rate last year and a significant reduction in unemployment (down to 16 percent from a level that was above 30 percent before Just Cause).
- Panama is vigorously attacking narcotics trafficking. It has approved a Mutual Legal Assistance Treaty to improve information exchange on narcotics crimes that we hope our Senate will soon ratify. We have signed agreements for the control of precursor chemicals and we are implementing a bi-lateral maritime operations agreement for joint patrolling of Panama's coastline to interdict trafficking. We are cooperating closely in an effort to combat money laundering.

CONFIDENTIAL

Declassify on: OADR

~~CONFIDENTIAL~~

DECLASSIFIED
PER NSC WAIVER, #2021-02
By MC NARA, Date 7/16/21

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

2754

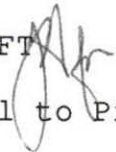
THE WHITE HOUSE

WASHINGTON

92 APR 10 P2: 26

April 10, 1992

FOR: THE PRESIDENT

FROM: BRENT SCOWCROFT 

SUBJECT: Telephone Call to President Guillermo Endara of Panama

DATE: April 10, 1992

PURPOSE: To express the President's satisfaction with the conviction of former Panamanian dictator Manuel Noriega, and to thank President Endara for his government's support in gaining the conviction. To congratulate Endara for his economic reform program and his efforts to fight drug trafficking.

SECURE OR OPEN: Open

INTERPRETER: Required

PHONE NUMBER: 507-274062 (ask for Cecelia)

CONTACT PERSON: Bill Pryce/John McShane

TIME DIFFERENCE: -1

SUGGESTED TIMES: 4:00 p.m. DST April 10, 1992

TOPICS OF DISCUSSION: Noriega's conviction and Endara's policy successes.

Date of Submission:

Action:

Attachment

Tab A Points to be Made
Tab B Background Paper

DECLASSIFIED
PER NSC WAIVER, #201-02
By MC NARA, Date 7/16/21

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

THE WHITE HOUSE

WASHINGTON

April 10, 1992

MEMORANDUM FOR WHITE HOUSE AND OEOB PASSHOLDERS

FROM:

DEBRA R. DUNN *DRD*
DIRECTOR
VISITORS OFFICE

RE:

ARRIVAL CEREMONY FOR HIS EXCELLENCY, THE
PRESIDENT OF THE REPUBLIC OF CHILE AND
MRS. AYLWIN.

The Official Arrival Ceremony for His Excellency, the President of the Republic of Chile and Mrs. Aylwin will be held on Wednesday, May 13, 1992 at 10:00 a.m. All passholders are cordially invited to attend.

Passholders should submit the names, dates of birth and social security numbers of their guests to the Visitors Office. This will be a ticketed event and your guests will need a ticket to attend. All lists must be submitted to the Visitors Office by 5:00 p.m. on Friday, May 8, 1992.

The tickets can be picked up at the East Appointment Gate between 12:00 noon and 3:00 p.m. on Tuesday, May 12th.

Those attending the ceremony must arrive at the White House by 8:30 a.m., on the day of the event. Gate assignments will be on their tickets. Please remind all ticket holders to bring proper identification, as security concerns require checking names at the gates.

Passholders will not need a ticket.

Staff is reminded that the gold rope areas, surrounding the podium, **are for special ticket holders only**; guests of the Administration. Guests for that area must be cleared through the Visitors Office.

Previous notice was circulated regarding the Official Arrival Ceremony for His Excellency, the President of the Republic of Germany and Mrs. von Weizsäcker. It will be held on Wednesday, April 29, 1992 at 10:00 a.m.

Thank you for your attention to the above guidelines.

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

April 10, 1992

The President today announced his intention to nominate Stephen Greene, of Maryland, to be Deputy Administrator of Drug Enforcement. He would succeed Thomas C. Kelly.

Currently, Mr. Greene serves as Acting Deputy Administrator at the Drug Enforcement Agency in Arlington, Virginia. Prior to this, he served at the Drug Enforcement Agency as: Assistant Administrator for Operations, 1990-1991; Deputy Assistant Administrator for Operations, 1989-1990; and Deputy Assistant Administrator for International Programs, 1987-1989.

Mr. Greene was graduated from the University of Maryland (B.S., 1982). He was born January 5, 1943 in Plattsburg, New York. From 1966-1967, Mr. Greene served in the United States Marine Corps. He is married and resides in Annapolis, Maryland.

#

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

April 10, 1992

TO EXTEND NONDISCRIMINATORY TREATMENT
(MOST-FAVORED-NATION TREATMENT)
TO THE CZECH AND SLOVAK FEDERAL REPUBLIC AND
THE REPUBLIC OF HUNGARY

- - - - -

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

Pursuant to section 2 of Public Law 102-182, 105 Stat. 1233, and having due regard for the findings of the Congress in section 1 of said law, I have determined that title IV of the Trade Act of 1974 (19 U.S.C. 2431-2441) should no longer apply to the Czech and Slovak Federal Republic or to the Republic of Hungary.

NOW, THEREFORE, I, GEORGE BUSH, President of the United States of America, acting under the authority vested in me by the Constitution and the laws of the United States of America, including but not limited to section 2 of Public Law 102-182, do proclaim that:

(1) Nondiscriminatory treatment (most-favored-nation treatment) shall be extended to the products of the Czech and Slovak Federal Republic and to the products of the Republic of Hungary.

(2) Any provisions of previous proclamations and Executive orders inconsistent with the provisions of this proclamation are hereby superseded to the extent of such inconsistency.

(3) The extension of nondiscriminatory treatment to the products of the Czech and Slovak Federal Republic and the Republic of Hungary shall be effective on the date of publication of this proclamation in the Federal Register.

IN WITNESS WHEREOF, I have hereunto set my hand this tenth day of April, in the year of our Lord nineteen hundred and ninety-two, and of the Independence of the United States of America the two hundred and sixteenth.

GEORGE BUSH

#

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

April 10, 1992

STATEMENT BY THE PRESIDENT

Last week in Philadelphia, I called for sweeping reform of how government works. Nowhere is this need more apparent than in our Nation's welfare system. Our current system allows welfare to be a way of life. We must try new ways to get welfare to yield to work.

In our Federal system, states often act as laboratories for innovation. Welfare reform is an example. I am renewing my call to states to come forward with reforms which, like Wisconsin's, replace the assumptions of our current welfare system. We need to explore new incentives for welfare recipients to work and act responsibly in the best interest of their families. That is what underlies Wisconsin's "Parental and Family Responsibility Project."

I am committed to facilitating welfare reform by accelerating the approval process for every state with a worthy proposal that asks our help. Today, I am pleased to make good on my promise. Wisconsin's "Parental and Family Responsibility Project" has been approved four weeks after it was submitted.

Wisconsin is at the forefront of the welfare reform movement. Governor Tommy Thompson is a leader in the process of reform that will make welfare work.

#

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

April 10, 1992

The President today announced his intention to nominate Edward Ernest Kubasiewicz, of Virginia, to be an Assistant Commissioner of Patents and Trademarks. He would succeed James Edward Denny.

Since 1985, Mr. Kubasiewicz has served as Group Director of the United States Patent and Trademark Office at the United States Department of Commerce in Washington, D.C. Prior to this, he served as Patents Programs Administrator for the United States Patent and Trademark Office in Washington, D.C., 1983-1985.

Mr. Kubasiewicz was graduated from the University of Detroit (BSEE, 1961) and the Washington College of Law (J.D., 1967). He was born October 14, 1936 in Hamtramck, Michigan. Mr. Kubasiewicz served in the United States Army Reserves, 1962-1969. He is married, has two children and resides in Alexandria, Virginia.

#

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

April 10, 1992

**The State of Wisconsin's
Parental and Family Responsibility Demonstration Project**

FACT SHEET

The President today met with Wisconsin Governor Tommy Thompson and Secretary of Health and Human Services Louis W. Sullivan to discuss the State of Wisconsin's welfare reform project which was approved today. Wisconsin's reform is the first to be approved since the President promised in his State of the Union address that his Administration would make the process of obtaining federal waivers easier and quicker.

The Wisconsin project provides new incentives for teenage welfare recipients to work and marry. Unmarried teenage mothers are most likely to become long-time welfare recipients, individuals for whom welfare has become a way of life. In targeting this population for the Parental and Family Responsibility Demonstration (PFR), Wisconsin cited the high costs to the public, the higher rate of low birthweight babies, lower educational levels, increased numbers of female-headed families in poverty, and welfare dependency as problems associated with teenage parenting. The Wisconsin project targets unmarried teenage parents and seeks to reduce welfare dependency as well as the other problems associated with teenage parenting.

As a demonstration project, PFR will run for five years. The results will be evaluated to determine if the reform works.

Background

PFR requires waivers of federal rules governing the Aid to Families with Dependent Children (AFDC) welfare program. AFDC provides cash assistance, primarily to single parents and their children. AFDC makes payments to some families with low or no incomes and few assets. Marriage is the most frequent reason for people to leave the rolls of this welfare program.

As in many states, over one half of all current AFDC recipients in Wisconsin had their first child when they were

teenagers. Teen births tend to be births to unmarried parents. Outside of Milwaukee County, 68 percent of the Wisconsin teens who gave birth in 1988 were unmarried. In Milwaukee County, 90 percent of teen births were to unmarried women.

Elements of the Wisconsin Demonstration Project

PFR will involve applicants for AFDC under the age of 20 who have their first child or who are experiencing their first pregnancy. PFR seeks to determine whether changes in the rules of the AFDC program and additional social services will result in more children being raised in two-parent families; lead to more work and less welfare; and encourage parents receiving AFDC welfare payments to wait until they can support a family both emotionally and financially before having additional children.

The project will cover target group members who receive or who apply for AFDC in up to six counties, one of which will be Milwaukee.

Waivers of Federal rules will enable Wisconsin to:

1. Eliminate rules that apply to two-parent families that impose requirements about maximum hours of work and require a work history, enabling more married teenage parents to qualify for AFDC;
2. Limit the additional benefit payments for additional children born to AFDC families, increasing AFDC payments by only one half of the normal payment increase when a second child is born and providing no increase for third or subsequent children;
3. Increase the amount of monthly earnings that can be received before AFDC payments are reduced, allowing earnings of up to \$200 per month plus 1/2 of any earnings above that amount to be kept;
4. Require participation in comprehensive education and employment-related services, including parenting and family life education in order to encourage teenage parents to stay in school and get jobs; and
5. Allow non-custodial parents (most often fathers) who are unemployed and not meeting their child's support needs to participate in employment and training services offered to custodial parents who are receiving AFDC so that those non-custodial parents can get jobs and meet their child support requirements.

Wisconsin plans a rigorous evaluation. The project includes an experimental design and involves a control group that will continue to participate in the traditional AFDC program. Comparison of those who participate in PFR with those who remain in the traditional program will enable valid conclusions to be made about the effects of the demonstration.

#

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Mr. Joe Mains
Regional Vice President
Wal-Mart Stores Incorporated
Corporate Office
702 Southwest 8th Street
Bentonville, Arkansas 72716



THE PRESIDENT

4-10-92

Dear Joe,

Your wonderful letter of Mar. 13
just hit my desk.

Now, Mr. Sam is gone; but
the spirit I was privileged to
witness at Bentonville is, I am
sure, going strong. Thanks so

Very much for your kind
words. The Medal to
Mr. Sam Walton was so
well deserved. In the process
of giving it to him, my own
spirits were lifted up by you
and your associates.
Sincerely, C. B. B.

THE WHITE HOUSE
WASHINGTON, D.C.

Mr. Joseph Kingsbury-Smith
3238 "N" Street, N.W.
Washington, D.C. 20007



THE PRESIDENT

4-10-92

Dear Joe,

That was a lovely
lunch at Bontletts. Your
kind note to me was
correct about that.

It was a great
pleasure being with you.

In this rather
ugly Presidential year
I wish there were more
people out there who had
your values and decency.
With Respect

Cy Bus

FROM
THE WHITE HOUSE

WASHINGTON, D.C.

Mr. Jan Douglas Norris
Kwik Kopy Corporation
22 "R" Town and Country Village
Houston, Texas 77024

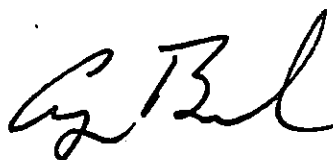
Dear Jan,

I am very sorry that
yesterday was so hectic.
Who would have dreamed
that President Kravchuk
of Ukraine would have
interrupted my visit with
Jan Norris.

I read your note and am
grateful.

I will try to be the GB
of '66.

Warm Regards and 1000
apologies,



FROM THE PRESIDENT

daily

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Mr. Heinz Prechter
Chairman and President
ASC Incorporated
Post Office Box 1186
Southgate, Michigan 48195



THE PRESIDENT

April 10, 1992

Dear Heinz,

Thanks for your letter of April 6. I'm glad you had a good meeting with our able adviser Clayton Yeutter. I will relay your request to have the Export Council meet at the White House on May 18 to Kathy Super, our schedule czar, and to Clayton Yeutter.

I look forward to seeing you on the 14th of April. Things are looking up.

Warm regards,

A handwritten signature in dark ink, appearing to be "G. B." followed by a long diagonal stroke.

Blind cc: (+inc)
Kathy Super
(ACTION)
Clayton Yeutter

Rose Zamaria
(2 copies)
(in & out)

ASC Incorporated
One Sunroof Center
Southgate, Michigan 48195
313-285-4811
TWX 810-231-9503

April 6, 1992

Heinz Prechter
Chairman and
Chief Executive

The President
The White House
Washington, DC 20500

Dear Mr. President:

On Thursday I had a most productive meeting with Clayton Yeutter, discussing his expectations of our domestic policy. I was pleased to hear that you are considering exports - and that which makes them successful - education, technology and competitiveness - critical elements of your campaign platform.

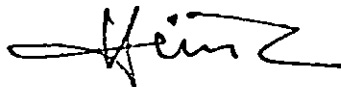
I have offered Clayton all my support to help him in formulating a strategy for success on these issues. As Chairman of your President's Export Council, I would appreciate, during World Trade Week (week of May 18), having the Export Council meeting at The White House at your invitation. Your participation would add major significance to the export issue. It would further create the opportunity for American companies to successfully pursue business relationships around the world.

Without doubt, your visit to Michigan, as well as the visit of the Vice President, were very effective and I think the results of the primary proved that. As a result, our fund-raising efforts have become easier as well. I believe we will have a very successful event on April 14 and we look forward to your presence. I certainly hope that you will be bringing Mrs. Bush with you to our State.

I have also recommended to your Staff that you possibly visit the University of Detroit/Mercy. I feel it would be a good opportunity for you to reach a diverse constituency of greater Detroit and Michigan.

Looking forward to seeing you soon and please give my best to Mrs. Bush, I remain,

Very truly yours,



'Where Ideas
Become Reality'

Operating companies:
American Sunroof Company
Automobile Specialty Company
Aeromotive Systems Company

THE WHITE HOUSE

WASHINGTON

April 10, 1992

Dear Helen:

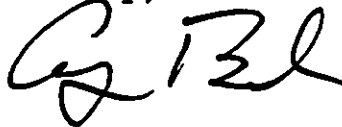
Just a note to express, once again, how saddened we were to learn of your loss. Sam Walton was a larger-than-life figure, a plain-speaking man of great energy and vision -- and he will be missed.

Sam will be remembered as one of the great retailers of this century. By building a successful national chain from a single store, he made extraordinary contributions to the national economy; yet, even with his fortune made, Sam never lost the common touch. As his close ties with his community and his generous support of higher education so clearly showed, he not only lived the American Dream but also shared it with others.

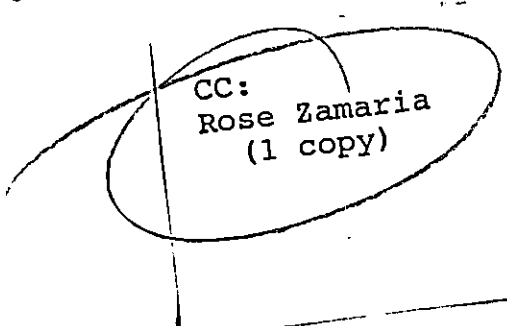
It was a great honor for me to present Sam with the Medal of Freedom last month. Indeed, that award is a fitting symbol of the American people's appreciation of a remarkable man and his life's work.

Barbara and I extend our heartfelt condolences to you and your family. You will be in our thoughts and prayers. God bless and keep you.

Sincerely,



Mrs. Sam M. Walton
702 Southwest Eighth Street
Bentonville, Arkansas 72712



CC:
Rose Zamaria
(1 copy)

Rose-

It went
out correctly.
Hoorah!

Courtesy



THE PRESIDENT

4/10/92

Dear Larry,

Thanks for your thoughtful note, but most important,
thanks for serving on the Federal Reserve Board.
You did a terrific job here at the White House, and I
know you are doing the same there.

My sincere thanks and warm regards.

Sincerely,

Bill Clinton

copy - file
done

Presidential Phone Calls



DATE: 4-10 TIME: AM
incoming/outgoing

WITH: Bill Draper - at UN

SUBJECT: re Bobby K

"Non call"
Wine Institute

Bill knows em

FOLLOW UP: _____



*answer
attached
4/10*

April 10, 1992

Boyden:

Please have someone give me a memo with bullet points on the laws I want Congress to apply to themselves. No detail needed- just title like FOI ,Civ Rights...etc etc.

No rush.

GB

9

FROM THE PRESIDENT

THE WHITE HOUSE
WASHINGTON

32 APR 14 PM 2:51

April 13, 1992

MEMORANDUM FOR THE PRESIDENT

FROM: C. BOYDEN GRAY *ch*
COUNSEL TO THE PRESIDENT

SUBJECT: Laws You Are Asking Congress to Apply to Itself

You wrote me a note asking for a very short list of the laws you are asking Congress to apply to itself. See Tab A. Here it is.

Laws that currently apply to the private sector and most of the executive branch:

- o Fair Labor Standards Act (minimum wage)
- o Civil Rights Act of 1964 (employment discrimination on the basis of race, sex, religion)
- o Age Discrimination in Employment Act of 1967
- o Rehabilitation Act of 1973 (disability discrimination)
- o Punitive Damages/Jury Trial section of Civil Rights Act of 1991

Laws that currently apply only to the executive branch:

- o Independent Counsel (Title VI of the Ethics in Government Act)
- o Conflict of Interest laws
- o Hatch Act
- o Freedom of Information Act
- o Privacy Act

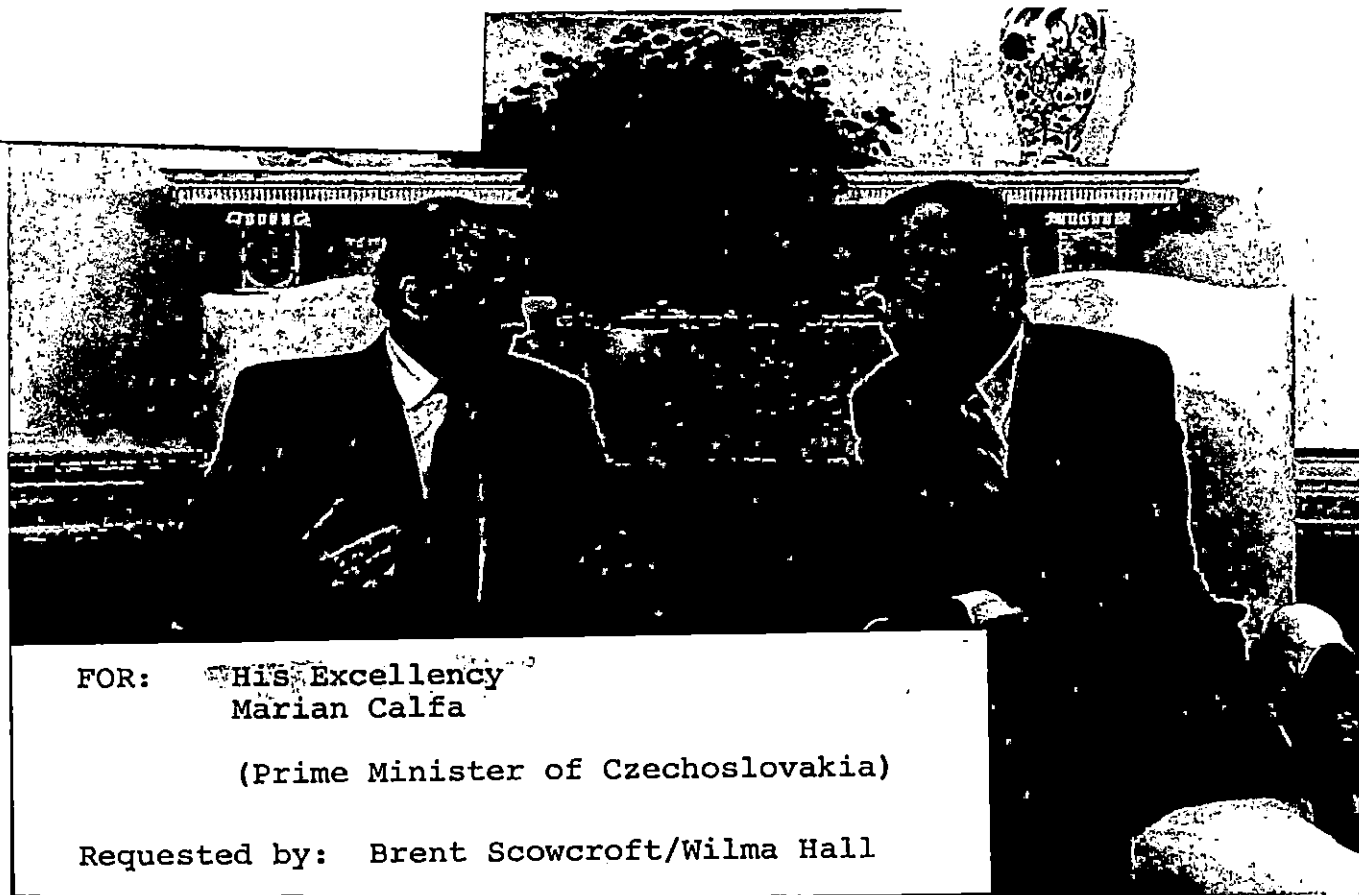
Since you did not want any details, I am not explaining exactly who would be covered by exactly what. In general terms, however, you should be aware that with respect to the laws in the second category (laws that currently apply only to the executive branch), you are only proposing to cover Congress to the same extent those laws presently cover the executive branch. So, for example, under the proposal only Members and the officers of either House (e.g. the Sergeant-at-Arms) would be covered by the Independent Counsel law, because right now only you, the Vice President, the Cabinet, and certain top White House staffers are covered. Conversely, under the proposal all Congressional staff would be covered by the conflict of interest laws, but Members would not, because right now all executive branch staff are covered, but you and the Vice President are not.

Attachment



Daily

The President



FOR: His Excellency
Marian Calfa

(Prime Minister of Czechoslovakia)

Requested by: Brent Scowcroft/Wilma Hall

4-10-92

H.E. Marian Calfa -
With Respect & Best Wishes,
Cy Bank

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03. Memo	Bridget to Rose/Robin/Nancy, Re: Photo-Op; Personal Identifiable Information redacted. (1 pp.)	04/10/92	(b)(6)	

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Friday, April 10, 1992 [2]

Date Closed: 8/28/2019

OA/ID Number: 90669-002

FOIA/SYS Case #: 2009-0166-S[4]

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

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

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

Deed of Gift Restrictions

- C(1) Closed by Executive Order 13526, governing access to national security information
- C(2) Closed by statute or by the agency which originated the information
- C(3) Closed in accordance with restrictions contained in donor's deed of gift [formerly listed as only C]
- PRM. Removed as a personal record misfile

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

- P-2 Relating to the appointment to Federal office [(a)(2) 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]

daily

Friday, April 10

Rose//Robin/Nancy:

FYI. The President agreed to do a photo-op with Dr. Jay Rybell (this request came in through Jonathan Bush about 2 months ago and I have misplaced the paper on it... *which the POTUS initial*

per Jonathan Bush, Dr. Rybell is an Eagle, Team 100 member and was requesting to have a photo taken with his daughter, Kate.

We had scheduled it back in February and it didn't work then so it has now been tentatively scheduled for Friday, April 24 before the President departs for Camp David. (I have told Kristin in scheduling) Mrs. Rybell will be calling in on Monday, April 20 to check with Rose to see if this is going to work. I have explained to Mrs. Rybell that it will only be a quick photo-op. They would like to go and watch the chopper depart for Camp David.

Their dates of births and social security numbers are:

1. Dr. Jay Rybell
dob: (b)(6)
ss#: (b)(6)
2. Barbara Rybell
dob: (b)(6)
ss#: (b)(6)
3. Katherine "Kate" Rybell
dob: (b)(6)

contact: Mrs. Rybell -- phone number: 203/ 661-0091

Bridget

*called Mrs. Rybell -
all set for
photo op
on Fri.*

12:00 shuttle

*1:30 Arrive White House
1:50 Photo*

*2:15 Meet w/ Ed & Holiday
per Sherry Watkins*

*2:30 ~~2:30~~ Arrive at White House
2:45 Photo*



OFFICIAL WHITE HOUSE PHOTOGRAPH 10 APR 92 P30711 07 02

Jan Morris



DATE: April 10 '92

DAILY NEWS CLIPS

The Washinton Post

The Washington Times

The Wall Street Journal

USA Today

The New York Times

Office of Media Affairs

Wash Post
4/10

FDA Implements Changes In Drug Approval Process

By Malcolm Gladwell
Washington Post Staff Writer

The Food and Drug Administration issued guidelines and regulations yesterday on several sweeping changes of the drug approval process developed by the agency and the White House Council on Competitiveness last November.

The measures announced yesterday include proposed guidelines creating a "fast track" for approval of drugs intended to treat life-threatening diseases; a final policy on a "parallel track" that would allow AIDS drugs to be made available while they are still being tested; and procedures that would allow contracting with outside private groups to review new drug applications, a first for the agency.

The revisions are part of the Bush administration's attempt to reduce the regulatory burden on industry.

"These actions will save both lives and money," said Health and Human Services Secretary Louis W. Sullivan. "They will substantially improve FDA's ability to respond vigorously to the nation's health needs by allowing important new drugs to be approved months or even years earlier than was previously possible."

However, two of the most controversial changes proposed in November were not included in the package yesterday. The first was a pledge to work towards harmonizing the U.S. drug approval process with those in other countries. The second was a proposal to lift the requirement that the FDA approve small-scale human safety testing of new drugs, allowing that decision to be made by local medical review boards.

Both measures had been criticized by some consumer groups and several prominent House and Senate Democrats for threatening to compromise drug safety.

Perhaps the most important of the revisions implemented yesterday is the external review provision. Under this program, the agency will permit outside groups to review safety and efficacy data for certain classes of drugs that are thought to present routine regulatory and scientific problems.

"The program is designed to reduce the backlog of pending applications while freeing the agency's own reviewers for the urgent task of processing new therapies for serious and life-threatening diseases," Sullivan said.

The plan is also intended to cut the cost of drug review by getting some applications through the process faster. Vice President Quayle said yesterday that it was his understanding that these savings would be passed on to the consumer.

"I have had a number of discussions with pharmaceutical companies," Quayle said. "They have told me that they will pass those savings on, and I expect them to keep their word to me. . . . They had better listen to what I'm saying today."

Last Friday the FDA placed a notice in the Commerce Business Daily soliciting qualified organizations to bid for external-review contracts.

The two other major changes announced yesterday—accelerated approval and parallel track—represent the final form of policies developed by the FDA over the past two years in response to the requests of AIDS activists that AIDS drugs be made available sooner.

"The vice president says he wants to expedite the approval of AIDS drugs," said Rep. Henry A. Waxman (D-Calif.). "That sounds good, but this proposal isn't new, and it is a hoax to imply that it will do more than the FDA is already doing to bring effective AIDS drugs to the market."

House Approves Campaign Limits

Vote Well Short of That Needed to Override Expected Veto

By Helen Dewar
Washington Post Staff Writer

A sharply split House yesterday approved a Democratic-drafted bill aimed at limiting spending on congressional campaigns but fell far short of the two-thirds majority needed to override an expected veto by President Bush.

The bill, thrashed out by Democratic negotiators in a House-Senate conference last week, would use taxpayer subsidies for the first time to encourage compliance with ceilings that would limit general election spending to \$5.5 million for a Senate race and \$500,000 for a House campaign.

It also would impose a variety of constraints on campaign spending by special-interest groups, including limits on contributions from political action committees (PACs) and curbs on "soft money" channeled through state parties to evade federal regulation.

The conference agreement won approval on a largely party-line vote of 259 to 165, with defectors limited to 20 Democrats and 19 Republicans. A total of 290 votes—or 31 more than the Democrats produced yesterday—would be required to override a veto if all House members vote on the issue.

The measure goes to the Senate, which is expected to approve it by a margin of less than two-thirds after Congress returns later this month from its two-week spring recess.

Bush has strongly opposed several key provisions of the legislation, including spending limits, public financing and use of different financing systems for the House and Senate, and Democrats have conceded that the president will win a veto struggle.

The House debate was a testy exercise in political point-scoring by both parties. Democrats lauded it as a historic "cease-fire in the arms race of campaign spending," as Majority Leader Richard A. Gephardt (D-Mo.) put it, while Republicans criticized it as a thinly disguised effort to reelect Democratic incumbents and deflect attention from congressional scandals.

"This is not reform. This is what gives reform a bad name," Rep. Jim Leach (R-Iowa) said.

House members would get "a new House bank with a new line of credit," said House Minority Whip Newt Gingrich (R-Ga.), referring to the federal matching funds of up to \$200,000 that House candidates could get if they complied with spending limits. The "grandest of perks," said Rep. Jerry Lewis (Calif.), third-ranking Republican leader.

Democrats described the proposals as the most fundamental overhaul of electoral laws in a generation and said they would go a long way toward curbing campaign costs and the influence of special-interest groups and wealthy individuals.

Rep. Sam Gejdenson (D-Conn.), head of a task force that drafted the House part of the bill, also contended that it constrained Democrats at least as much as Republicans by restricting PAC spending, which benefits Democrats more than Republicans, and doing away with PACs set up by congressional leaders.

Washington-area House members voted with their parties, with the exception of Rep. Constance A. Morella (R-Md.), who supported the bill.

TODAY IN CONGRESS

SENATE

Meets at 9:30 a.m.
Committees:
Commerce, Science & Transportation—10 a.m. Effects of changing federal technology policies on economic development. 253 Russell Office Bldg.
Environment & Public Works—9:30 a.m. Environmental protection subc. Reauth. Endangered Species Act. 406 Dirksen Office Bldg.
Finance—9:30 a.m. Health for families & the uninsured subc. Managed care legislation. 215 DOB.
Judiciary—10 a.m. Immigration & refugee affairs subc. Implementation of sanctions against employers hiring illegal aliens. 226 DOB.
Select Indian Affairs—9:30 a.m. Mark up Northern Cheyenne Water Rights Settlement & discuss FY93 approps. 485 ROB.

HOUSE

Meets at 11 a.m.
Committees: none.

Senate Rejects Bid to Cut Military Budget Below Bush Proposal

By Eric Pianin
Washington Post Staff Writer

The Senate yesterday defeated an effort to reduce defense spending next year below the level recommended by President Bush, a decision that reflects growing concern in Congress that deeper cuts would further weaken the economy and add to unemployment.

Voting 50 to 45, the Senate rejected an amendment by Sen. J. James Exon (D-Neb.) that would have reduced military spending by roughly twice as much as the president recommended, largely by freezing spending on hundreds of military procurement items.

Exon, a senior member of the Budget and Armed Services committees, charged that administra-

tion officials and others have grossly exaggerated the adverse economic impact of the proposed cuts.

"There is an artful, emotionally charged, yet inherently dishonest snow job going on as the future of our nation's military is debated," Exon said.

He said that deeper cuts could be achieved "without pink-slipping troops by the tens of thousands, as many in the administration would have Congress believe if we dare cut a penny below the president's number."

Senate Appropriations Committee Chairman Robert C. Byrd (D-W.Va.), another advocate of deeper cuts, said, "The president's recommendation suggests that the military-industrial complex has him pinned to the wall."

The Senate essentially affirmed

the president's plan by holding fiscal 1993 defense spending authority to \$281 billion, which is \$8 billion below the ceiling set by the 1990 budget agreement.

Thirteen Democrats, including Connecticut Sens. Christopher J. Dodd and Joseph I. Lieberman, who are trying to salvage Seawolf nuclear submarine construction in their state, and Sen. Charles S. Robb (Va.), voted against further reducing the defense budget.

The House recently adopted a budget resolution that would reduce defense spending next year by \$14 billion below the ceiling, to \$275 billion. Differences between the House and Senate budget blueprints, which provide guidelines to the authorizing and appropriations committees, must be worked out in conference.

Late last night, the Senate voted 52 to 42 to approve an amendment to the budget resolution that would reduce spending for the legislative and executive branches by 25 percent over the next two years.

Sen. John Seymour (R-Calif.), who introduced the amendment, said as Congress cuts the defense budget and orders other spending cutbacks, "it is time that the Congress engaged in a build down of its own."

Seymour had targeted the legislative branch for the cutbacks, but Sen. Jim Sasser (D-Tenn.) insisted that the executive branch be cut back too.

Sen. Harry M. Reid (D-Nev.) opposed the amendment, urging that Congress not "yield to the hot winds of political demagoguery.... I

think the time has come for this body to stand up for its own."

Meanwhile, House Appropriations Committee leaders moved this week to counter Bush's attack on congressional "pork barrel" projects by agreeing to match and possibly exceed the president's proposals to rescind \$5.7 billion in spending for nearly 100 projects of questionable worth.

Eleven of the subcommittees with jurisdiction over projects targeted by Bush for spending cuts marked up rescission measures yesterday and Wednesday. The House is expected to vote on the proposed rescissions after the Easter recess.

The White House sought to elevate the rescission process into a partisan battle with Congress last

month by threatening to force a long series of politically embarrassing floor votes before the November election. Bush proposed two batches of rescissions, covering everything from public housing subsidies to celery and asparagus research and manure disposal.

However, nearly \$3 billion of the funds Bush targeted relate to the administration's decision to cancel construction of two Seawolf submarines.

House Speaker Thomas S. Foley (D-Wash.) said that the Democrats intend to replace some of the president's proposed cuts with reductions of their own. Moreover, Democratic leaders are bent on rolling all the spending cuts into one large bill, rather than giving Republicans the chance to bring them up one at a time to wring the maximum political value from them.

Brown Denies Report of Marijuana, Cocaine Parties at His House

By Donald P. Baker and Lou Cannon
Washington Post Staff Writers

Democratic presidential candidate Edmund G. "Jerry" Brown Jr. last night dismissed as "bizarre, malicious and defamatory" an ABC News report that a house he owns was used for "numerous parties where both marijuana and cocaine were used in large quantities" when he was governor of California.

Appearing on ABC's "Nightline," Brown denied the allegations and said of the unnamed man ABC said was a former Brown security officer, "We're going to smoke him out." Brown said his lawyers would "seek a deposition" from his four accusers for a threatened legal action.

"These so-called cops," Brown said, "for all I know, they were there smoking marijuana."

The network, which said it could not verify whether Brown had used drugs, attributed the report to unidentified "police officers who were on Brown's security detail." Two of the four officers appeared in disguise on the ABC's "World News Tonight" and the other two did not appear. ABC correspondent John McWethy said the officers did not report the incidents because their

primary concern was to protect Brown and because they feared for their jobs.

One officer, shown in shadow and called Bill, told "Nightline" that he had never seen Brown use drugs.

Wayne Waddell, a police officer who drove for Brown during part of his governorship, told "Nightline" that he had been to Brown's house in suburban Los Angeles "1,000 times and I never ever observed a party" there, with or without drugs.

Other high-ranking California police officials at the time Brown was governor discounted the report on "Nightline." Howard Becker, who had headed the Los Angeles division of the state police, said that if there had been drug parties at Brown's house, they "were never reported to me."

Brown scoffed at the idea that the four former officers want to remain anonymous for fear of losing their jobs or benefits. He cited California's strong civil service system that protects state workers and pointed out that he is no longer in office and has no power over state employee matters.

The ABC report also was bluntly denied by a former Brown chief of staff, Assemblyman B.T. Collins (R), who often has been

critical of Brown and his current presidential campaign.

"I think it's the most unmitigated nonsense I ever heard . . .," said Collins. "This is the land of the whistle-blower. If an officer had reported this against Jerry, they'd have promoted him."

Another former Brown chief of staff, state Controller Gray Davis, said in a statement that he "never saw any evidence of drug use during the Brown administration whatsoever. I can categorically say that I never even heard anyone discuss it."

Davis was chief of staff from Brown's inauguration in 1975 until 1981, when Collins took over for the next two years. Brown left the governorship in 1983; the ABC report did not detail the specific period of the alleged drug parties.

Collins said Brown had no respect for drug users or heavy drinkers and did not use drugs himself.

The ABC account described the home in Laurel Canyon as one that was "frequently used as a retreat by the governor." In fact, said former aides, it was used as an office when Brown was in Southern California and police were constantly in attendance.

A friend of Brown's, who was frequently at the Laurel Canyon home, said under condition of anonymity that Brown was "single and almost paranoid that someone might accuse him of wrongdoing. . . . He wouldn't have tolerated anything of this sort because he didn't believe in it and also because he was sensitive to cops and worried about being set up."

Asked last night in Pittsburgh if he had ever used drugs, Brown replied: "Never. But let's just do these charges now. . . . I didn't have parties. . . . that's why I'm supposed to be weird. They're saying I hosted the parties. That's a laugh."

California Democratic chairman Phil Angelides, Brown's successor as party chairman and a frequent critic of his tactics during the present campaign, said, "If there were 10 people in 500 who didn't use drugs during the 1960s and 1970s, I'd bet that one of them was Jerry."

On WCBS-TV in New York on March 29, Brown was asked about past drug use on the same program on which Clinton acknowledged smoking marijuana at Oxford.

"No, no," Brown said when asked if he had ever broken any state or international drug law. "I agree with Clinton. Why don't

you lay off this stuff. What you did 10 or 20 years ago is not relevant."

Under California law it is a misdemeanor for someone to knowingly have marijuana in his house and a felony for a person to have cocaine in the house.

"I find it very curious that 10 years later they now discover this in the middle of a presidential campaign," Brown said.

Asked for a parting comment on "Nightline," Brown recited his toll-free telephone number and encouraged viewers to call in support of his candidacy. He said later that within minutes, his campaign phones began "ringing off the hook."

Brown is scheduled to address the California Democratic Party convention in Los Angeles on Saturday. Polls taken there before Tuesday's New York primary showed him running neck and neck with Clinton in the June 2 California primary.

Early this morning, he said ABC officials had indicated that reports about alleged drug parties "surfaced three weeks ago when my campaign started to surge."

Baker reported from Pittsburgh and Washington, Cannon from Los Angeles.

Wash Post
4/10

Wash Post 4/10

EXECUTIVE OFFICE OF THE PRESIDENT

Office	Employees
White House offices	401
Office of Policy Development	51
Office of Science & Technology	43
Special assistant to the president	26
Executive residence at the White House	97
National Critical Materials Council	3
Council of Economic Advisers	41
Office of the U.S. Trade Representative	160
Office of Management and Budget	563
National Security Council	106
National Space Council	7
Council on Environmental Quality	40
Office of Administration	221
Office of National Drug Control Policy	130
Total permanent non-detailed:	1,889



SOURCE: Figures presented at subcommittee hearing

THE WASHINGTON POST

White House Review Mired In Hill Panel Squabbling

By Dana Priest
Washington Post Staff Writer

The House subcommittee looking into White House expenses—the one that was derailed in its efforts last week when none of the White House witnesses it called showed up—tried again yesterday, and for the most part, failed again.

After a five-hour hearing and testimony by two White House officials, the subcommittee on human resources had in hand only one undisputed detail on the cost of running the White House: It costs \$1,350 a year to lease each of its chauffeur-driven Chrysler cars.

Part of the reason the subcommittee did not get more out of Ron Rasmussen and Phil Larsen, the two witnesses who came with thick briefing books filled with statistics, is because everyone spent most of the hearing in heated partisan squabbles debating whether the hearing was political or not.

They argued over whether they could talk about waste and fraud at the White House and on the Hill. They argued over whether they could ask the witnesses for certain information and whether they would provide it.

"The only reason we're holding these hearings now," offered Rep. Paul E. Kanjorski (D-Pa.), chairman of the Post Office and Civil Service subcommittee on human resources, is because it is time to mark up the authorization bill.

Committee members tried, with varying degrees of persistence, to simplify the matter into wrongdoing on the part of one branch or the other. Rep. James P. Moran (D-Va.), a freshman on the committee, asked over and over again whether the White House's procedures for hiring detailees, as they are called, amounted to "a lie," or "a crime," or "a wrongdoing," so much so that his

summation of testimony by the General Accounting Office's Bernard Unger drew laughter at least once from the audience.

"I'm serious here," said Moran. "There have been crimes committed in all branches of government," countered Rep. Dan Burton (R-Ind.).

With the help of Unger, the Democrats offered data from the mid-1980s to show that the White House, at that time, had undercounted by 125 in its staff of 500 the people detailed from other agencies.

The subcommittee is interested in the figure because for a long time it has been impossible to accurately assess the cost of running the White House. Part of the problem is there are essentially two types of people who work in the White House: the permanent staff and employees detailed from other agencies.

As the squabbling went on, Rasmussen, director of the Financial Management Division and Larsen, director of the Personnel Management Division, both from the Office of Administration, sat listening.

When they finally were asked to move up to the witness table, Kanjorski made a lengthy plea for an overhaul of the government's accounting system.

"The most frustrating thing for us," said Kanjorski, "is we know we're out of control, we know we've been out of control for 10 years, but no one's doing anything about it."

"We're going to get the government in control, we're going to start right here," he said. "We're going to stop the smoke and mirrors."

At the end of the hearing, the subcommittee had failed or forgotten to get the details it wanted on White House expenses. Kanjorski remained undaunted. He asked Rasmussen to produce a record of the 300,000 White House financial transactions that occur each year.

Tsongas Says He Will Stay on the Sidelines

Democrats Warned to Heed His Message

By Christopher B. Daly
and Donald P. Baker
Washington Post Staff Writers

Democrat Paul E. Tsongas reaffirmed yesterday that he was staying out of the presidential race, but he warned his party not to ignore his message of fiscal discipline, economic growth and individual rights.

Despite a remarkable showing in Tuesday's primaries—Tsongas finished second in New York without campaigning—the former Massachusetts senator said he was bowing to political reality. It would be impossible for him to overtake Arkansas Gov. Bill Clinton and capture the nomination on the first ballot at the Democratic convention in July, he said.

Tsongas said he could play no role except that of spoiler. That, he said, was "not worthy."

Tsongas, who made his announcement at a Boston hotel, maintained his usual blend of somber rhetoric and dry wit.

He said the voters of New York, Wisconsin, Minnesota and Kansas had endorsed his message. "Hear me well, Democrats and Republicans: The old ways of taking this country into economic ruin and social chaos are over. The people of America are ready for a new resolve," he declared.

Tsongas, who had suspended his campaign March 19 because of a lack of funds, had recently said he might reenter the race if he made a good showing in New York and if Clinton stumbled. One condition was met, but not the other.

Asked whether he would consider the vice presidency, Tsongas balked. "I made a commitment on that issue that I would make no comment. I have feelings. But it would serve no purpose to express those."

Tsongas declined to endorse Clinton or former California governor Edmund G. "Jerry" Brown Jr.

Tsongas, who had never lost a campaign before, seemed at times unsure of how to end this one. He repeatedly warned Democrats to adopt his views and while he asked volunteers to stop working on his behalf, he said voters in upcoming primaries should feel free to vote for his message.

"The fact is, the Democratic Party is going to lose unless it appeals to exactly the constituency I spoke for," Tsongas said. If not, he said, many voters will not vote in the fall or will turn to

a candidate like businessman H. Ross Perot.

Tsongas said he was keeping his campaign "in suspension"—a posture that will help him retire his debt, which is between \$400,000 and \$500,000.

Campaigning in Virginia, Brown was asked why he thought Tsongas decided not to get back into the race. "Because he didn't have an 800 number," Brown told a crowd at the Roanoke airport.

"If you are the candidate of insiders, you cannot continue very long. Insiders will only give you money when they think your victory is right in hand and they can control you," Brown said.

Brown took another shot at Tsongas at a rally in front of Alexandria's City Hall, saying, "We don't quit when the going gets rough," when the \$1,000 donors stop giving.

Brown found himself trying to justify his role, telling crowds in Virginia and Pennsylvania yesterday that his cause—the reform of government—will prevail.

"We know what the odds are," he said. "I read the polls. I see where Mr. Clinton is. But I also see this process is not serving our ideals."

Brown was cheered when he said, "You don't have a nominee until the convention convenes." If the national party doesn't believe that voters in Pennsylvania, Ohio, Indiana, California and New Jersey should not have a chance to speak, then Party Chairman Ronald H. Brown "ought to be man enough to stand up and ask representatives of those states" to cancel their caucuses and the elections.

Earlier at George Mason University in Fairfax, Brown turned heckling college Republicans to his advantage. When they booed his call to end nuclear power, he called them "nuclear addicts, they love radiation." When someone booed his advocacy of clean air regulations, he called him "another dirty air advocate."

When the raucous 45-minute rally ended, Brown congratulated his supporters for exhibiting "more passion and concern in this room than I've seen in the last six weeks." In urging students to participate in this weekend's Virginia caucuses, he told the hecklers, "Even you characters can vote. This is a party of inclusion."

Daly reported from Boston,
Baker from Virginia.

Wash Post 4/10

Cost, Administration of Government Travel

By Dana Priest
Washington Post Staff Writer

Taxpayers paid at least \$150 million in 1991 for members of Congress, the White House and Defense Department to use the Air Force's 89th Military Airlift Wing on business, according to a federal report released yesterday.

In the third report in two weeks on the cost and misuse of government officials' travel, the General Accounting Office reported that "most travelers use the 89th without considering cost" to taxpayers.

It also said that the Air Force destroys the detailed passenger records of individual flights 30 days after a given trip, making it impossible to determine who went where and why. Nor does the Defense Department or the congressional offices that approve travel requests scrutinize the purpose of a trip or ensure that reasonable commercial alternatives are not available.

"The policies that address the use of military aircraft are so broad and vague as to have little impact on the use of the 89th Wing aircraft," the report notes. "... the Air Force does not, nor does anyone else, independently verify that officials requesting use of the 89th Wing aircraft have complied with the policies."

Air Force Capt. Sam Grizzle, a Pentagon spokesman, said "we don't feel its our place to second-guess Congress." He said he could not explain why the records were destroyed within 30 days.

The GAO report, which was released yesterday by Rep. Frank Horton (R-N.Y.) adds data to the long-held position of the GAO and the General Services Administration that air travel by government officials is one of the most costly and yet poorly administered travel expenses of the federal government.

The recent debate over congressional and executive branch perks has focused largely on chauffeur-driven executive cars, excess personnel and cut-rate services, as well as the abuse of House Bank privileges by members of Congress. But these perks pale in comparison to the cost to taxpayers for air travel, which includes the maintenance of sophisticated aircraft and the salaries of highly trained crew members.

At a politically charged House Post Office and Civil Service subcommittee hearing yesterday at which two White House officials answered questions about White House expenses, Horton tried to bring some perspective to the perk issue and the importance of re-vamping the government's use of its aircraft.

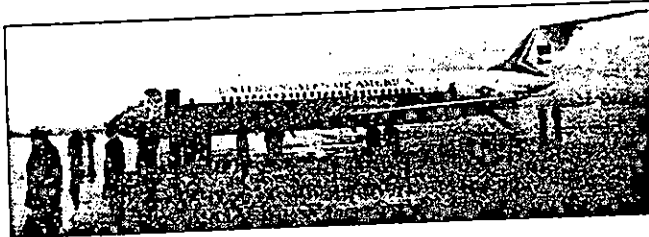
He said travel on military planes by the president, vice president and the country's other top officials is appropriate and "to pretend and suggest otherwise is to leave the boundaries of reason and enter the realm of the absurd."

Horton said there is a need for "clear, precise, comprehensible, rational and accountable policies governing the use of military air-

USE OF 89th WING AIRCRAFT

JAN. 1, 1989-MARCH 31, 1991

Entity	Total	U.S.	Foreign
White House	868	657	211
Department of Defense	790	548	242
Secretary	228	172	56
Air Force	210	164	46
Army	206	108	98
Joint Chiefs	129	96	33
Navy	17	8	9
Congress	337	143	194
State Department	38	33	5
Other agencies	14	4	10
Total	2,047	1,385	662



SOURCE: General Accounting Office

THE WASHINGTON POST

craft by all three branches of government."

If the "finger-pointing game" over perks between the White House and Congress does not stop, he said, "the mudslinging spiral will continue its downward trend, the relations between our branches of government will collapse and major problems confounding our nation will continue unaddressed. The American people simply are tired of this—all of it."

There are two categories of government planes—civilian and military—owned and operated by the federal government.

Most of the military planes used by Congress and some executive branch officials are the 22 aircraft of the 89th Wing stationed at Andrews Air Force Base in Maryland. The \$150 million annual cost figure covers the 1,600 military and civilian personnel necessary to maintain and operate the fleet, in addition to fuel, maintenance and other costs. Two of the planes are the president's Air Force One fleet.

The 89th Wing, which also includes 19 helicopters, used for flight in the Washington area, made 2,047 trips from Jan. 1, 1989, to March 31, 1991, the 27-month period the GAO studied. The White House used the planes 868 times,

the Defense Department 790 times, Congress 337 times, the State Department 38 times and other agencies accounted for 14 trips. Most of Congress's trips were overseas.

Last week the GAO released a report on the political and personal trips by executive branch officials using military craft. The president, vice president, the secretaries of defense and state, the attorney general and the chairman of the Joint Chiefs of Staff are authorized to fly military planes at all times without prior approval for security reasons and to have immediate access to the White House through the special communications equipment on military planes.

The government also owns and operates a fleet of at least 1,315 aircraft. Most of these planes are used to carry out the mission of individual agencies. But an estimated 111 jets are used primarily to fly government executives on trips, according to the GSA.

Last week GSA's inspector general found that the agency's inventory of the federal aircraft fleet and its operations "is not current, accurate or complete." In its review, the inspector general found 237 civilian aircraft that were not even recorded on the inventory.

In yesterday's report, the GAO found that members traveled with their spouses and/or children on 40 percent of the trips between May 1990 and April 1991, mostly to overseas locations.

In an undisclosed number of trips spouses of executive and legislative branch officials were allowed to travel on the 89th Wing without reimbursing the government.

"Reimbursement situations involving official and nonofficial travelers are left to the travelers' agencies to account for and collect," the report said.

Members of Congress are allowed to travel on military planes—without reimbursing the Defense Department—after receiving permission from a committee chairman or the leadership as long as the purpose of the travel falls within the committee's or office's jurisdiction.

Under Defense Department regulations, members of Congress and others are supposed to use military planes only "when travel is in the national interest and commercial transportation is not available or capable of meeting the movement requirements."

Because the policy does not explicitly define official business or national interest, "almost any travel by high-level executive branch officials or members of Congress can be justified, at the traveler's discretion."

The GAO was disturbed by the apparent lack of comparison shopping by Congress as well. The Air Force, it said, is charged \$5,300 to \$15,000 per flying hour, depending on the craft used. Long-distance, overseas flights can be especially expensive.

For example, the cost for a 61-member congressional delegation to fly round-trip to the Paris Air Show—which 101 members, their spouses and staff did in 1989—would be about \$41,480 on a commercial plane. But if those passengers took a 61-seater C-137A military plane, the cost would be \$191,630.

The GAO also said "the lack of an overall system to account for and manage reimbursements" for military flights by nongovernmental employees made it impossible to tell whether news organizations that fly on military planes properly paid for the flight.

WASH Post 4/10

Clinton Accepts Gag Order

Silence Is Prescribed For Hoarse Candidate

By David Brown
Washington Post Staff Writer

It's probably the only minor ailment that will stop a politician dead in his tracks. Just ask Bill Clinton.

Unfortunately, he can't answer.

This week, left with a muffled rasp where previously there were stentorian tones, Clinton was prescribed four days of silence by his physician. He is in Little Rock now, saying nothing.

Chronic hoarseness is an occupational hazard of opera singers, trial lawyers, evangelists, talk-show hosts and—in the right season—politicians. Says Michael Benninger, a physician and specialist in hoarse voices: "Anyone who is a real aggressive vocalist can run into problems."

That would seem an accurate description of the Arkansas governor, whose ability to speak at epic length on a seeming infinity of subjects is becoming legendary.

Although he would not venture a definitive diagnosis, Benninger, who chairs the speech, voice and swallowing committee of the American Academy of Otolaryngology-Head and Neck Surgery, suspects Clinton's problem is simple overuse of the larynx and its attached muscles.

"The treatment [options are] decreased use or voice training," he said. "Maybe he can use his voice as much as he does and still be okay if he learns to use his voice with better technique."

If the problem is overuse, hoarseness derives from swelling and inflammation of the vocal cords, which, in turn, become stiff and less resonant.

The importance of voice training for the professionally loquacious was echoed by Robert A. Sataloff, of Jefferson Medical College in Philadelphia, an authority on the treatment of "dysphonia," as disorders of voice production are collectively called.

"A small amount of skilled speech training will provide people with the necessary strength and control that will allow them to talk on the campaign trail for 16 hours a day without problem," he said. "But taking shortcuts usually fails."

Sataloff, who is also a voice coach and occasional opera singer, said

that of about 600 new patients he sees a year, about 15 are politicians.

Earlier in the campaign, Clinton was seen at the Vanderbilt Voice Center at Vanderbilt University in Nashville, Tenn. His physician there declined yesterday to discuss what treatment, if any, Clinton received, citing patient confidentiality.

Given its complicated mechanics, the human larynx is an extremely hardy organ. But it is often pushed to its limits on the campaign trail.

Normal voice is produced by "setting" the configuration of two flaps of tissue in the larynx, called the vocal folds, and then exhaling air over them. A complicated set of muscles is used to set the vocal folds at particular positions and tensions, which, when combined with the force of exhalation, creates pitch and volume.

Crucial to voice longevity—but usually overlooked by politicians, who do not consider themselves professional vocalizers the way singers and actors do—is proper use of the stomach, chest and throat muscles.

"It is really how we use our breath that generates voice," said Benninger, who practices at Detroit's Henry Ford Hospital. "Things such as breath support, posture, projection—these are purely technical skills that can be

learned, but most people who are politicians don't have the training."

Singers, for example, are taught to employ abdominal muscles to enhance lung power, and to open and round their mouths to produce the largest possible resonating chamber. Instead, many speakers gain volume and attention by simply driving their voices. This—often combined with the emotional stress surrounding such activity—eventually leads the speaker to tighten his neck muscles while talking.

"You know how when some people talk you can see protruding neck muscles and veins? That means they're not using their voice right," Sataloff said.

Many other conditions can cause hoarseness, including vocal cord nodules, ulcers caused by stomach acid regurgitating into the throat, tumors and nerve damage.

But for most politicians, hoarseness will be caused by the combination of poor speaking habits and environmental stress.

Like a complicated marionette, the larynx is suspended by muscles and ligaments to the throat cartilages, the jaw, and a small bone called the hyoid. When the "wires" are drawn tight, the larynx loses much of its resonance. That, in turn, causes the sound of the voice to lose much of its color and richness. A speaker often compensates for the loss by changing pitch or

increasing volume—setting the vocal folds tighter, and driving air over them harder.

The tendency for a politician to speak loudly, even in private conversation, is often unavoidable. This is because they spend much of their day in places with a lot of background noise. In such places, a person tends to talk louder than is necessary because the auditory "feedback loop" is thrown off. Called the "Lombard effect," this is the phenomenon that causes one to talk abnormally loud when wearing earphones, even though one knows a listener can hear a normal volume perfectly well. Because of the constant engine noise, conversation on airplanes frequently demonstrates the Lombard effect.

Hoarseness is encouraged by physical dehydration, breathing air that is low in humidity (as in airplanes) or has irritants such as smoke, standing in uncomfortable positions that restrict airflow and aggravate muscle tension (as is sometimes required by microphones), and the perceived need to sound "authoritative" by deepening one's voice at the expense of its natural character. A politician makes a natural target for hoarseness.

Add to that the occasional episode of voice "abuse"—which one specialist described as "screaming and yelling"—and the problem can become even more serious.



Iowa Sen. Tom Harkin looks on as Clinton, center, receives a checkup last month while campaigning in Rochester, N.Y.

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Bush to Embrace Welfare Overhaul

White House Scrambles to Ready Waiver for Wisconsin Plan

By Ann Devroy
Washington Post Staff Writer

President Bush today will grant Wisconsin a waiver from federal welfare regulations in order to highlight Republican Gov. Tommy Thompson's controversial welfare overhaul as a model of national welfare reform, a senior White House official said.

Bush, who has long promised to speed up waivers for state efforts to revise welfare programs will use the Wisconsin waiver, the first granted, to outline his welfare overhaul principles, officials said yesterday.

The White House yesterday scrambled to meet today's deadline, which they did not know they had until Wednesday, in another example of the chaotic atmosphere that has befallen the White House staff in recent months.

A senior White House official announced to reporters Wednesday that Bush would make the long-awaited welfare announcement today. The announcement came as a shock to the more junior White House officials planning the event, Wisconsin officials working on the package and officials at Health and Human Services who would formally grant the waiver.

The officials had determined earlier in the day that the paperwork and other details necessary would not be complete until next week. White House officials then withdrew today's announcement but were told later by Chief of Staff Samuel K.

Skinner that the event must go forward as scheduled.

Although the president has rarely mentioned welfare policy since he took office, reform and change have become a standard reelection theme. A senior official said Wednesday that Bush would outline his welfare principles today but not propose any new federal welfare overhaul. The president's principles, the official said, are: more flexibility on how states can structure and carry out their programs; efforts to break dependence on welfare by the poor; efforts to provide more incentives to people to leave welfare rolls; and encouraging programs that provide more "dignity" to welfare recipients.

An administration official said the White House is looking at welfare proposals that go beyond endorsing state reform efforts but that the review is not complete.

In Wisconsin, Gov. Thompson's Parental and Family Responsibility Initiative applies to first-time teenage mothers enrolled in the Aid to Families with Dependent Children program in Milwaukee and three other yet-to-be-designated Wisconsin counties. The initiative has these main features:

■ AFDC benefits will be partially capped after one child. Currently in Wisconsin, a single mother with one child receives \$440 per month; with two children, \$517; with three children, \$617, and so on. Under Thompson's program, a single mother will still get \$440 when she

has one child, but the increase for two children will be halved to \$479. There will be no increase beyond that, no matter how many children.

■ An AFDC mother with one child who marries will see her basic monthly grant increase by \$77 a month to \$517. To qualify for this additional benefit, the husband (and, if the child is above age 2, the mother as well) must participate in a jobs program or complete school, and must participate in sex education and parenting classes. At present, AFDC rules allow married couples to collect welfare only if one spouse has a substantial work history. This program allows for two-parent families to collect AFDC payments even if there is no work history.

The program will also triple, to \$300, a bonus the county receives from the federal government each time it establishes paternity in an out-of-wedlock birth.

Thompson introduced his proposal in February 1991. It was widely criticized by some who said it promoted "state-sponsored shotgun weddings." Thompson said the plan merely eliminates disincentives to marriage built into the current welfare system.

Thompson said his caps on benefits for additional children simply bring welfare into line with real world rules where workers do not get raises simply because their family size increases.

Staff writer Paul Taylor contributed to this report.

William Raspberry

I'll Miss Tsongas

In the courtship of the American voter, Paul Tsongas must feel a bit like a rejected suitor who, nonetheless, is held up as a standard against which his beloved measures all other wooers. It happened again the other day, when New York voters agreed to go out with Bill Clinton but kept asking him, "Why can't you be more like Paul?"

It has been Tsongas's frustration that he does better—more votes and more volunteers—when he's given up than when he's still in the chase.

What gives? Maybe the best answer is that the voters are so angry at the behavior of the suitors that they would like to say no to the lot of them, including Tsongas—except when he's no longer an active candidate. As political analyst Kevin Phillips quipped the other day: "Tsongas" is Greek for "None of the above."

But Tsongas, who now says he's out for good, isn't the only one who's frustrated by this odd courtship. So am I.

I look at the field of suitors and see an incumbent who has a ton of experience and an ounce of an idea as to what he wants to do with it; a front-running challenger who has put himself together from bits and pieces of polls, policy positions, glib answers and carefully nurtured friendships (but who forgot to include a moral compass), and a pesky little jerk, who, with no prospect of winning, gets his kicks by making life miserable for the serious contenders.

In such a field, I found it easy to like Tsongas, even while doubting his electability and even his leadership potential.

Nor was it just sympathy for a nice guy who deserved better than anyone could expect him to get. Tsongas is a nice guy—gentle, self-effacing and all that. But he is also a smart guy who sees with clear eyes where America has taken a wrong turn and who counts it more important to provide a reliable map than to drive the rescue vehicle. He would have preferred to do both, of course, but, like Henry Clay, he really would rather be right than president.

It's frustrating that such a person is no longer among our options. But more frustrating yet are the reasons. Tsongas has the sad-eyed countenance of a Pat Paulsen and the oratorical power of a George McGovern. It's not that he lacks passion or a sense of humor—he has both—but

that he is unblest with "charisma." Crowds don't go breathless when he enters the room.

But on the economy he's right. Unlike Jerry Brown's flat 13 percent tax, now routinely dismissed as hokey, unworkable and regressive, or George Bush's obsession with capital gains, or Bill Clinton's computer-generated economic positions (which are not on that account wrong), Tsongas's ideas proceed from an analysis that made good sense to me when I first read his "A Call to Economic Arms" a year ago.

"A nation without a manufacturing base is a nation heading toward Third World status," he wrote in castigation of the notion that America is inevitably—perhaps commendably—becoming a service economy. "There is no such thing as being a major financial center in the world without a vibrant competitive manufacturing sector. The largest American bank is Citicorp. In 1970, it ranked second worldwide. Chase Manhattan was third. In 1980, they ranked fifth and 11th, respectively. Today they rank 24th and 25th. It is no accident that the world's six largest banks are now Japanese. The Germans and French also have major banking entities, and they are resolute in emphasizing manufacturing."

He chided the Republicans for their "almost religious belief in an unfettered free market" and their out-of-hand rejection of anything smacking of industrial policy. But he chided his fellow Democrats for their focus on social and economic justice and their inattention to economic growth. "You cannot redistribute wealth that is never created," he said.

Tsongas, of course, is not the only one who's had these thoughts. Clinton, too, sees the need for both economic justice and new economic directions. And for all I know, the smooth-talking Arkansan would do a creditable job of leading the country if the media would allow him to show his wares. But I can't escape the impression that given the choice between righting America's economy and being America's president—between our happiness and his winning—Clinton would go for the latter.

Tsongas has told us what he'd like to do for us, and why. But he has also told us that if we think we'd be happier with the other guy, he only wishes us the best of luck. No more flowers, no pleading messages, no interference.

I'll miss him.

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Rowland Evans and Robert Novak

Stumbling to Success

Democratic joy over the fact that the New York primary surely did select the presidential nominee was tempered by the realization that Bill Clinton endured two of the worst weeks any front-runner has ever spent on the campaign trail.

Clinton's spin doctors have tried to paint him once again as having picked himself up off the floor for a spectacular survival, as in New Hampshire. But beyond the campaign entourage, the party's mood is bleak. Democratic loyalists privately acknowledge he is now the presumptive nominee only because the party's Rube Goldberg procedures permit a candidate to stumble to success.

There are two schools of Democratic thought about Clinton. Pessimists believe he is stone dead in terms of beating George Bush and that rigor mortis started setting in long ago. Optimists think he can still make the conversion to solid challenger—but only if he learns well the lessons of two weeks in New York. There is no sign that he has.

It was New York that erased the perception of Clinton as a magnificent campaigner who happened to be burdened with questionable character. In New York, character problems so handicapped him that Clinton turned into a miserable campaigner. His belated admission, following evasion, that he had tried marijuana as a youth but did not "inhale" made him an American laughingstock and indeed is the metaphor for the governor of Arkansas.

When just days before the voting Hillary Clinton herself spread antique sexual gossip about George Bush to famed writer Gail Sheehy in *Vanity Fair*, Clinton nonsensically claimed his wife did not know she was talking for quotation. That brought this warning from a prominent Democrat of the optimist school: "You can't explain your way to the presidency."

With Clinton still trying to come up with a credible, acceptable explanation of how he avoided the military draft, he got only 40 percent of the vote in New York. Against Jerry Brown, who kept losing support the longer he campaigned, and Paul Tsongas, a campaign dropout, that was no great feat.

Clinton can thank his stars for what turned out to be one of the authentic blunders in recent

political history: Brown's decision to stress his unrequited courtship of Jesse Jackson for vice president. Jackson is anathema to New York Jews, who comprise 11 percent of the population but 30 percent of the Democrats who chose to vote in the primary (and only one in four registered Democrats so chose). As a result, Brown's Jewish support collapsed from 37 percent in Connecticut to 9 percent in New York. That guaranteed Clinton's nomination in July.

On the one day Clinton truly looked presidential in Manhattan, he delivered an impressive foreign policy speech on aiding Russia. Otherwise, he was busy digging himself out of this hole and that, an exercise in tactical politics that was anything but presidential. So, optimists who believe his candidacy is redeemable want Clinton to retire to Little Rock for extended contemplation—rethinking and retooling his candidacy.

But post-primary portents are not auspicious. Celebrating his modest win, Clinton's victory speech committed now familiar sins of exaggeration (this is a "turning point" for America) and unbelievability ("I had a ball" campaigning in New York).

He is supposed to rest his body and vocal cords for a week but then plunge into Pennsylvania for its primary three weeks hence, even though the nomination has been wrapped up. His first day as nominee apparent was spent wooing old-line organized labor, a special interest that belongs to any Democrat. He raced off to the Caterpillar gates in Peoria, Ill., to meet United Auto Workers strikers trying to turn back the clock and then moved to Philadelphia to address the AFL-CIO Central Labor Council.

Mobilizing the remnant of blue-collar unionists will not elect Clinton. Only convincing Americans that he tells the truth will do that.

One Democratic optimist with wide party experience argues that the nominee's best hope is to deliver a speech stripping the blarney from all his transparent explanations of suspected sins, telling it like it really was and correctly noting that age 45 is not too late to reform. But to take that daring step, Bill Clinton and his aides must acknowledge to themselves how badly he performed on the way to victory.

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POLITICS

California Senate Leader Forced Into Runoff Race Because of Abortion Views

One of California's most powerful state legislators was forced into a runoff Tuesday in a special election that demonstrates the potency of the abortion-rights issue in the state.

State Senate leader David Roberti (D), an abortion foe, will face abortion-rights activist Carol Rowen (R) in the June 2 runoff election to fill a vacancy left by a Democratic state senator who resigned.

Roberti has represented a Hollywood district for the past two decades, but most of it was wiped out in reapportionment.

The campaign was eagerly watched by California politicians as a clue to anti-incumbent feelings and attitudes on the abortion issue. The Republican primaries in California's two U.S. Senate races this year pit candidates who differ sharply on abortion. Roberti, generally liberal in his views, is an exception among Democratic leaders in California, most of

whom support abortion rights. He opposes abortion except when necessary to save the life of the mother or in cases of rape or incest.

Roberti was a heavy favorite in the field of 10 candidates and raised an estimated \$450,000 in contributions, believed to be more than the amount raised by his rivals combined. Though he had been expected to win an absolute majority in the heavily Democratic district in western Los Angeles, he received only 34 percent of the vote in leading the field.

Rowen, who received 21 percent of the vote, spent \$76,000, two-thirds of it in a personal loan to the campaign. She had support from some abortion-rights Democrats and campaigned almost exclusively on two issues—that Roberti was a "carpetbagger" who opposed "a woman's right to abortion." She also criticized Roberti's efforts in 1986 to block state funding for family planning clinics.

Although the heavily endorsed Roberti remains the favorite to win the runoff in the overwhelmingly Democratic district, his relatively poor showing appears to reflect the obstacles facing abortion-rights foes in Cali-

fornia, which has had a permissive abortion law since 1967.

California polls in recent years have shown increasing majorities for abortion rights, even among voters who call themselves conservative Republicans.

FEC Seeks \$311,000 From Jackson

■ The Federal Election Commission voted yesterday to seek a \$311,000 repayment of federal money from Jesse L. Jackson's 1988 presidential campaign committee. The action came after a federal audit found more than \$632,000 in undocumented expenditures and an unexplained \$185,000 overpayment to a media vendor.

Jackson, a Democrat, received more than \$8 million in federal matching funds during his campaign. His audit is the last of the 1988 campaigns to be presented to the FEC, which has been criticized for the length of the process. The commission announced new rules yesterday that should speed up the audits of the 1992 presidential election campaigns, a spokesman said.

—Lou Cannon and Charles R. Babcock

Wash Post 4/10

Charles Krauthammer

The Anti-Superpower Fallacy

Fifty years ago Walter Lippmann introduced the idea of solvency in foreign policy. "Foreign policy," he wrote, "consists in bringing into balance . . . the nation's commitments and the nation's power." The alternative is insolvency. "The level may vary at which a solvent balance is struck," wrote Lippmann. But the statesman "must bring his means and ends into balance."

Today, insolvency—updated by historian Paul Kennedy as "imperial overstretch"—has become the rallying cry of those who want the United States to cut back radically its role in the world. The chorus has grown particularly loud since the leak last month of the "Pentagon Paper" advocating, as a long-term strategy, maintaining America's position as the world's only superpower.

Judging by the op-ed pages, I seem to be the only American outside the Pentagon who thinks that this is a good idea and that allowing the United States to subside to the status of middle power (like Germany or Britain or Russia) is not. For the critics, however, superpowerdom is nothing but an exercise in expensive grandiosity. First, because maintaining superpower status is driving us to insolvency. And second, because there is an alternative to being the world's policeman, namely "collective security."

Take these claims one at a time. First, are we overstretched abroad? We are leaving the Philippines. In three years, we will be halfway out of Europe. We no longer support insurgencies in Afghanistan, Angola and Nicaragua. Military aid to El Salvador is one-tenth of what it was at the height of the civil war. We are building no new nukes; we are dismantling old ones. The military is no longer sized to fight 2½ major wars simultaneously; it is being reshaped to fight two regional wars ("half-wars" in Pentagonese) instead. In fact, the Pentagon is under political attack for building too few Seawolf subs and demobilizing too many National Guardsmen.

By any postwar historical standard, our foreign commitments are small and diminishing. By GNP measure, we are spending less than half today on defense what we did in our economic heyday of the '50s and '60s.

The critics have things reversed. It is our economy that will be the ruin of our foreign policy, rather than the other way around. And the success or failure of our economy hinges exclusively on domestic policy. We are either going to reduce our massive public debt and rebuild our infrastructure, or we are not. Whether we do so is entirely a matter of domestic politics and American political will. It has nothing to do with whether we leave 80,000 as opposed to 150,000 troops in Europe.

The critics confuse two forms of insolvency. We are not geopolitically insolvent (in Lippmann's sense) but economically insolvent. The problem in the gulf war was not that we lacked the power to achieve our ends but that we had to beg the money to support that power.

And not because the \$6 trillion American economy is inherently incapable of devoting one percent of GNP to securing the safety of its central source of oil, but because our politicians have so overspent themselves and the public so indulged itself that no one is prepared to speak fiscal truth, let alone advocate the spending cuts and higher taxes needed to restore the U.S. government to solvency.

It is this looming bankruptcy that threatens America's position in the world. Our geopolitical collapse will have nothing to do with the world being too big for us to patrol or our being too weak to do the patrolling. It will have to do exclusively with the loss of political will for raising the money to provide for our domestic needs and to restore our economy to minimal balance.

The other fallacy of the anti-superpower crowd is that there is an alternative to American leadership: "collective security," the current panacea for all security problems in the post-Cold War world.

Collective security is a mirage. It rests on the obvious fallacy that all countries perceive threats in the same way and therefore will take equal risks to meet those threats. Of course they don't. If North Korea invades South Korea, will the threat be perceived in the same way in the United States and China, in Iceland and Argentina?

It is every country for itself. That does not mean that there cannot be, as in the gulf, ad hoc coalitions in which particular countries at a particular time happen to perceive a particular threat as large and join together to do something about it. But there is nothing universal, permanent or even reliable about such coalitions. They come and they go. And when they go, one either relies on one's own strength to meet the threat or one submits.

Moreover, countries differ not just in threat perception but in the power to do something about it. All the collective goodwill in the world is useless without the power to back it up, and only America has the power. Without the United States, what would "collective security" have done about Kuwait?

If America allows its power to erode, collective security disappears with it. Potential allies do not sign on to losing propositions. One of the reasons so many countries signed on in the gulf is that they had confidence in American power. Coalitions do not grow on trees. They grow on the backs of superpowers.

Collective action is fine. But it cannot succeed, even exist, without a nucleus around which to organize. The critics offer collectivism as a substitute for American power. On the contrary, it is a complement to American power and, in the final analysis, its consequence.

line of criticism, and most of us can think of places where it is merited. But not in Yugoslavia. The fire was burning there: Real people were being killed and threatened, still are. The priority was to contain the violence. Only in calmer conditions could democratic choices be made. What the State Department's Margaret Tutwiler calls "the peace" and violence thing" was the right way to go.

The Yugoslav crisis isn't over yet. Bosnia teeters on the brink of an ethnic explosion against which the Serb-Croat murders could pale. U.N. peacekeepers are only now fanning out. The EC has yet to face the root question of which entities are nations deserving statehood, which are minorities deserving protection. The economies are devastated.

But recognition, especially early and conditional recognition requiring little or nothing in return from the newly recognized, was never the painless, all-purpose fix that an impatient German government and Bush's ideologically minded critics in the United States said it was. As—barring a Bosnian spasm—Yugoslavia fades from the American screen, President Bush has to be credited with dealing with the real world.

"communist" Serbia and "democratic" Croatia was always cartoonish. Moreover, while Serbia acted brutally, Croatia by its maltreatment of Serbs gave arrogant provocation. American evenhandedness was politically costly but more faithful to the stubborn facts.

Germans argued that early recognition of Croatia would give pause to the marauding Serbian army. But at the same time the EC's chief agent, Lord Carrington, and the United Nations' Cyrus Vance were insisting that premature recognition would deny them an essential lever of cease-fire and peace-making. Who was right? Let us all agree it was a judgment call. But surely it was not venal—it was only consistent—for the United States to listen hard to Carrington and Vance, the estimable figures who were actually involved on the ground and to whom Washington had appropriately delegated much of its role.

Not so much the Germans as a whole flock of critics in the United States promptly denounced Bush for selling out the democratic ideology that, in their view, ought now to guide American high policy. The pragmatic, non-visionary Bush is vulnerable to this

confined to Yugoslavs does not diminish the savagery that did take place. Like and worse savagery remains a real threat in the scrambled ethnic egg that is the republic of Bosnia-Herzegovina.

It was the stated and, I believe, true American purpose not to maintain a decadent status quo but to enable Yugoslavs to change it relatively peacefully. From the identification of violence as the immediate enemy flowed the decision to throw American weight behind the regional organization best suited to insert a calming political presence, the European Community, and the international organization best suited to insert a peace-keeping force, the United Nations. For his multilateral pains, President Bush was then kicked around for ducking an American responsibility. Ridiculous.

Germany then introduced the element of policy that quickly moved to the center of public debate. Whom to blame for the violence and, on the other side, whom to recognize? The Germans, host to a large and loud contingent of Croatian guest workers, had an easy answer: Blame the Serbs, recognize the Croats. But this was a one-sided oversimplification. The common media juxtaposition of

The Bush administration has gotten a bum rap on Yugoslavia. In the latest instance, American recognition of three new breakaway states is being widely taken as a tardy and humiliating reversal of an earlier American dedication to Yugoslav territorial integrity. It has become a political cliché that President Bush was grossly insensitive to the Yugoslav nationalities' claim to self-determination and that he mistakenly placed the archaic Cold War value of stability over the shining new-age principle of liberty.

But this is nonsense. I would not argue that things came out just the way the Bush team planned or that everything was done well. But his policy was principled, and it made things better rather than worse. That's a lot to ask of foreign policy even on a sunny day.

The earlier Bush commitment to territorial integrity was, it seems to me, less the blind statement of an American policy goal than a prudent warning against what Secretary of State James Baker correctly depicted, last June, as the "dangers of disintegration"—spreading violence, refugee spillovers, border changes, irredentism, intervention. That the worst did not happen and that most of the damages were

Stephen S. Rosenfeld

Bum Rap

Wash Post
4/10

The TV Column

By John Carmody
Washington Post Staff Writer

Linda Ellerbee, who recently underwent a double mastectomy, will discuss her battle with breast cancer with correspondent Sylvia Chase—a longtime friend—on Thursday's edition of ABC's "PrimeTime Live"...

Expect Strobe Talbott to show up less often on "Inside Washington With Gordon Peterson" in the upcoming months...

Hillary Clinton has asked his wife, Brooke Shearer, a longtime friend, to help her out on the campaign and travel with her...

The Time editor at large and columnist, who last week revealed his own longtime friendship with Gov. Bill Clinton in a column describing the latter's turmoil over the draft during the Vietnam War, said that he'll absent himself from "Inside Washington" on those programs in which the campaign dominates the weekly agenda...

"I've had no problem with full disclosure on the air or in print of my personal relationship with Bill; our friendship predates my journalism career," Talbott said yesterday...

"However, with my wife actually working on the campaign as a volunteer, I felt it would expose the show and myself to possible conflict of interest charges if I sat there as a commentator—particularly if [Hillary] is an issue"...

"This is a year of 'gotcha' journalism in which we in the media are being very tough on even the appearance of a conflict..."

"I very strongly support what my wife's doing; I don't want to inhibit her from doing what she feels is valuable, nor do I want to do anything that would call into question the journalistic integrity of the show"...

Talbott said executive producer Tina Gulland understands his position. "When it looks like the content of the show is going to range into other subjects, I'll be back"...

Gulland said yesterday she admires Talbott's decision but hinted that, given his reputation for probity, he may be overdoing it...

She said she'll get by in Talbott's absence with substitutes like The Washington Post's Juan Williams, the Boston Globe's Tom Oliphant or Newsweek's Evan Thomas...

More Ollie, by Golly

ABC Entertainment announced yesterday that Academy Award-winning film director Oliver ("Platoon") Stone will be co-executive producer of a six-hour "event series" called "Wild Palms," scheduled to air on the network next season, perhaps as early as the fall...

The series is designed to be broadcast on a weekly basis, rather than in the traditional consecutive-night miniseries format. It's based on what the network calls "an unusual comic strip that has been running for two years in Details magazine and was created by screenwriter-novelist Bruce Wagner ["Scenes From the Class Struggle in Beverly Hills"], who will write it and co-executive produce it with Stone...

Details has been described as a "very hip, urban magazine" that is fashionable in New York these days...

ABC says "Wild Palms" defies easy description but its central character, Harry Wyckoff, is a television executive seduced by success and by the mind-bending possibilities of a new technology called "Virtual Reality," which frees participants from time-and-place constraints. It is an almost futuristic journey for Wyckoff to a bizarre, at times abstract, world where familial relationships, corporate intrigue—and murder—all collide...

Bob Iger, ABC Entertainment president, said, "The material is unlike anything I've seen or read before for television, a departure sufficient to attract one of the premiere filmmakers of our time to work in our medium for the first time, and a perfect vehicle for our 'event series' concept"...

We suspect that Bob and Ollie both might like to lie down for a while...

(In yesterday's announcement, by the way, there was not a single reference to "JFK," Stone's controversial recent movie that tried to implicate the U.S. power structure in the assassination of John F. Kennedy)...

Maryland Public Television reports that Patty Watts of Baltimore won the Swiss trip for two offered during the recent spring fund-raising drive...

This morning in Chapel Hill, N.C., Walter Cronkite will deliver the second annual Nelson Benton memorial address at Memorial Hall on the University of North Carolina campus, honoring his late CBS News colleague...

Frank Rubino, Gen. Manuel Noriega's lawyer, will be interviewed in the first half-hour of "CBS This Morning" this morning...

In Other News

CBS News sources yesterday confirmed that ABC News's Forrest Sawyer has been talking to his former employers about a job...

Of course, it's renegotiation time at ABC for Sawyer, whose contract is up in a couple of months. Rumors have pegged him as a top candidate to be a co-anchor on ABC's upcoming magazine hour, set for the Black Hole of Television—the 7 p.m. Sunday timeslot already occupied by "60 Minutes"...

Sawyer, however, might decide not to disappear from view but instead join CBS News, which is thinking of still another primetime magazine hour...

Sawyer joined CBS News in 1985 as co-anchor of "CBS Early Morning News." After a tour in London he became an anchor, with Maria Shriver, of "CBS Morning News." It was canceled in 1987 and Sawyer quit the network. He showed up at ABC in 1988 and has co-anchored "World News This Morning," and subbed for Ted Koppel on "Nightline" and for Peter Jennings on "World News Tonight"...

Speaking of CBS early morning news, Charles Osgood has signed a new six-year contract with CBS News that will permit him to drop the job of "CBS Morning News" anchor (with Meredith Vieira) in what a network spokesman calls "the near future"...

He'll continue to do four shows each weekday morning for CBS Radio and make three appearances a week on "CBS This Morning"...

Speaking of "CBS This Morning," that program finished third in the morning network race for the week ending April 3, averaging a 2.7 national Nielsen rating and a 12 percent audience share. ABC's "Good Morning America" was first with a 4.5/20, NBC's "Today" was second for the eighth week in a row (and the 117th time in the past 118 weeks), with a 4.1/18...

Speaking of news ratings, results are in from the first week of competition among the three networks in the overnight race...

"NBC Nightside" (the grizzled five-month veteran) and "ABC World News Now" (which debuted in January) both delivered a 0.8 rating for the week ending April 3. The newcomer from CBS, "Up to the Minute," was close behind at 0.7. Yes, the numbers are not very large, but no, CBS is not disappointed. After all, "Up to the Minute's" ratings were 75 percent better than "Nightwatch's" in that 2 to 6 a.m. timeslot...

In case you haven't been staying up very late, the NBC program is anchored by Sara James, Antonio Gonzalez and Tom Miller. The ABC anchors are Aaron Brown and Lisa McKee. The CBS anchors are Monica Gayle and Russ Mitchell...

And then there are the primetime ratings. For Wednesday night, NBC won with a firm 15.1/26 average, thanks to a 16.6/29 from "Unsolved Mysteries" and a 16.9/27 from "I Witness Video," which is apparently going to muscle its way right onto the regular schedule somehow...

Over at CBS (11.6/20), "The Royal Family" returned to the schedule with Jackee Reas's elder daughter. The debut averaged an 8.6/16. In eight previous outings, it had averaged a 10.1/17...

"Davis Rules," in its new timeslot, did a 9.2/16. "Jake & the Fatman," which introduced Nell Carter as a cabaret singer turned bail bondsman—a possible "Jake" spinoff—did a 12.2/20, while "48 Hours" did a 13.7/23...

On ABC (10.3/17), "The Young Indiana Jones Chronicles" ended a six-episode run with a 10.3/17. "Young" had averaged a 13.4/21 in previous appearances, but that was inflated a mite by the 16.6/26 for the March 4 two-hour premiere. Each ratings point represents 921,000 TV homes...

(We don't know about you, but we're simply exhausted by all those numberzzz!)

And Finally

Two more depressing reasons why, no matter how hard we try, we probably aren't going to catch up with the Japanese in the foreseeable future:

Public broadcasting will air a one-hour documentary Wednesday called "Listen Up! Voices in Celebration of Education," billed by the Corporation for Public Broadcasting as "a unique, irreverent and often zany look at America's education system [featuring] an array of entertainers, writers, comedians, actors and singers, providing their personal views of this country's educational system and what they have learned in it and from it"...

"Listen Up!" says CPB, "will kick off public broadcasting's Project Education, a 10-year effort to help implement the nation's six education goals for the year 2000"...

Gulf Weapons' Accuracy Downgraded

Success Rate of 'Stealth' Jet, Cruise Missile Less Than Previously Stated

By Barton Gellman
Washington Post Staff Writer

Two of the most celebrated weapons of the Persian Gulf War, the Air Force F-117A "stealth" attack jet and the Navy Tomahawk cruise missile, struck considerably fewer of their targets than military officials have asserted publicly, according to the most recent classified analysis.

The new analysis, some of which is ongoing, suggests that the F-117As placed laser-guided bombs on their primary targets in about 60 percent of the missions

flown, in contrast to the 90 percent success rate estimated by top Air Force officers after the war.

The Tomahawks, 288 of which were fired from surface ships and submarines in the Persian Gulf, Red Sea and eastern Mediterranean Sea, hit more than half the gets slightly more than half the time, according to sources with access to the classified performance data. The Navy, which has said that 85 percent of the low-flying drones launched were "successful," yesterday declined to say how many hit what they aimed

at. "We are certainly capable in this country of snatching defeat from the jaws of victory by analyzing until we're tired of analyzing," said Adm. Jeremy M. Boorda, commander of U.S. naval forces in Europe, in an interview this week. Boorda said of Tomahawks that "you'd be happy to have half of them right on target" and said the success rate for the \$2.3 million-a-copy missile would influence only "how many I shoot at a tar-

get, not whether I'm going to kill the target or not."

Both the F-117A and Tomahawk were mainstays of the strategic air campaign against Iraq, and between them they flew nearly all the missions against the most heavily defended targets around downtown Baghdad—the cruise missile primarily by day and the F-117 by night.

Much of the new analysis is subjective and based on interpretation of photographic evidence of bomb damage. In many cases, Tomahawks were shot at Iraqi targets that were also attacked by tactical aircraft such as F-16s, F/A-18s or A-6 attack jets, and analysts are combing through pictures taken by satellites and reconnaissance aircraft to determine which attacks inflicted which damage.

There is evidence, according to sources, that more Tomahawks may have been shot down than initially believed, and that the number shot down may have increased as the war went on. The missiles became more vulnerable because more of them flew in daylight and because the Iraqis were able to predict some of their flight paths. The Tomahawks were guided primarily by terrain-matching radar, and as many as 40 were sent past a single navigational "update point."

Some Tomahawks also may have missed because the light conditions near sundown confused their terminal guidance system, which used a com-

puter and camera called the "digital scene-matching aerial correlation," or DSMAC, to seek its target. "Near sundown you get enough shadows to change the picture," said one analyst.

Cmdr. Mark Van Dyke, a Navy spokesman, yesterday declined to say how many Tomahawks struck their targets or reassert previous Navy claims of 85 percent success. He read from a prepared statement that said the missile's "demonstrated accuracy rate during Desert Storm was consistent with our pre-combat success rates, and that figure was around 80 percent," but he issued a new definition of success that said a missile could "disrupt a target's activity" without striking or damaging the target "and we would consider that a successful mission."

The Air Force declined to comment yesterday on the F-117A.

Estimates of the stealth jet's performance have changed in part because bomb damage analysis suggests that the plane's internal camera exaggerated its bombing success. "One of the problems you have with an infrared TV camera is [the explosion creates] a blooming effect far greater than the lethal radius of the bomb, so it can look like a direct hit when you've in fact missed," one analyst said. The revised figures only count successful strikes against primary targets, and so diverted or scrubbed bombing missions are counted as failures.

Success Rate of Key Gulf Weapons Less Than Previously Stated

WEAPONS, From A1

likely any video clip of a bomb or missile that missed its target.

Even the revised figures describe the most accurate air campaign in military history—"light years ahead of the precision of delivery in Vietnam," according to Gordon Adams, director of the independent Defense Budget Project. Previous Air Force estimates said it took 9,000 bombs in World War II and 300 unguided bombs in Vietnam to destroy a "point target" such as an aircraft shelter, compared with one precision weapon in the gulf war. The new data suggest the correct number of precision weapons is two.

Military officials have been defensive about their wartime flaws, anxious that they will be used to justify lower budgets and impatient with what they regard as attempts to tarnish a decisive triumph against Iraq.

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DOONESBURY

By G.B. Trudeau

4-10
ARE REPERN THIS IS
TY SHIPON, I'M WITH
THE BROWN CHAIRMAN
I'M NOT EXACTLY SURE
WHAT MY TITLE IS
HERE, BUT I'M
PRETTY HIGH UP.

WELL, FIRST,
I WANTED TO
THANK YOU
FOR YOUR
PEACE TALK!
4-9

4-8
SURE, BUT THE IMPORTANT
THING IS YOU TAKE HIM SERI-
OUSLY NOW! YOU'VE PLUGGED
INTO JERRY'S CONSCIOUSNESS,
TO ACCESS HIS
MESSAGE!
IF YOU
SAY SO.

4-7
ANYWAY WOULD
YOU LIKE TO BE
A STATE CO-
ORDINATOR?

FOR
WHICH
JERRY?

Noriega Guilty on 8 of 10 Counts

By Michael Isikoff
Washington Post Staff Writer

MIAMI, April 9—Manuel Antonio Noriega, the self-proclaimed "maximum leader" of Panama who was toppled from power and arrested after 27,000 U.S. troops invaded his country, was convicted today of collaborating with the world's most notorious drug lords to smuggle cocaine into the United States.

After deliberating 35 hours over 4½ days, a jury of nine women and three men found Noriega guilty on eight of 10 counts of racketeering and drug trafficking. U.S. District Judge William M. Hoever set sentencing for July 10, when the ousted Pan-

amanian leader faces a maximum of 120 years in federal prison.

As the verdict was read in a hushed courtroom, Noriega sat stone-faced. He was clad, as he has been throughout the trial, in a brown Panama Defense Forces (PDF) uniform. Two of his daughters wept in the row behind the defense table, while his wife, Felicidad, looked sternly at her husband with hands clasped in front of her.

At the White House, President Bush immediately hailed the verdict as a "major victory against the drug lords" and said it should "send a lesson to drug lords here and around the world that they'll pay a price if they continue to poison the lives of our kids. . . ."

Bush, who at one point authorized secret negotiations with Noriega to drop the drug-related charges if he would leave Panama for a third country, said the U.S. invasion of Panama in December 1989 was "worth bringing [Noriega] to justice . . . it is certainly worth it when you protect the lives of American citizens and, when part of the result of that is democracy in a country, it makes it doubly worth it."

Noriega's chief lawyer, Frank Rubino, emerged from the federal courthouse angrily vowing to appeal the verdict. In a statement, he also denounced the U.S. government and the Bush administration for acting as the "world's policeman" in invading Panama and arresting his client.

"This, in our opinion, is the modern-day version of the Crusades, that the United States will now trample across the entire world, imposing its will upon so-called independent, sovereign nations," Rubino said. "Unless the foreign governments are willing to kneel once a day and face Washington and give grace to George Bush, they too may be in the same posture as General Noriega."

The verdict ended an exhausting trial marked by controversy and allegations of government misconduct.

Despite combing through thousands of documents seized by U.S. troops in Panama and conducting one of the most expensive

See NORIEGA, A36, Col. 1

NORIEGA, From A1

drug investigations in U.S. history, federal prosecutors ultimately were forced to rely on circumstantial evidence and verbal testimony of dozens of convicted drug traffickers and pilots. All were offered lucrative plea bargains that included reduced sentences, dropped counts and other incentives to testify against Noriega.

"We are surprised at the enormity of the victory," Michael P. Sullivan, assistant U.S. attorney and chief federal prosecutor, told Cable News Network tonight. "We knew we had some counts weaker than others. We had some doubts."

Assistant U.S. Attorney James McAdams said that, after sentencing, Noriega would be taken to Tampa to stand trial on a separate indictment for marijuana smuggling.

Today, Rubino also complained that Noriega's defense was stymied by Hoever's decision to exclude all "political" evidence, such as Noriega's extensive dealings with the Central Intelligence Agency and other U.S. agencies. "This was not a drug case," Rubino said. "This was a political case. It always was, it always will be. We only wish we've been allowed to present the evidence to address this case."

Tonight, Clark Hallisey, whose wife, Jean, was a juror, said she told him that, despite initial inclinations, the jury nearly voted for acquittal because one of the nine women refused to agree to conviction. Clark Hallisey said his wife told him that the holdout repeatedly insisted that there was no direct evidence against Noriega.

The holdout "had beaten them down to the point they were all about willing to change their mind," Clark Hallisey said.

He said he was told that the woman kept insisting, "I didn't see any money pass, I didn't see any drugs." He said his wife told him that the jurors were ready to collapse and acquit Noriega Wednesday before they sent Hoever a note saying they were at a stalemate.

The note raised concern among prosecutors about a possible mistrial. The jurors' note said "we are deadlocked" because one juror had "made up their mind" before entering the room.

Earlier today, the jurors appeared somber as their verdicts were read. Then they were taken

immediately to a nearby hotel, followed by reporters and camera crews.

Jury foreman Lester Spencer, accompanied by seven jurors, made a brief appearance, saying only that "our decision was based upon what was presented in the court by both the U.S. government and the defense attorneys. It was a decision that was debated heavily back and forth."

Of the 10 counts, the two most critical were racketeering and conspiracy to commit racketeering, and Noriega was found guilty of both.

The broad-based charges alleged that, from 1981 to 1986, Noriega was part of a "criminal enterprise" in which he took millions of dollars in bribes from leaders of Colombia's Medellin cocaine cartel in exchange for turning his country into a virtual free-trade zone for cocaine smuggling and money laundering.

Six lesser counts on which he was found guilty involved various portions of the racketeering conspiracy, including conspiracy to distribute and manufacture cocaine, actual distribution of cocaine and aiding a flight carrying drug profits. He was acquitted on two counts involving the most recent acts alleged in the indictment—participation in a 1986 conspiracy to exchange M-16 assault rifles for 708 pounds of cocaine to be smuggled from Colombia to this country aboard the Krill, a yacht.

The Krill counts were widely viewed as the weakest part of the government's case since Noriega's only alleged role was giving cryptic verbal approval over a speakerphone. None of the acts for which he was convicted occurred after summer 1984, a determination supporting the contention of critics who said the Bush administration had little direct evidence that Noriega was involved in drug trafficking at the time of the invasion.

The verdicts climaxed a four-year legal and political odyssey virtually unprecedented in U.S. law and almost certain to produce fodder for appeals for years.

First charged by two federal grand juries in February 1988, Noriega became the first sitting foreign leader indicted for violations of U.S. law. After he defiantly spurned U.S. efforts to negotiate his departure from office, Bush ordered Operation Just Cause, a lightning assault by U.S. troops that conquered Noriega's PDF forces within days,

left hundreds of Panamanians dead and produced widespread denunciations throughout Latin America. Twenty-three U.S. troops died, and more than 300 were injured.

After the invasion, Noriega took refuge at the Vatican Embassy, where he was surrounded by U.S. forces and subjected to blaring rock music and other novel psychological warfare techniques that forced his surrender. Arrested by the Drug Enforcement Administration, he was flown here Jan. 4, 1990, and imprisoned without bail in a specially constructed cell at the Miami Correctional Center.

Bringing Noriega to trial proved nearly as daunting as invading Panama. His lawyers contended that he was a "prisoner of war" illegally kidnapped—an argument rejected by Hoever but almost certain to be the starting point for an appeal.

Later, discovery that prosecutors had listened to tape recordings of Noriega's prison phone calls with his lawyers and recruited one of his lawyers as a secret government informant in an unrelated corruption case produced new allegations of misconduct and delayed the trial.

Nevertheless, the long trial, which included 79 witnesses and was delayed while Hoever underwent heart surgery, offered a revealing look at both sides of the international drug war.

Among the witnesses were low-level drug pilots and notorious cartel traffickers, three former DEA heads, the former CIA station chief in Panama and the former chief of staff to then-Vice President Bush.

As portrayed by prosecutors and their witnesses, Noriega—as head of Panama's G-2 intelligence agency and later PDF chief—had conferred with the cartel barons in Colombia, harbored them in Panama and protected their operations in exchange for suitcases and envelopes bulging with cash.

But the government could not produce a "smoking gun" tying Noriega directly to drug shipments, and much of its evidence consisted of hearsay. Moreover, many witnesses told inconsistent and even apparently contradictory stories that cast questionable light on some key government assertions.

Staff writer William Booth and special correspondent Ricardo Castillo in Miami, and staff researcher Ralph Gaillard Jr. in Washington contributed to this report.

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2 Former U.S. Officials Cited In SEC Lawsuit

2 Others Accused of Role In Insider Trading Scheme

By David S. Hilzenrath and Susan Schmidt
Washington Post Staff Writers

The government yesterday alleged that two Treasury Department officials used their access to confidential information about banks to reap \$175,000 in illegal insider stock trading profits over the past two years.

The two officials, who worked for one of the agencies that regulate banks, conspired with a Washington financial consultant and the manager of an Arlington diner to trade on their advance knowledge of the merger of BankAmerica Corp. and Security Pacific Corp. and other sensitive information, the Securities and Exchange Commission alleged in a civil lawsuit.

SEC lawyers said they believed it was the first time the agency had charged federal officials with trading on confidential information gained through their government work.

The SEC lawsuit named John Acree, 43, who was a supervisor in the Office of the Comptroller of the Currency (OCC); John Flattery, 31, who was an OCC data analyst; Stephen Lane, 39, who was a senior vice president of the Secura Group, which advises banks and savings and loan associations; and Robert Bolton Jr., who manages an unidentified local diner.

Acree could not be reached for comment. A lawyer for Flattery declined to comment. Lane's lawyer said he had done nothing wrong. And Bolton said, "I really don't know if somebody has done something wrong or not," before he declined to discuss the allegations further.

The SEC alleged Acree and Flattery gleaned information from working at the OCC, which has advance information about the details of bank mergers and other matters as a regulator of national banks. Lane knew Acree and Flattery from an earlier career at the OCC, and used their information to make illegal stock trading profits, the suit said. Lane had been a senior examiner in the OCC's multinational bank division.

Bolton provided cover in the form of a brokerage account in his name, which presumably would draw less attention than accounts in the names of the others, SEC lawyers said. Acree frequented Bolton's diner and suggested that they collaborate, the SEC alleged.

See TRADING, B2, Col. 1

TRADING, From B1

Acting Comptroller of the Currency Stephen L. Stembrink said the alleged actions by Acree and Flattery were "serious violations" of OCC rules, adding that "such conduct cannot and will not be tolerated. . . . In my 25 years with the agency, I have never heard of a similar instance of an OCC employee using confidential information."

Flattery resigned in January, and Acree was fired the following month, according to the OCC. Both were placed on administrative leave last fall when OCC officials learned of the insider trading investigation. They had been earning salaries of \$55,000 and \$67,800, respectively, the OCC said. Acree has filed an administrative appeal of his dismissal.

"These were not junior people," said OCC spokeswoman Ellen Stockdale.

Lane resigned from the Secura Group several months ago after the firm found he had violated an internal policy requiring employees to get approval from the firm's chief executive before trading in bank stocks, said Secura Managing Director Margaret Maguire. "He's a very talented guy," she said. "We're sorry to lose him."

OCC officials said Acree was at the center of the alleged illegal trading. As the computer system supervisor for the agency's multinational banking division, he determined who in the division had access to various classes of highly sensitive information, and he himself had access to almost all OCC information on multinational banks, Stockdale said.

The first of the alleged illegal trades took place in January 1990, after Acree learned that Shawmut National Corp. in Hartford, Conn., would undergo a regulatory examination, the lawsuit said. Using the Bolton account, Acree bought options betting that Shawmut's stock price would fall when news of the examination became public. He was right, and the trading netted \$15,789, the lawsuit alleged.

The bulk of the alleged illegal profits were made last summer, based on Flattery's advance knowledge of a merger between BankAmerica and Security Pacific. Flattery, who was assigned to prepare financial data on the deal, alerted Acree, and Acree tipped Bolton, the SEC alleged. The three shared profits of more than \$100,000 from stock options trading, according to the suit.

They met at Bolton's house to divide \$69,200 in cash, the SEC said.

Acree also tipped Lane, who made \$55,000 on his own, the SEC said.

Government officials declined to say how they discovered the alleged insider trades, but SEC enforcement chief William McLucas said officials in regulatory agencies would "have to be a fool to assume that you could get away with it" given the elaborate systems used to monitor suspicious trades.

In apparent haste, Acree at one point used an account of his own rather than the one in Bolton's name, SEC lawyer Bruce Hiler said.

Government officials said they do not believe the conspiracy extended further. "We are confident there are no more OCC employees involved," said Stockdale.

The SEC lawsuit, filed in U.S. District Court here, seeks to recover the alleged illegal profits and penalties of three times that amount.

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Bush: 'Democratic Peace' Is Goal in Ex-Soviet States

By Don Oberdorfer and Ann Devroy
Washington Post Staff Writers

President Bush declared yesterday that securing a "democratic peace" in the new states of the former Soviet Union must be a central U.S. foreign policy mission, saying that "democrats in the Kremlin can assure our security in a way nuclear missiles never could."

Calling on Congress to approve his aid package for Russia and the other new nations, Bush used an address to the American Society of Newspaper Editors to attempt to sketch out a broader foreign policy vision his critics have said he lacks. His remarks were intended to provide the philosophical underpinning for international and U.S. aid plans that he unveiled April 1 after weeks of internal administration discussions.

The pursuit of a "democratic peace" in Russia, which was also the theme of testimony yesterday morning by Secretary of State James A. Baker III to the Senate Foreign Relations Committee, is a more limited foreign policy objective than the administration's previous mission of creating a "new world order." No mention was made of that short-lived objective in yesterday's policy statements.

During the four decades of the Cold War, U.S. foreign policy was based on "containment" of an aggressive Soviet Union. Yesterday Bush recalled that in mid-1989, as East European countries were undergoing rapid change and new ideas were taking hold in Moscow, he articulated a policy going "beyond containment" to encourage change.

Now, he said, standing "at history's hinge point," a new mission for the next four years should be "building a democratic peace" especially in Russia as the best guarantee against a renewed threat of military confrontation and nuclear rivalry. Failure of the democratic experiment in Russia could bring "a return of authoritarianism, or a descent into anarchy," which could threaten U.S. well-being in years to come, he said.

The coordinated appearances of Bush and Baker reflected the high priority they are placing on their aid

See AID, A45, Col. 1

AID, From A1

package. In separate statements, they called on Congress to pass the bill before Russian President Boris Yeltsin comes here for his first full-scale summit with Bush on June 16. Administration officials have said the aid plan is being pushed now in order to give the Russian leader political support at a time when he and his policies are being sharply challenged at home.

The reaction to Baker's testimony suggested that, despite the unpopularity of foreign aid in the midst of a recession, senators of both parties and varying political philosophies are receptive to the plan. Committee Chairman Claiborne Pell (D-R.I.), while declaring that foreign aid is "the most unpopular program" among his constituents, supported the bill and said he had witnessed an unusual degree of bipartisan agreement. The committee's ranking Republican, Sen. Jesse Helms of North Carolina, while asking questions and reserving "the right to nudge a little bit," agreed

*"Democrats in the
Kremlin can assure
our security in a
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missiles never
could."*

—President Bush

that, this is "a new era" and told Baker, "Your statement was great."

The only heated objections came from Sen. Christopher J. Dodd (D-Conn.), normally an internationalist. He said that "Boris Yeltsin may be one hell of a guy," but in view of depressed economic conditions in Connecticut, "I don't think it is our obligation" to pass the bill before the Russian leader's arrival.

Administration officials described the Bush address and the Baker testimony as the first steps in a six-week effort at what one called "building a solid record of making the case publicly" for their aid package. The White House has been told by congressional leaders that in order to gain approval of the package, the president must visibly and vocally promote it.

"When we go to them for votes in May," said one administration official, "they said they don't want to have to ask, where have you been on this issue." Until his announcement of the aid package last week, Bush had rarely mentioned foreign policy since the presidential campaign season began in earnest in January.

Administration officials met Wednesday with Senate leaders on the aid package, in large measure to work out a process to persuade the numerous Senate committees involved in such a broad package to work quickly on it. A senior official described the meeting as "very positive" and added that the White

House believes that Senate Majority Leader George J. Mitchell (D-Maine) will "do the right thing" in helping to push an authorization package through the Senate by June.

More problematic is the House, where all members are up for reelection and foreign aid votes are more difficult, the official said. Baker plans to meet the House bipartisan leadership and begin testifying before House committees after the Easter recess.

Baker, in his testimony yesterday, made the point that the current opportunities are fundamentally different from the uneasy peace of the Cold War era, which he called "really a series of episodic accommodations punctuated by frequent superpower crises."

Today's world, Baker said, presents "a wholly different and novel situation—a chance to build a genuine peace based on common, democratic values . . . a genuine peace, not just the absence of war." Baker held out the possibility that based on a foundation of political and economic reforms, U.S. relations with Russia, Ukraine and other new states of the former Soviet Union could approximate those which this country has with such close allies as Britain and France.

In contrast to such expansive concepts and soaring statements of resolve, Baker presented an aid plan that still contains little detail about prospective efforts to shore up democracy and free markets in the former Soviet Union. The plan seeks congressional authorization for a previously proposed \$12 billion increase in the U.S. quota commitment to the International Monetary Fund—which would only indirectly affect Russia—and also asks for a general statement of congressional approval for currency stabilization funds. But other than that, the bill contains no specific figures and no detailed blueprint of how funds or authority would be used.

Even if the bill passes, another battle would have to be fought on the more practical level of appropriations legislation before much of the anticipated assistance could be provided. Despite the high priority being accorded to it in administration declarations, the legislative proposal and a parallel \$24 billion financial aid package advanced by the Group of Seven industrialized democracies were drawn to maximize the use of loans rather than grants to the former Soviet republics and minimize the requirement for new U.S. financial outlays.

Administration officials conceded that the \$24 billion aid plan for Russia drafted by G-7 finance deputies in Paris March 27 did not establish sources for all the expected assistance. A Treasury Department official close to the discussions said various national and international commitments that have already been made or are in sight accounted for about \$20 billion of the aid and the finance officials are "comfortable"—even without detailed analysis—that the additional \$4 billion can be raised.

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The Senator Who Kept His Word

Kent Conrad Said He'd Lower the Deficit or Quit. To Everyone's Surprise, He Meant It.

By Lloyd Grove
Washington Post Staff Writer

Why Conrad Quit

CONRAD, From D1

A week ago Thursday morning, Sen. Kent Conrad awoke in his Capitol Hill row house and was hit by a question from his wife.

"What did you decide?" Lucy Calautti asked the freshman Democrat from North Dakota, who arrived in Washington five years ago pledging to get the federal budget deficit under control—or get out.

Conrad, lying next to her, didn't reply.

"You're not answering," Calautti pointed out.

"I'm thinking," said Conrad, still examining every angle of his political future, much as he has done for the past three years. The 44-year-old senator had already raised a reelection war chest approaching \$1.5 million—an enormous sum by North Dakota standards—had hired a campaign staff and political consultants, and had paid for enough polls and focus groups to know that he was well positioned to win a second term.

"And what are you concluding?" Calautti pressed him.

"I'm not running," the senator said abruptly.

A few hours later, Conrad strode into the Senate chamber and announced his decision to the world.

"Mr. President, there is a tremendous air of cynicism in the country, and I do not want to contribute to it," he declared, noting his pride in his legislative accomplishments and his favorable odds for reelection. "But, Mr. President, while all of that is true, it is also true that I made a promise, I made a pledge. I was raised to be honest, to keep my word."

Conrad's retirement speech was so alien to the culture of Washington—where a politician's promise is often worth the price of the air it is spoken into—that the shock could hardly have been greater if a UFO had landed on the Senate floor.

"It just baffles people, doesn't it?" Conrad mused this week, as he and Calautti—who is chief of staff to North Dakota Rep. Byron Dorgan, Conrad's close friend and longtime comrade in arms—sat together in their living room, occasionally holding hands. She was vivacious and ebullient, he calm and serious, peering through wire-rim spectacles that gave him more the look of an accountant than a solon. "I was told [that among certain Republicans] the rumor was that I had cancer or I had AIDS. I don't even have a hangnail. . . . It seems almost far-fetched to people."

It's not so far-fetched that a young senator with a potentially bright future would want to escape Washington, even a man who has wanted to be a senator since his first visit to the nation's capital at age 14. The political atmosphere has gotten poisonous in recent years, what with public anger about congressional pay raises and scandals of every description, and the politicians increasingly complain of their inability to accomplish anything. Sens. Warren Rudman (R-N.H.), who was elected in

See CONRAD, D3, Col 1

1980, and Tim Wirth (D-Colo.), who came to the Senate along with Conrad in 1987, have also announced their departures, as have a growing number of Senate and House members who speak of "burnout," "frustration" and legislative "gridlock."

The truly baffling thing about Conrad's announcement, which was greeted "with disbelief" by, among others, his senior colleague, Quentin Burdick, was his avowed reason for making it: that he was duty-bound to fulfill a campaign promise to serve only a single term if the budget deficit did not drop by 80 percent. It was a promise that he uttered only twice, he said, on the day he announced for the Senate in 1986, and one he never brought up again in the course of his campaign.

It was a promise, in any case, that was completely beyond his control—a fact that he must have recognized, despite his self-proclaimed "idealism" as he founded the Senate's bipartisan Deficit Reduction Caucus, which met every other Tuesday.

The idea of a bunch of senators yacking on about balancing the budget, while voting on the floor to make the deficit grow and grow, might strike some as an absurdity worthy of "Alice in Wonderland." But not Kent Conrad.

"I loved that," said Conrad, a business school graduate who was North Dakota's tax commissioner before coming to the Senate. "I have a facility with numbers. I like numbers. Numbers speak to me. They really speak to me. . . . So I was just convinced that [balancing the budget] had to be done. I thought it *would* be done. I couldn't conceive of it *not* being done. . . ."

"Probably the high point was just before the last budget summit," he continued. "We had a meeting with [budget director Richard] Darman and 26 senators, about evenly divided between Republicans and Democrats, and Darman said at the time that it really reinvigorated him and convinced him that there was a real desire to address the deficit. And he went back and urged the president to pursue a budget summit," because he was convinced that there was serious support in the Senate to do something really significant. He said he was really moved."

But Conrad's optimism faltered after Darman's minions released federal revenue projections that, in Conrad's view, "were totally fictitious." After the 1990 budget summit between congressional leaders and the White House failed to make a dent in the burgeoning shortfall between revenues and expenditures, Conrad realized that his promise was going to be impossible to keep if he remained a senator.

"From then on, it has plagued me,"

he said. "That would be the best description. There were days when I would go back and forth about running again in my own mind 10, 15 times. Now that's *plaguing*."

Calautti, who managed his Senate campaign before they were wed in February 1987, the second marriage for both, was among the many friends, associates and colleagues who tried to talk him out of quitting.

"I said all of the things you would expect me to say," Calautti recounted as her husband listened. "Kent, you should run again. People understand that you made that pledge and that you did everything you could." "Kent, you know you can run again. The polls show you're really strong and you'll win." "Kent, we worked so hard to get here." "Kent, the party really needs you, and they're counting on you." "Kent, Minot [N.D.] really has depended on you to hold on to what they've got at their air base." "Kent, the pledge isn't so terribly important. Get this out of your head. . . ."

"In retrospect," she added, "I wish I'd listened harder. Because he was giving me this message almost every day for three years."

Conrad tried to explain his decision in terms that a North Dakota farmer, but perhaps few others, might comprehend: "Either the crop is planted or it's not. Either it's weeded or it's not. Either it's harvested or it's not. There's no way to fudge it. . . . Either you've kept your word or you haven't."

"The people inside the Beltway don't understand this," said Roan Conrad, the oldest of three brothers, Kent being the youngest, who were raised by their paternal grandparents after their mother and father were killed in a traffic accident. Roan, a former reporter for Congressional Quarterly and a founding editor of the National Journal, continued: "It's so contrary to Washington folkways."

Conrad's Senate colleagues offer additional theories about his retirement: a sense of hopelessness about the process, mirroring their own; and the brutal mugging of his wife last December as she was coming home late on the Saturday before Christmas. As Conrad watched helplessly, and frantically called 911 and then the Capitol Police, Calautti was dragged away from their row house near Eighth and A streets SE by a man pointing a gun at her head. She managed to escape, and a man was later charged with first-degree armed robbery.

"That was the worst experience I ever had in my life," Conrad said in his living room, a few yards from where the mugging occurred. "I walked out that door, and here's a guy standing with my wife out on the sidewalk. My immediate impulse was to get between them, and he said,

'I'm gonna kill her.' . . . And Lucy said to me, 'He's got a gun,' and only then did I see the gun. He could have pulled the trigger and it would have been all over." Conrad acknowledged that he felt "powerless."

"The powerlessness he felt that night, albeit in a completely different context, is the same kind of powerlessness that is causing people to be very distressed about this place," said Sen. Pete Domenici of New Mexico, ranking Republican on the Budget Committee, of which Conrad is a junior member.

But Conrad and Calautti are at pains to deny that their terrifying experience was a factor in his decision to quit. Calautti, 45, noted that she grew up in the urban hothouse of Flushing, N.Y., spent four years in the Navy in the mid-1960s, "hanging out of airplanes" as an intelligence photographer, and does not frighten easily.

"Who knows what's in your subconscious?" said Conrad, who has spent many weekends house-hunting in the suburbs since his wife's mugging. "My conscious thought process was agonizing, but [the incident] wasn't in my conscious thoughts as a reason to leave the Senate."

"I think he was increasingly frustrated," said his brother Roan, now a public relations consultant in New York City. "I was down there in February, and Kent said, 'This institution is dysfunctional. We can't get anything done. And there's no prospect it's going to improve any time soon.' He didn't want to go home to political meetings and face the voters. He felt the money-raising business for campaign funds, at which he was very good, was demeaning. He was saying these things with increasing frequency. For the last two years, he was not a happy person."

As for his brother's pledge, "He could have finessed it," Roan Conrad said. "I think there were ways he

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could have finagled things, and he might have, if he felt there was real job satisfaction there."

The night before he decided, Conrad spent three hours wandering around the Capitol with his media consultant, Jim Margolis, who had signed on to do his 1992 campaign. It was like a Frank Capra movie as film noir: "Mr. Smith Gets Out of Washington."

"I told him, 'Kent, if the issue is getting reelected, you're absolutely going to get reelected,'" recalled Margolis, who helped Conrad come from more than 30 points behind to beat Republican Sen. Mark Andrews in 1986. "However, if in your heart of hearts you're not happy, if fundamentally there is a sense that your own integrity is at stake... get out. There are plenty of other things you can do, and you can have an impact in other places besides the U.S. Senate."

That night Conrad phoned Byron Dorgan who, in a conversation both men describe as "emotional," tried to persuade his friend to stay. Ironically, Dorgan had become so disgusted with the House, where he has served since 1981, that he'd already decided not to run for reelection himself. But he says Conrad's retirement has allowed him to think positively about a Senate career, and he was nominated last weekend in North Dakota to be his party's standard-bearer.

Last Thursday morning, Conrad scribbled his retirement speech, went to his office and told his staff. After a moment of stunned silence, they applauded him. Then he began calling back home to North Dakota—his state staff, the governor, the party chairman, his campaign chairman, the current tax commissioner—for a series of occasionally tearful conversations.

Then he went to the floor. He was intercepted by his best friend in the Senate, South Dakota Democrat Tom

Daschle, who had heard rumors about his announcement and tried to argue him out of it. An aide to Majority Leader George Mitchell (D-Maine) approached, urging Conrad at least to tell his leader first. As Conrad left the floor to go to Mitchell's office, Calautti, sitting in the family gallery, saw Daschle take what he thought was Conrad's speech (it wasn't) and shove it into his coat pocket.

Finally Conrad returned and took the floor.

"It was like a sack of potatoes hit me in the gut," said Democrat Carl Levin of Michigan, a member of Conrad's Deficit Reduction Caucus.

"I nearly lost my composure," said Patrick Leahy of Vermont, Conrad's chairman on the Agriculture Committee.

One by one, senators got up and lamented their colleague's astounding decision. Mitchell, for one, looked stricken as he expressed his "deep regret." Sitting in the gallery, Conrad agreed with his wife that it was like watching his own funeral.

"On Tuesday [of this week] I was presiding, when Tim Wirth came up to me," said Conrad, who has yet to make plans for his post-Senate life. "He said, 'How are you feeling?' I said, 'I feel great, how are you feeling?' He said, 'You're about to find out.'"

"And then I knew."

Wirth announced his retirement the following morning.

HIGHLIGHTS

- The movie "Uncle Buck" on WUSA.
- "Lake Wobegon Spring Weekend" on WETA.
- Plus a "Mystery/Thriller" night of movies on WHMM.

Public Broadcasting

Lake Wobegon Spring Weekend (CC). Garrison Keillor tells tales of the town baseball team and other news from Lake Wobegon, with help from the Everly Brothers. One hour (Channel 26 at 9).

Mystery/Thriller Night I. Four mystery movies include a Sherlock Holmes caper, and Hitchcock's "Sabotage" and "Young and Innocent" (Channel 32 at approx. 8).

Primetime Movies

Three Amigos (1986). Steve Martin, Chevy Chase and Martin Short are Hollywood actors dueling Mexican outlaws. Two hours (Channel 20 at 8).

Uncle Buck (1989). John Candy is a nutty bachelor who baby-sits for his nephew and two nieces during a family crisis; with Amy Madigan and Macaulay Culkin (Channel 9 at 9).

Series

Matlock (R) (CC). Matlock defends his insurance salesman, accused of murdering a marriage counselor who was sleeping with the salesman's wife (Channel 4 at 8).

America's Most Wanted (CC). Chicago police hunt cop killers and an electronics inventor creates a killing machine (Channel 5 at 8).

Family Matters (R) (CC). Rachel makes a major life change after meeting the very handsome Lynn Swann (Channel 7 at 8).

Tequila and Bonetti (CC). At a special time; Tequila becomes a hero after rescuing a baby from a fire (Channel 9 at 8).

Step by Step (R) (CC). A new answering machine nearly costs Frank a building while Cody abandons Dana's job offer (Channel 7, 8:30).

I'll Fly Away (CC). Forrest reacts when a racist fire chief orders use of fire hoses on a group of black children at play, and reporter Tucker Anderson attracts a naive young woman (Channel 4 at 9).

Hidden Video (R) (CC). College students are suckered into wading in a mud pit, and a temporary worker is asked to help a romance novelist enact a torrid scene (Channel 5 at 9).

Dinosaurs (R) (CC). Robbie defies Earl and hangs out with rowdy veggie eaters until he meets a hungry swamp monster (Channel 7 at 9).

Baby Talk (R) (CC). Maggie discredits James as a role model for Mickey because he's not a yuppie (Channel 7, 9:30).

In the Heat of the Night (R) (CC). At a special time; Virgil's Aunt Ruda can't help interfering after witnessing the shooting of a young black man resisting arrest (Channel 4 at 10).

20/20 (CC). With reports on the Cold War and heterosexual condom use (Channel 7 at 10).

USA Today April 10, 1992

Noriega guilty 'by saturation'

For jury, witnesses credible

By Sam Vincent Meddis
USA TODAY

A Miami federal jury, bombarded with testimony from some of the world's worst drug offenders, saw Gen. Manuel Noriega as a cop gone bad who turned his country into a safe haven for cocaine traffickers.

"It's guilt by saturation," says Jose Quinon, defense lawyer for convicted Medellin cocaine kingpin Carlos Lehder. "If you throw enough (allegations) against the wall, something's going to stick."

Lehder was among 60 prosecution witnesses, most convicted drug traffickers tempted by the prospects of leniency in exchange for their testimony.

Though legal observers described the prosecution testimony as erratic, often contradictory, the government witnesses apparently succeeded in creating a powerful circumstantial case.

Never before had such a cast of unsavory characters been assembled for trial "on such a grand scale," says Jeffrey Weiner, president of the National Association of Criminal Defense Lawyers. "The jury was overwhelmed."

Noriega's defense team sought to undermine the prosecution's credibility.

Defense lawyer Frank Rubino assailed the government's deals with witnesses as "get-out-of-jail-free" cards.

Hoping to turn tables on the government, Rubino brought reluctant U.S. officials and agents to the stand, confronting them with personal letters and official reports praising Noriega's anti-drug efforts.

But prosecutors countered that Noriega was a double-dealer, only pretending to be a U.S. ally in the drug war.

Noriega, who owned several yachts and mansions, amassed a fortune — estimated from at least \$23 million to \$800 million — while supposedly making only a military salary, prosecutors noted.

"He was nothing more than a corrupt, crooked and rotten cop," prosecutor Myles Malman told jurors in summation. Federal law enforcement officials applauded the verdict.

"This day was made possible by President Bush's courageous decision to bring an end to the corrupt and lawless regime of the dictator," said Attorney General William Barr.

"This verdict demonstrates that no one, regardless of his position, is above the law," said Robert Bonner, chief of the U.S. Drug Enforcement Administration.

But legal experts say Noriega still has at least a fighting



VICTORIOUS: Assistant U.S. Attorney Michael Sullivan, center, with fellow prosecutors Myles Malman, left, and Guy Lewis, meets the media outside the Miami courthouse Thursday.

Trail to money may open

Lawyers tracking the cash behind Manuel Noriega's crimes believe his convictions Thursday will help uncover still-hidden millions that belong to Panama.

More than \$150 million stashed worldwide by Noriega and hundreds of his cronies has already been identified and is frozen by seven lawsuits filed in the USA and Panama.

Miami attorney Thomas Equeis, hired by Panama to find Noriega's stash, says more suits are pending in Europe and Asia. He says the total leached from Panama's treasury corruption and drug-dealing could reach "several hundred million dollars."

He thinks the conviction may spur Noriega and former associates to begin making restitution, perhaps to win the court's leniency.

The search for Noriega's money reveals a web of accounts used to stash profits from various deals.

The probe indicates that as money rolled in from drug trafficking and other illegal schemes, such as selling Panamanian visas to immigrants from Cuba and China, Noriega and friends spent millions on real estate and other luxuries, but squirreled away even more.

The main link in his cash chain was the Miami branch of the Bank of Commerce and Credit International, now involved in one of this century's largest bank fraud cases.

Noriega and his wife, Felicidad, accumulated about \$23 million in BCCI accounts alone.

— Laurence Joldon

The verdicts

The government's charges against Manuel Noriega:

Count 1: Racketeering conspiracy, charging he conspired with the Medellin drug cartel to set up operations in Panama; hide cartel leaders; take \$4 million bribe for cocaine lab in Panama; launder drug money; support importing cocaine to the USA.
Maximum sentence: 20 years

Count 2: Racketeering, charging he actually committed the crimes listed in Count 1.
Maximum sentence: 20 years

Count 3: Conspiracy with a pilot to import cocaine into the United States.
Maximum sentence: 15 years

Count 4: Distribution of 400 kilograms of cocaine from Colombia to Panama in 1983.
Maximum sentence: 15 years

Count 5: Distribution of 400 kilograms of cocaine in 1984.
Maximum sentence: 15 years

Count 6: Helping cartel leaders obtain cocaine-manufacturing chemicals.
Maximum sentence: 15 years

Count 7: Conspiracy to manufacture cocaine in Panama lab; importing, distributing cocaine to Florida.
Maximum sentence: 15 years

Count 8: Conspiracy to import 322 kilograms of cocaine aboard a yacht. The drugs were confiscated.
Maximum sentence: 20 years

Count 9: Distribution of cocaine listed in previous count.
Maximum sentence: 20 years

Count 10: Furthering a conspiracy — a flight carrying drug money from Fort Lauderdale to Panama.
Maximum sentence: 5 years



Manuel Noriega

Guilty	Not Guilty
☒	☐
Guilty	Not Guilty
☒	☐
Guilty	Not Guilty
☒	☐
Guilty	Not Guilty
☒	☐
Guilty	Not Guilty
☒	☐
Guilty	Not Guilty
☐	☒
Guilty	Not Guilty
☐	☒
Guilty	Not Guilty
☒	☐

By Marcy E. Mullins, USA TODAY

chance in the appellate courts. "I'm not saying (the issues) are winners, but they're not frivolous," says Georgetown University law professor Paul Rothstein.

Among other things that

could serve as ammunition for appeals are defense complaints that they were not provided enough leeway with classified information.

Early in the case, the defense suggested Noriega, a

Conviction tab may top \$185M

Taxpayers may have shelled out more than \$185 million to convict Gen. Manuel Noriega.

Price of the December 1989 invasion of Panama by 23,000 U.S. troops and tanks to capture Noriega: \$163.6 million, according to a congressional report.

Trial costs: up to \$23 million, says the National Association of Criminal Defense Lawyers. Included:

► \$1.5 million to win testimony of key prosecution witnesses in plea bargains.

► \$550,000 for a four-man prosecution team.

► \$318,000 in court costs — judge, clerks, reporters, courtroom and jury pay.

► \$300,000 for Noriega's two defense lawyers, paid \$75 an hour for 14 months after prosecutors seized Noriega's accounts.

► \$75,000 in security expenses for his protection.

long-time U.S. intelligence operative, would drag former CIA director Bush through the legal muck. But the attack never materialized.

Perhaps the most promising grounds for appeal involve questions over the invasion that brought Noriega to justice, the costliest and bloodiest manhunt in recent U.S. history.

The Dec. 20, 1989, invasion — which cost the lives of 23 U.S. troops and at least 500 Panamanians — forced Noriega into hiding at the Vatican Embassy in Panama City. He surrendered Jan. 3, 1990, and was promptly airlifted to the USA in rumpled fatigues and manacles.

Noriega's appeal may be affected by a pending Supreme Court case that asks whether a foreigner who is abducted to

this country for trial can refuse trial in U.S. courts.

With or without Noriega, Panama continues to be a drug capital: "The truth of the matter is not one less ounce of cocaine is going to be on our streets, not one less dollar is going to be laundered in Panama," said Rep. Charles Rangel, D-N.Y., chairman of a House narcotics committee.

Yet, in Panama reaction to the verdict was favorable: "It's going to be a positive thing for the country because it will satisfy this craving for justice that up to now has not been satisfied domestically," said Roberto Eisenmann, editor of the newspaper La Prensa.

Contributing: Laurence Joldon, Tony Mauro and Tom Squitieri

ELECTION '92

A LOOK AT THE CANDIDATES AND THE ISSUES

ABC reports drugs used at Brown parties

Democratic presidential candidate Jerry Brown, while governor of California, threw parties where marijuana and cocaine were used, ABC News reported Thursday, quoting unidentified sources.

Brown denied the allegation. "I never saw it," he told reporters in Pittsburgh. "It's not true."

Unidentified police officers who worked at Brown's Los Angeles weekend home in the late 1970s told ABC the gatherings were "coke parties" where drugs were used "in every room, except the bathrooms."



AP
BROWN: Visited home on weekends

The officers said marijuana residue and seeds littered ashtrays and marijuana odors permeated the house. They also said they found "traces of a white powdery substance" that they tested and found to be cocaine.

"I would have called the police, but in this case we were the police and he was the governor," one officer said. "Our primary concern was the protection of the governor, not to arrest him."

Responding to the report, Brown quoted police as saying no reports of such episodes were ever filed and added that the allegations were "very vague and ... unsubstantiated."

Brown, governor from 1975 to 1982, frequented the home in Laurel Canyon on weekends. In California, residents aware of drug use in their homes can be charged with a crime — felony charges relating to cocaine use and misdemeanor charges relating to marijuana use.

Candidate Bill Clinton's press secretary, Dee Dee Myers, said the ABC report "further erodes Jerry Brown's credibility. It just contributes to his reputation as a flake. Every passing day makes him less of a threat to us. Every day — both substantive things that he says and the way he comports himself — suggests he's not the kind of person you can imagine as president."

BUSH CALLS NEGATIVE ADS AN OPTION: President Bush told a group of newspaper editors Thursday this year's presidential campaign is the "ugliest" he'd ever seen. But Bush didn't rule out running negative ads against the eventual Democratic nominee. And he refused to characterize his Michigan primary ad, which accused Pat Buchanan of hypocrisy for urging voters to buy American while he drives a German-made Mercedes-Benz. "We've tried to have most of ours positive," he told the American Society of Newspaper Editors. "I would like to see (the campaign debate) on the issues, not the sleaze question."

IN WASHINGTON

RUSSIAN AID: Secretary of State James Baker went to Capitol Hill Thursday to sell President Bush's \$24 billion allied Russian aid package. He ran into congressional accusations that the administration is not doing its part to sell a dubious U.S. public on the merits of the idea. Baker arrived late at the Senate Foreign Relations Committee, prompting quips about whether he took public transportation, and read his entire 45-minute testimony, eating up most of the time allotted to senators' questions. Baker asked Congress to approve the aid by June 16, to send "a strong signal" before Russian President Boris Yeltsin's visit. He also said hopes are fading on wrapping up the Strategic Arms Reduction Treaty with Russia and the three other nuclear republics of the former Soviet Union. "We have told those four states that the window for ratification of the START treaty in the United States will not be open forever," Baker said. "We need to get going on this." — *Johanna Neuman*

IRAQI MOVES: President Bush said he's "very much concerned" about a recent surge in Iraqi military activity, including deployment of surface-to-air missiles and troops near Kurdish areas in northern Iraq, and four consecutive days of training flights by Iraqi combat planes. Some of the flights, the first by Iraqi warplanes in more than a year, have strayed north of the 36th parallel, a no-fly zone under a U.N. order. Iraq has repaired anti-aircraft radar batteries that now "illuminate," or track, U.S. aircraft.

PENTAGON BUDGET: The Senate rejected, 50-45, a Democratic proposal to trim \$4.2 billion from President Bush's planned \$292 billion military budget for next year. The vote came as the Senate debated a \$1.5 trillion federal budget for fiscal 1993.

SPECTER'S RACE: Sen. Arlen Specter, R-Pa., has liberals and conservatives nipping at his heels as he criss-crosses Pennsylvania before the Republican primary April 28.

Specter, seeking his third term, still draws flak over his interrogation of Anita Hill during Clarence Thomas' Supreme Court confirmation hearings. And his GOP opponent, state Rep. Stephen Freind, an anti-abortion activist, is trying to paint him as a "tax and spend liberal."

Recent polls show Specter far ahead of Freind, who — as one of the moving forces behind Pennsylvania's restrictive abortion law now before the Supreme Court — is not a likely alternative for those offended by the Anita Hill questioning. Specter, who backs abortion rights, says Freind is a one-issue candidate, but he's not taking anything for granted.

"The only poll he's interested in is on Election Day," says Specter spokesman Dan McKenna.

Freind spokesman Kevin Harley is sanguine, too: "We're not overly concerned about the polls."

Specter reminds voters that in 11 years he's made more than 1,600 official visits, held nearly 500 town hall meetings and brought home the bacon for his constituents.

On the Democratic side, five candidates are vying for the nomination: Lt. Gov. Mark Singel, leading the pack; Allegheny County district attorney Bob Colville; Lynn Yeakel, president of a Philadelphia fund-raising organization, Women's Way; Frederica Mann Friedman, a family therapist; and Philip Valenti, an associate of Lyndon LaRouche, imprisoned conservative Democratic presidential hopeful.

Women's groups are pushing Yeakel, who they think could prove a major challenge to Specter if she gets through the primary. Polls show her in the single digits.

"Women are furious at Arlen Specter," says Ellen Malcolm, director of EMILY's List, which gives money to female candidates. "Yeakel is going to get a lot of support around the country from people who were appalled at his treatment of Anita Hill."

VA. CAUCUSES THIS WEEKEND: Virginia holds the next round of Democratic presidential nomination voting with caucuses this weekend, some Saturday and some Monday evening. With Gov. Douglas Wilder — an early dropout from the race — unenthusiastic about front-runner Bill Clinton, Jerry Brown was stumping hard. His office said he'd get Wilder's endorsement today. Clinton, sidelined by laryngitis, canceled Virginia appearances. At the caucuses, participants will express their preferences for candidates; 78 delegates will be apportioned based on that support.

PAT PAULSEN: Presidential candidate Pat Paulsen phoned Thursday to berate USA TODAY for lumping him



AP
PAULSEN: Comedian, candidate

in with "others" in our results from the Kansas Republican primary. We're sorry. We meant to say Paulsen got 5,138 votes (before all the absentee ballots are counted), which is more than David Duke's 3,692 tally. Paulsen, 64, says his campaign is "starting to build." He got 657 votes in New Hampshire; 1,500 votes in Louisiana, even though he didn't campaign there; and now Kansas. "Five-thousand people," he exclaimed. "What are they, crazy?" Paulsen, who came to fame on the Smothers brothers' TV show in the 1960s and '70s, combines campaigning with touring comedy clubs. He'll be on the North Dakota ballot June 2 and is trying to get on the California ballot the same day. His platform: "Lower the unemployment rate by finding myself a job."

Democrats Jerry Brown: Friday, Virginia, meets with Gov. Douglas Wilder; San Diego; Saturday, Sunday: California. **Bill Clinton:** Friday-Sunday, Little Rock, Ark.

Republicans George Bush: Friday, White House, meets state lieutenant governors, sees NATO Secretary-General Manfred Woerner; Camp David; Saturday-Sunday: Camp David. **Pat Buchanan:** Friday-Sunday: Washington.

Compiled by Gwen Flanders. Contributing: Richard Benedetto, Judi Hasson, Adam Nagourney, Brian O'Connell, Leslie Phillips and Sandra Sanchez

USA Today April 10, 1992

Bush calls Noriega conviction 'victory against drug lords'

By Sam Vincent Meddis
and Deborah Sharp
USA TODAY

MIAMI — The historic racketeering trial of Gen. Manuel Noriega ended Thursday with a resounding conviction: guilty on eight of 10 drug charges.

President Bush, who launched a 1989 invasion of Panama to topple the self-described "Maximum Leader," hailed the verdict as "a major victory against the drug lords."

The nine-woman, three-man jury — deadlocked Wednesday — affirmed prosecutors' claims Noriega was a "rotten cop" who sold Panama to the Medellin drug lords as a haven.

After five days of deliberations, jurors rejected a scrappy defense case that included former and current U.S. officials who testified to Noriega's efforts in the U.S. war on drugs.

Noriega, 54, faces 120 years in prison at a July sentencing.

Noriega, in his four-star general's uniform throughout the seven-month trial, showed no reaction to the verdict. His two daughters wept; his wife, Felicidad, sat expressionless.

The defense now sets its sights on the appellate courts, where it will press "a lot of major, major issues," says Jeffrey Weiner, president of the National Association of Criminal Defense Lawyers. Reaction:

► "It was all worth it," said a jubilant lead federal prosecutor Michael Sullivan.

► Lead defense lawyer Frank Rubino, describing himself as "bitter," lashed out at the administration for playing "the world's policeman."

► Ex-Justice Department official Bruce Fein says the verdict supports using the military to snatch foreign fugitives such as two Libyans charged in the Pan Am Flight 103 bombing.

► Rep. Charles Rangel, D-N.Y., chairman of a House narcotics committee, called the unprecedented case "tragic," saying the invasion "tore a little piece of our Constitution."

► Jury pressure, 3A
► Editorial, 10A

Ex-House clerk faces drug charge

By Judi Hasson
USA TODAY

The House's image got another black eye Thursday.

A federal grand jury indicted a former worker in the House Post Office on drug charges, signaling an expansion of a probe into wrongdoing at the facility.

The charges are the latest episode in scandals that have rocked the House of Representatives and fueled the anti-incumbent mood across the USA.

U.S. Attorney Jay Stevens described the indictment as part of an "ongoing criminal investigation."

The indictment charges that a stamp clerk — Wendell Magruder, who was previously indicted for embezzlement — sold crack cocaine and other drugs to fellow workers.

Some of these employees assisted him in "concealing monetary shortages in his stamp drawer" at the time of postal audits, the grand jury charged.

They did so by giving stamps to Magruder so he could hide the deficiencies from inspectors, the jury charged.

It did not name the other employees, identifying them as unindicted co-conspirators.

Problems at the post office embarrassed House members and led to an Administration Committee probe.

Stephen Hess, a political expert at the Brookings Institution, said the indictment was "inconsequential."

"There are 13,000 people who work up there and this is one lowly clerk," Hess said.

Three former clerks have pleaded guilty to charges of embezzling more than \$35,000.

► Reforms approved, 4A

Outnumbered juror finally succumbed to pressure

By Deborah Sharp
and Robert Davis
USA TODAY

MIAMI — A jury that appeared hopelessly deadlocked Wednesday in the drug trial of Gen. Manuel Noriega made a fast turnaround Thursday.

How the panel broke the obstacle — identified by the jury foreman as a single stubborn juror — remains unclear as jurors skirt the media. But experts say it's no mystery.

Pressure to reach a verdict came from all sides. "It's pressure that brought him over, assuming it's a him," said John Gilleland, a psychologist with Jury Analysts Inc. "It's not necessarily a change of heart. The social pressure when it's 11 against one is unbelievably strong."

The jurors, looking solemn and tired late Thursday, fled into a room filled with reporters and photographers only to hand off a handwritten note:

"It's been a long seven months. We've examined all the evidence and the verdict we reached speaks for itself. We are all looking forward to returning to a normal life."

"We would ask that the media and the press respect our privacy and appreciate our decision to reserve our comments to a further date."

"Thank you."

Jury foreman Lester Spencer, 38, an insurance adjuster, was the only member of the 12-

person jury to speak. "It has been a long trial," he said. "The decision was difficult. It was heavily debated back and forth."

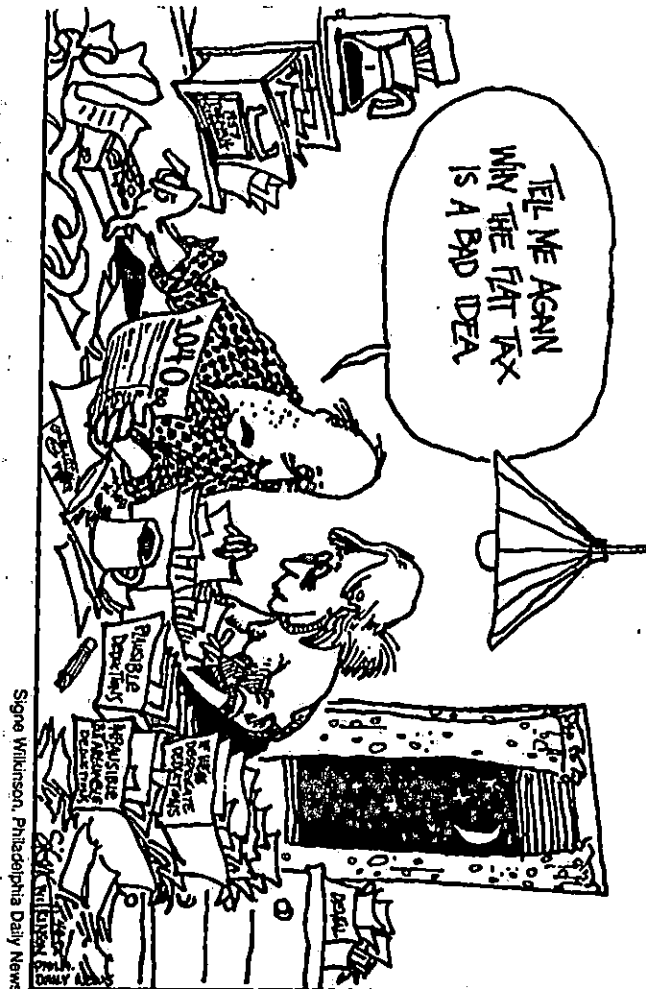
But that debate apparently didn't begin until Wednesday, the fourth day of deliberations, after Spencer told U.S. District Judge William Hoeweler that the impasse was being caused by one stubborn juror.

At that Hoeweler ordered them back to work. "You are not going home today."

"It's called the dynamic charge," Gilleland said. "Basically, you dynamite loose the person who is being an obstacle and force them to consider the opinions of others."

John Banzhaf, a law professor at George Washington University, said the judge's action "will probably be the basis for appeal." But he added: "I don't think it will win."

► Resounding verdict, 1A
► Editorial, 10A



On the homefront: Campaign re-thinking

Most lawmakers decide to stay home for holidays

By Marilyn Greene
USA TODAY

Most members of Congress are choosing to face constituents at home rather than risk criticism for travel junkets over their Easter recess.

Reeling from criticism for the House bank scandal and taxpayer-financed perks, most lawmakers are going back to their districts for the two-week break beginning today.

► Sen. Joseph Biden Jr., D-Del., "is doing Delaware," said press secretary Evelyn Lieberman. "No boondoggles."

► Sen. Nancy Kassebaum, R-Kan., plans "your standard recess meetings" at home, said spokesman Mike Horak.

► Rep. Dan Rostenkowski, D-Ill., will be in Chicago, said aide Jim Jaffe. "We're trying to get him to go on vacation."

A few — mostly leaders on foreign affairs and intelligence panels — are traveling. Most do not face voters this year.

Getting information on members' travel plans reflected the anxiety over the image of Congress and its members.

Those acknowledging trips gave lengthy explanations. But most staffers were defensive. Many said they couldn't talk out of concern for security.

"Unfortunately, the way the (travel) issue has been raised, the general public hasn't been given good information," said Joe Pinder, spokesman for Rep. Jim Leach, R-Iowa, who is

heading to Russia. Of dozens of legislators contacted, Leach was the only traveler up for reelection this year.

Congress watcher Thomas Mann of Brookings Institution, a Washington think tank, said Congress members are "terrified. They will go to great lengths to avoid being put in a compromised position."

The foreign travel list:

► Sens. Bill Bradley, D-N.J., and Bob Kerrey, D-Neb., joined Leach Thursday on a U.S. military jet for 10 days in Russia, Ukraine and Lithuania. "They're going to look at economic reform, federalism, security relations between republics... and environmental concerns," said Bradley spokesman Eric Hauser.

► Sens. James Jeffords, R-Vt., Dennis DeConcini, D-Ariz., and Daniel Akaka, D-Hawaii, leave today on an eight-day human rights tour of the Commonwealth of Independent States' Central Asian states.

"I don't have any qualms whatsoever," said Jeffords. "At this time, with a new (aid) proposal coming from the administration and with concern about whether the Asian republics are going to move along with the West or with the fundamentalists in Arab nations, it's critical we give every indication we will assist them."

► Sen. Alan Cranston, D-Calif., retiring because of poor health and after an ethics committee reprimand for the Keat-



"I don't have any qualms whatsoever."

— Sen. James Jeffords, R-Vt., on human rights tour to Central Asia

ing Five savings-and-loan scandal, is planning a CIS tour.

► Sens. Claiborne Pell, D-R.I., and David Boren, D-Okla., plan to leave April 17 for Taiwan and Hong Kong. They also wanted to visit Tibet, but China refused to grant visas, saying the timing was "inconvenient."

House Speaker Thomas Foley, D-Wash., is "still battling around the idea" of a trip to Portugal for a meeting of British, European and U.S. legislators, said spokeswoman Robin Webb. "The speaker has always supported the right of members of Congress — the real need, actually — to travel to become educated on the issues they legislate on."

Democrats hope reforms help salvage House image

By Judi Hasson
USA TODAY

Over loud Republican objections, House members approved reforms Thursday they hope will get them out of hot water with the voters.

► On a 295-165 vote mostly along party lines, the House approved a major overhaul of the way congressional elections are financed, including voluntary limits on how much House and Senate candidates spend on their campaigns.

► On a 269-81 vote, members approved creation of a professional administrator to manage the non-legislative business of the House.

Democrats hope the administrator will help clean up the image of a House tarnished by check and postal scandals.

"It's time to move on," said Rep. Joseph Moakley, D-Mass., Rules Committee chairman.

But Republicans squawked. "It is rearranging the chairs on a sinking ship," said Rep. Rod Chandler, R-Wash.

The campaign overhaul goes to the Senate for a vote after the spring recess, which starts today. President Bush has vowed a veto.

The compromise legislation calls for voluntary limits on spending in House and Senate races and public financing of campaigns where opponents have exceeded the limit.

The limits: \$600,000 for House races and varied ac-

cording to state population for Senate races; a lid on contributions from interest groups.

"It is time to establish once and for all that public officials can't be bought by the highest bidder," said Rep. Charlie Rose, D-N.C., chairman of the Administration Committee.

Republicans criticized the Democratic proposal because it doesn't contain any mechanism to generate the public financing. "It is a shell," said Rep. Bill Thomas, R-Calif.

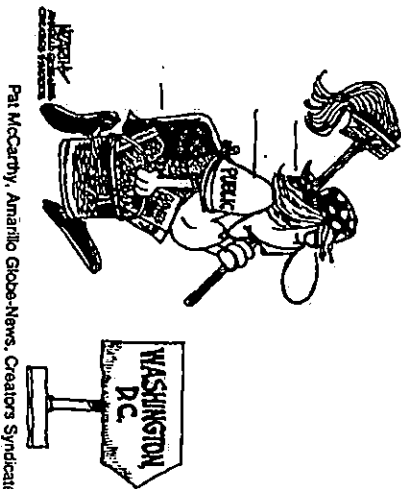
Also Thursday:

► House Democrats charged the White House was circumventing personnel guidelines by hiring workers for phony job descriptions at government departments, then detailing them to political duty at the White House.

► Bush sent Congress a bill that would force Congress to comply with a handful of laws from which it has exempted itself.

► Rep. Christopher Cox, R-Calif., gathered signatures on a letter urging Bush to veto the fiscal 1993 appropriation for the legislative branch. This year, Congress is spending about \$2.3 billion on itself, including supportive agencies like the Congressional Budget Office. Cox didn't say how much he wants to cut Congress' budget. But the public, he says, views Congress as "too fat, dumb and happy."

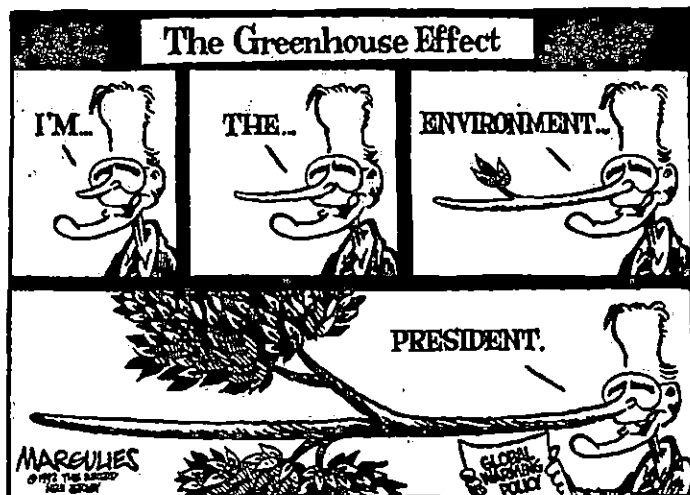
► Postal indictments, 1A



USA
Today
April 10,
1992



Jim Morin, The Miami Herald, King Features Syndicate



Jimmy Margulies, The Record, Hackensack, N.J.



Walt Handelsman, The Times-Picayune, New Orleans, La., Tribune Media Services

Was Noriega worth it?

On another subject, USA TODAY says stopping Noriega was good; cutting drug use would be better.

Manuel Noriega's conviction Thursday doubtless will be cited as a major victory in the drug war.

In one sense, it is. President Bush achieved his stated goal. He sent troops into another nation and captured, tried and convicted its drug-running leader.

Noriega never was in danger of being mistaken for a crown jewel of Latin America. He was a thug. Under his jackboot, Panama became a staging point for many of the drugs shipped from Central and South America. Its banks became giant washing machines to launder cash from crooks on both continents.

His conviction might give pause to other despots who think they can milk international law to feed their greed.

But the saga also should serve as a re-

minder of the limits of force. Twenty-seven months after Noriega was ousted:

► Most of his troops have joined the new police force. Amid a crime wave, people arm themselves rather than call on the goons who used to beat them up.

► Enterprising younger thugs now run Noriega's drug and money-laundering network — and have added gunrunning and kidnapping to its product mix.

The implication is clear: The invasion was among the most drastic, certainly the most costly, of drug-interdiction efforts in U.S. history — but, at best, it temporarily slowed the flow.

Curbing drug use is the real answer. It'll be much tougher and less exciting than roaring in, guns blazing, to oust a tinhorn dictator — but Panama has demonstrated that as an anti-drug tactic, that doesn't work very well anyway.

► Verdict, 1A

Clinton rests, gets ready for 'bigger stage'

By Adam Nagourney
USA TODAY

This three-week spell in the political calendar looms as a watershed for Bill Clinton, allowing him to recast his campaign as a fight against President Bush, and repair the considerable damage he has suffered so far.

With Paul Tsongas out of the race and Jerry Brown hanging on by a thread, the Clinton camp is plotting an aggressive campaign focused more on the national race than on the remaining primary states.

That includes a series of major policy speeches — on health care, the economy and the environment — as well as more of the politically unconventional gestures, such as appearing on the *Donahue* show, that helped him survive the New York blitz.

On the most rudimentary level, the time until the April 28 Pennsylvania primary allows Clinton to rest chronically inflamed vocal chords. That is a serious campaign concern: His laryngitis forces the campaign to cut down appearances and undercuts his presentation when making major speeches.

But more important, this break gives Clinton time to plot a totally new phase in a campaign that has been spinning almost out-of-control since Jan. 1.

"We've crossed a certain threshold that enables us for



By Stephan Savoia, AP

CLINTON: Plans a series of major policy speeches

the first time to move on to a bigger stage," said Clinton's pollster, Stan Greenberg. "Though I'm not entirely sure what that new play is."

"A lot of our challenge is to get back to where we were last fall," said Clinton's Deputy Campaign Manager George Stephanopoulos.

For the first time, with only Brown left and the contentiousness of New York behind him, Clinton may be able to present himself as the voice of opposition to Bush. And Brown's poor showing should mean that he will get less attention for his damaging attacks on Clinton.

Tsongas withdrawal helps Clinton little

By Richard Benedetto
USA TODAY

Paul Tsongas' decision not to lie in front of the Bill Clinton bulldozer leaves only Jerry Brown in Clinton's path to the Democratic presidential nomination.

"I will not re-enter the race," Tsongas said Thursday in Boston.

A return, he said, would cast him as spoiler. "I reject that role."

Tsongas called on supporters to cease their campaign efforts on his behalf, but did little else that would aid Clinton's cause.

While he holds the power to help the front-runner put the nomination away, he said he'll keep his 539 delegates to the party convention in July and remain neutral.

However, Tsongas' departure may encourage more than 700 fence-sitting "super-delegates" — party leaders, governors and members of Congress — to go over to Clinton's side.

Clinton has 1,267 delegates; 2,145 are needed to nominate. Pennsylvania, the next primary arena, votes April 28.

Pennsylvania Gov. Robert Casey, a Democrat, said he's still not convinced Clinton can win in November, and that he will remain uncommitted.

Tsongas sidestepped questions about whether he's interested in being Clinton's running mate.

"This is not the time. Let it go at that," he said.

▶ **Brown drug charge, 4A**

In addition, Clinton aides believe the candidate — who has arguably been the recipient of both the most gushing and punishing press of any recent candidate — is about to get washed with a new wave of positive stories.

"The press is fickle," said Greenberg. "The press wanted a real election. For the same reason they brought us up and brought us down, they'll bring us up again."

Said Democratic consultant Carter Eskew: "People are go-



By John Mottern, Agence France-Presse

KEEPS DELEGATES: Paul Tsongas announces in Boston on Thursday that he'll not re-enter the Democratic race.

ing to say, 'He's still standing. There's a lot to this guy. Let's do the softer side of this guy.'"

Finally, as things work out, the big states with the remaining primaries — Pennsylvania, Ohio and California — are also key states in the general elec-

tion; his messages there can lay groundwork for the fall.

Democratic consultant Robert Shrum says Clinton will also get the benefit of a second look from voters: "There's this psychological thing: A window of time when there's another

look. It needs to be used to sculpt large ideas that can sustain him until the convention."

Many Democrats say Clinton's main task is to overcome four months that left him so bloodied that it's become hard to see how he could beat Bush.

"The first introduction of Bill Clinton in all these states have been these negative stories which are unfair and unsubstantiated and have hurt him," said national campaign chairman Mickey Kantor.

New York Gov. Mario Cuomo said detailed plans for the economy are the key to winning this fall.

"The fair way to put it," he said Thursday, "is that the nature of the campaign has been such that they have left themselves no time to describe their plans."

Other Democrats said Clinton has to attempt to show voters sides of his personal life that never made the supermarket racks: "Let people see more of the Elvis impression and less of the tabloids," said Tad Devine, who was manager for Nebraska Sen. Bob Kerrey's failed campaign.

Eskew argued that in the long run, Clinton might find it easier to deal with those personal problems: "They do not think Bill Clinton is a big-spending, big-taxing, crazy liberal, soft on crime, gay rights. I'd much rather have him in this position."

USA Today April 10, 1992

USA Today April 10, 1992

Today's debate is on **WORKERS AND EMPLOYERS**
and how they can work together to the benefit of all.

Encourage managers, workers to join hands

OUR VIEW Organized labor's attempt to thwart cooperation by non-union members must be blocked.

Labor and management. Partners or adversaries?

The contract dispute between Caterpillar and the United Auto Workers has emphasized labor's and management's division this week.

But the five winners announced in today's newspaper for the Rochester Institute of Technology/USA TODAY Quality Cup epitomize a different trend — toward partnership.

Each of the teams — from Sentara Norfolk General Hospital, the Naval Aviation Depot Operations Center, Federal Express, U.S. Steel and L-S Electro-Galvanizing — improved services or products while raising worker morale.

Those efforts represent the best in a wave of 30,000 employee-participation programs that have been established in recent years.

But a 1930s labor-law provision threatens to stop many of them cold.

It was aimed at companies setting up

sham unions. But unions now are asking the National Labor Relations Board to use the law to hobble employee-management panels aimed at improving quality or working conditions.

The goal: force employees into unions to give unions more clout.

That would be foolish.

Unions cover only 12% of private industry, down from 30% in 1970. Without worker-management committees, non-union workers could be left with no say in decisions affecting their jobs.

The recent growth of worker-management partnerships has helped workers, companies and the nation. They've helped cut the once-monstrous \$153 billion trade deficit in half. In just five years, exports have jumped 65%.

Congress recognized the importance of workplace cooperation when it created the Baldrige National Quality Award for employee-participation programs.

In today's competitive world, government must encourage managers and workers to join hands — and remove any barriers that stand between them.

► Cover story, 1A

Don't undercut workers

OPPOSING VIEW Upholding the labor laws as originally intended will enhance true cooperation.

Assuring employees a genuine voice in decision-making at the workplace is precisely what U.S. industries should be doing to compete in the world economy. That kind of labor-management participation is what trade unions are all about. Yet we've been opposed at every turn by employers who may talk cooperation but who really want unilateral control of the workplace.

The labor laws rightly prohibit employers from setting up and controlling employee organizations — whether they're called "quality circles," "worker committees" or what have you. By nature, no arrangement that has the employer sitting on both sides of the table can ever foster real worker participation.

Upholding the labor laws as they were



USA TODAY
By Lane Kirkland, president of the AFL-CIO.

written will enhance true cooperation. Such programs are a success at unionized Xerox, Bridgestone, Saturn and hundreds of smaller companies where workers are recognized as equals.

Workers who have a real voice in the workplace and know that they won't be cast aside are more productive. It's as simple as that. That's why a loophole in the labor laws that says you can't be fired for striking but can be "permanently replaced" is so destructive to the U.S. economy. It tempts employers to shelve cooperation, abandon bargaining and simply dismiss an experienced workforce in favor of untrained new hires.

Clearly, this tactic is not the route to high productivity and a competitive economy. It wasn't at Eastern Airlines and Greyhound, and it's not now at Caterpillar. Employers in highly competitive countries like Germany and Japan know this. In their countries, "permanent replacements" are unheard of.

Our labor laws were first passed to prevent such ruinous industrial strife and to help foster agreements that will keep people working and the economy growing. We could do no better than to live up to that intent.

Democratic Senators Challenging Cost and Risk of 'Star Wars' Plan

By ERIC SCHMITT
Special to The New York Times

WASHINGTON, April 9 — With the Stealth bomber and the Seawolf submarine apparently canceled or sharply curtailed, Democratic senators today challenged the military's most costly remaining program, the scaled-back anti-missile defense system.

The space-based shield against Soviet missiles that President Ronald Reagan initially proposed in 1983, known as "Star Wars," has been steadily whittled down. The less grandiose plan that Congress approved last year now emphasizes ground-based missile defenses, specifically, a single site near Grand Forks, N.D., with 100 anti-missile rockets, by about 1996.

The single site is intended to protect America against an accidental nuclear attack by one of the former Soviet republics or a ballistic strike from a third world nation. It would cover only the central third of the continental United States and would cost at least \$20 billion over the next five years, the director of the Strategic Defense Initiative Organization said today.

Henry F. Cooper, the agency's direc-

tor, said the Bush Administration was following Congress's orders to develop the first site, but he clearly expressed a preference for a network of five to seven sites, beginning with sites in the Northeast and the Northwest that could cover the entire country.

House budget resolution calls for \$7 billion in additional cuts next year. Senators at two hearings today questioned Mr. Cooper on the program's cost, the specific threat, the technological risks and the Administration's commitment to pursue a limited ground-based system instead of a riskier and costlier set of anti-missile rockets that would orbit Earth.

"The overall affordability of the program must be questioned in view of overall defense budget constraints," said Senator Daniel K. Inouye, a Hawaii Democrat who heads the Senate Appropriations subcommittee that controls military spending.

Senator Dennis DeConcini, an Arizona Democrat, expressed similar doubts about the threat and also questioned why only 20 percent of next year's requested Star Wars budget was devoted to defenses against short-range missiles, such as an improved Patriot missile.

Mr. Cooper acknowledged that threat of missiles like the Scuds that Iraq fired at Israel and Saudi Arabia in the Persian Gulf war was a "nearer-term priority."

Backpedaling on Patriots

Proponents of the Star Wars program have used the threat of proliferating ballistic missiles and the Patriot's purported success in the Gulf war to promote their cause in Congress for advanced missile defenses. Indeed, Congress accelerated the ground-based defenses by four years largely because of the Gulf war experience.

But this week the Army backpedaled on some of its rosier Patriot claims. The Patriots successfully intercepted 70 percent of the Scuds fired at Saudi Arabia, not 80 percent as previously asserted, and 40 percent of the Scuds fired at Israel, not 50 percent, the Army said.

At an afternoon meeting of the Senate Armed Services Committee, which drafts the military's budget each year, Senator Carl Levin, Democrat of Michigan, repeatedly questioned Mr. Cooper on the potential technological risks of accelerating the ground-based system.

Mr. Cooper said the earlier target of 1996 instead of the year 2000, would mean that engineers would have to manufacture several parts of the ground-based system before prototype models were fully tested. The original development plan called for a more cautious design and testing schedule.

Two other Democrats, Senator Sam Nunn of Georgia and Senator Jim Exon of Nebraska, questioned Mr. Cooper on the Administration's commitment to follow the Congressional directive to pursue a ground-based defense.

Mr. Cooper said that he had shifted \$1.7 billion in space-related development money from a five-year span to the higher-priority ground defenses. In all, \$4 billion that was scheduled to have been spent in the next decade was pushed up to help pay for the ground defense, he said.

Doubts about the threat of a missile attack.

Ground Radar and Satellites

The network of multiple sites, whose rockets would be guided to incoming enemy missiles by ground radar and satellites, would cost an additional \$15 billion and be completed early in the next decade, Mr. Cooper said.

It would also require negotiating with the former Soviet republics to modify the Anti-Ballistic Missile Treaty of 1972, a bedrock of American arms control that prohibits weapons in space and more than one ground site.

The Administration has requested \$5.4 billion for the Star Wars program in the fiscal year beginning Oct. 1, a 29 percent increase over the \$4.2 billion that Congress approved last year. Many Democrats in the House and Senate favor deeper cuts in President Bush's proposed \$281 billion military budget for the next fiscal year, and Star Wars is their biggest target.

The Senate was expected to approve a fiscal 1993 budget resolution tonight that tracks with the Administration's request on military spending. The

The Front-Runner

Like Voters, Superdelegates Have Doubts About Clinton

By R. W. APPLE JR.
Special to The New York Times

WASHINGTON, April 9 — Even though Bill Clinton won four primaries on Tuesday, even though Paul E. Tsongas announced today that he would not re-enter the race for the Democratic Presidential nomination, even though many of them concede there is probably no stopping Mr. Clinton now, dozens of Democratic senators and representatives remain reluctant to endorse him.

Senator Jay Rockefeller of West Virginia scheduled a news conference for Friday to announce his backing. Senator Tom Daschle told news organizations in his home state, South Dakota, that the moment had come to rally around Mr. Clinton. But beyond that there was little movement.

Of 264 superdelegates in the House and Senate, 93, or 35 percent, have endorsed Mr. Clinton so far, according to a continuing survey by The New York Times. Most are Southern, and most made their statements some time ago. A much larger number remain officially uncommitted.

Dee Dee Myers, Mr. Clinton's press secretary, insisted that "people are starting to rally around the flag," and she mentioned Mr. Rockefeller as an example. She also said the Arkansas Governor plans to meet with uncommitted superdelegates on Capitol Hill on April 25, the day after the Pennsylvania primary, when Congress will return from the Easter recess.

'Terrible Doubts'

But Representative Dennis E. Eckart of Ohio, more willing perhaps to speak on the record than many of his colleagues because he has announced his retirement from the House, said that he and some of his colleagues had constituted an informal "Missouri caucus — a show-me caucus" — and would do nothing for now.

"The voters haven't embraced Clinton, so I don't see any reason why I should endorse him," Mr. Eckart said. "Look at the exit polls. People have terrible doubts about this guy, and we're talking about Democrats."

In the New York primary Tuesday, the turnout was exceptionally low, 29 percent of the electorate backed Mr. Tsongas, a ghost candidate, two-thirds of the voters said they were dissatisfied with the choice presented to them, and 4 in 10 said they doubted Mr. Clinton had the integrity to be President.

"There's no reason for us to do anything," said Representative Barbara B. Kennelly of Connecticut.

Senator Tom Harkin of Iowa, one of those who competed with Mr. Clinton in the early primaries, has endorsed him and has been campaigning for him. But Senator Bob Kerrey, another erstwhile rival, has not. "He's got it locked up," the Nebraskan said, but aides said that he would issue no endorsement as long as there was still an active contest.

No Place Else to Go

One of Mr. Clinton's supporters said heavy pressure has been brought on Senator George J. Mitchell of Maine, the majority leader, and Senator Lloyd Bentsen of Texas, who may be the most influential Democrat on Capitol Hill. An aide said Mr. Mitchell had been able to give the matter only limited attention. Mr. Bentsen said on Wednesday that he might issue a statement next week, but today aides said he might not do so quite so soon.

Ronald H. Brown, the party chair-

man, has been phoning uncommitted delegates and others, "discussing the lay of the political territory," as he described it. He denied putting pressure on anybody, but others in the party said he was sending a subtle but clear message that it was time to halt the squabbling.

Eventually, most of the superdelegates are likely to back Mr. Clinton, if only because there is no place else for them to go. But they will do so "with extreme reluctance," one said, and the delay and the grudging spirit makes it harder for Mr. Clinton to move his campaign onto a higher plateau, free of character issues.

The Clinton campaign pointed out that Michael S. Dukakis was in much the same situation four years ago, and won easily on the first ballot at the Democratic National Convention. But

A reluctance to endorse the leading candidate.

the reluctance in 1988 stemmed mainly from unwillingness to offend Jesse Jackson, who was still an active candidate; this year it stems largely from fears about Mr. Clinton's weakness, not from any fear of angering Edmund G. Brown Jr., Mr. Clinton's only active rival.

'Clinton May Self-Destruct'

"There's a real tug-of-war up here," said one House member. "Especially on this side, there are a lot of people who are terrified that all the character questions, all the negatives about Clinton that showed up in New York, make him so weak that a lot of people will lose their seats."

A prominent Senator, who also asked not to be identified, added, "lots of people are hearing from home. 'Keep it open, even if the odds make it look impossible,' because Clinton may self-destruct before the convention." As a result, predicted the Senator, who remains uncommitted, "it's not going to shift into cruise control for Bill Clinton very soon."

In California, whose June 2 primary will provide the grand finale of the nominating campaign, only 2 of 34 superdelegates, Representatives Calvin Dooley and Maxine Waters, have endorsed Mr. Clinton. In Pennsylvania, site of the next major test, only 3 of 19, including two Members of Congress, have done so.

Another large group of uncommitted superdelegates are representatives of labor unions. Lane Kirkland, head of the A.F.L.-C.I.O., has summoned its Political Work Committee to a meeting on Monday in Washington to discuss Presidential politics, and some labor superdelegates, like George Korpius of the machinists, said they might have something to say following that session.

Nathan Landow of Maryland, a leading Democratic money-raiser, has called together 65 big party contributors to discuss "how a brokered convention might work." They will meet Mr. Landow, a former Tsongas backer, on April 23.

Congress Getting Cold Feet About Cutting Weapons Programs

By ERIC SCHMITT
Special to The New York Times

WASHINGTON, April 9 — After pressing the Bush Administration to make deeper cuts in military spending after the cold war, Congress is now having second thoughts about immediately canceling costly weapons like nuclear-powered submarines and fighter jets.

The pressure to hold the line against job losses in the weapons industry during a recession-plagued election year is intertwined with the military's needs, declining Pentagon budgets and a growing debate over preserving the design and construction skills to build America's complex weaponry.

For instance, members of Congress eager to delay layoffs in Southern California have softened their opposition to

spending more than \$2 billion each for four more B-2 bombers built by the Northrop Corporation of Los Angeles. And the Texas Congressional delegation wants to reverse plans to end production of the F-16 fighter, a program that employs 16,000 General Dynamics workers in Fort Worth.

Republicans and Democrats have voiced concern over the increasingly volatile political issue in House and Senate hearings in the past two weeks. A House panel took a preliminary step today to keep financing for one of two Seawolf submarines the Pentagon wants to cancel.

"This is a national security issue, an industrial base issue, a jobs issue and a budget issue," Senator William S. Cohen, a Maine Republican who is a member of the Armed Services Com-

mittee, said last week.

But no program better illustrates this quandary than the Navy's Seawolf attack submarine, which is assembled by the Electric Boat Division of the General Dynamics Corporation in Groton, Conn. President Bush said in January that the Pentagon would reap \$17.5 billion of \$30 billion in proposed military savings through 1997 by canceling the submarine after the first one was built.

Many lawmakers initially applauded the decision on the Seawolf, which was originally intended to hunt advanced Soviet submarines. Defense Secretary Dick Cheney asked Congress to rescind about \$3 billion that lawmakers approved in earlier years.

But Congress is agonizing over unemployment. And lawmakers are growing more and more nervous that the country's ability to retain the technology and expertise to build nuclear submarines could wither and die during a seven-year gap between production of the last Seawolf and Los Angeles class submarines, and the Navy's next submarine, the Centurion, a smaller and cheaper version of the Seawolf scheduled for production in 1998.

To address both problems, lawmakers are considering buying the second and third Seawolf submarines, which Congress had already paid for, or continuing to build attack submarines of the earlier Los Angeles class. The bulk of the Seawolf program would still be canceled, yielding more than 80 percent of the savings Mr. Bush proposed.

The House Appropriations subcommittee responsible for military spending voted in closed session today to keep more than \$2 billion for the second Seawolf, which the Pentagon wanted rescinded. The vote was a preliminary step that needs several more approvals in the House and Senate to take effect.

"The major question for Congress is whether the nation's submarine industrial base can survive the gap between the end of the Seawolf and the begin-

ning of the Centurion," Senator Edward M. Kennedy, a Massachusetts Democrat who is a member of the Armed Services Committee, said at the panel's hearing.

In addition to today's House panel vote on the Seawolf, there have been other indications in the past two weeks that members might be getting cold feet about deeper cuts. The House soundly rejected a proposal to shift nearly \$7 billion in military savings to domestic programs. And the Senate Budget Committee also narrowly defeated a plan last week to double the cuts President Bush has proposed for the fiscal year beginning Oct. 1.

General Dynamics says that building the second and third submarines will bridge the production gap and preserve the engineering expertise until the Centurion program starts.

Although the Defense Department officially endorses canceling the Seawolf, some Navy officials have challenged their bosses. In an unusual public break with President Bush and Mr. Cheney over the submarine's future, Adm. Bruce DeMars, the Navy's director of nuclear propulsion, said at House and Senate hearings this week and last that it would make more financial sense to build the next two Seawolf submarines and then end the program.

Question of Bottom Line

Roger E. Tetraault, the general manager of Electric Boat, said in an interview that even before the Seawolf cancellation, the company was planning to cut its work force in Connecticut and Rhode Island to about 10,000 by the end of the decade from the current level of 21,500 employees. Mr. Tetraault said that if the Seawolf was canceled the work force would drop to 5,000 employees by 1997.

The Seawolf's bottom line may ultimately tip the balance. At last week's Senate hearing, the Navy's senior acquisition official, Gerald A. Cann, said

that contract-cancellation fees and money already spent on the Seawolf program totals \$1.8 billion.

By spending about \$2.5 billion more, Congressional and Navy officials say, the Administration would not only buy two more submarines, but also preserve the future production ability, as well as saving thousands of jobs.

Mr. Tetraault said the two additional submarines might cost only \$1 billion to \$2 billion more than paying the cancellation fees.

The Defense Department is sticking to its decision. "There is no revival being considered for the Seawolf program," the Pentagon spokesman, Pete Williams, said last week.

Economic Scene | Leonard Silk

The Many Fears Of the Electorate

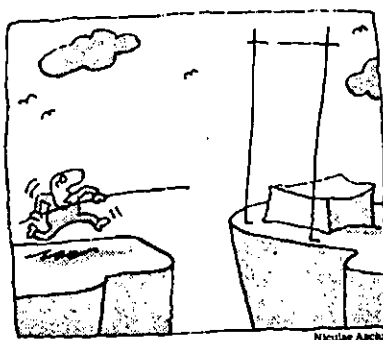
THOUGH the recession appears to be ending, the voters remain anxious and angry, as this week's primaries showed once again. What explains their mood?

Daniel Yankelovich, president of the Public Agenda Foundation, said in an interview that the unusually high level of voter anxiety stemmed not from current economic conditions but from fears about the economy's future. Usually, he said, the American people look at a recession like a traffic jam; they expect that as soon as the jam is broken they will soon be speeding along the highway as before. But this time, people are afraid that something has gone terribly wrong with the system, and their future and their children's future — is in real trouble.

High on their worry list is a shortage of savings, especially among the baby-boom generation. Young families have most of their savings, if any, in the equity value of their homes. While the boom was on in the 1980's, their "savings" were rising year by year, as housing prices went up. Now, with real estate values falling, they see their life savings disappearing.

And people are worried about the security of their jobs. In this recession, they have seen not just blue-collar, factory or construction jobs wiped out, but also white-collar jobs, positions in middle management and in services. And they are afraid the jobs will not come back, under pressure of technological change and foreign competition. Job worries spill into worries about health care; people are asking, Mr. Yankelovich said, "What do we do if I lose my job and somebody in the family gets sick?"

A recent survey sponsored by the private, bipartisan Council on Competitiveness, a group of business executives, labor leaders and university presidents, documents these anxieties. Of 1,094 people



polled nationwide, 60 percent said the standard of living of the average American family was "getting worse."

Eighty-one percent said job security among older workers was "just fair," "not so good," or "poor." And 80 percent also said job opportunities for young people who are starting out were "just fair," "not so good," or "poor." Nearly three-fourths of those polled said the challenge to America posed by foreign economic competition was "still ahead," while only 18 percent said it was behind us.

What does this mood of public anxiety over the economic future mean for America's political future? The historian Arthur M. Schlesinger Jr. contends that American politics runs in "generational" cycles, with anti-government, laissez-faire waves giving way to pro-activist government waves over a 30-year span.

In an interview in the November-December issue of Challenge magazine, he contends that the tide is now turning toward a demand that Government play an activist role in solving a list of problems "impressive in scope and breadth." These include "the widening disparities in income and opportunity; the multiplication of the poor and the underclass; the slowdown on racial justice; the decline of heavy industry before competition

abroad and the microchip at home; the deterioration of education; the pollution of the environment and the decay of infrastructure; the rotting away of the great cities; the health crisis; the mounting burden of public and private debt; the spread of crime and violence."

Indeed, so formidable is the list of problems that it leaves voters in a state of skepticism, even cynicism, that the politicians can tackle and solve them. Thus far, the Presidential candidates, racing from primary to primary, have sought to convince voters that they do know the names of the problems and have plans (but they do not mention money) for solving them.

Even apart from the costs of servicing the debt, most of what the Government takes in through the existing tax system is committed to entitlement programs, military programs, and the costs of bailing out the savings and loans, with little left over for major new initiatives.

The no-tax-increase commitment of President Bush, which has been reinforced during the campaign by the taunt of Patrick Buchanan that the President had gone back on his word, leaves the Republicans in a box from which there appears to be no escape — except by deep cuts in expenditures, which they are loath to make with the economy moving so sluggishly out of recession.

The Democrats, facing an electorate that in its anti-government, anti-politician mood does not want to fork over higher taxes, are in much the same bind as the Republicans. Jerry Brown tried to escape by a combination of a flat tax and a value-added tax. But once its regressivity and burdens on the poor and aged were understood, he was forced to run for the hills before the political dam broke over his head, which it now seems to have done anyway.

The radical change in the generational political cycle toward an activist government may be living a kind of shadow existence. With voters distrusting the politicians at the same time that they are angry with them for doing nothing to solve the problems that have been accumulating for a generation, the political cycle may be stuck in its anti-activist-government phase. But that could change after the election, as happened after 1932 and 1960.



In an appearance on NBC's "Today" show with Bryant Gumbel yesterday, Arthur Ashe spoke again about the pressure he felt to make public his AIDS diagnosis because of an impending newspaper article. Many editors said his prominence was so great that the public's right to know carried more weight than the issue of personal privacy.

Report of Ashe's Illness Raises an Old Issue for Editors

By ALEX S. JONES
Special to The New York Times

WASHINGTON, April 9 — Arthur Ashe's reluctant admission, under pressure from USA Today, that he has AIDS has once again raised a persistent question for the nation's news organizations: When does the public's need for important information legitimately overrule a person's right to privacy?

On Tuesday, USA Today contacted Mr. Ashe and told him that it had received information that he had AIDS and asked him if it was true. Mr. Ashe declined to confirm the report or to deny it. USA Today told Mr. Ashe that it would not publish any allegations that he had AIDS without an on-the-record source for the information but that it intended to seek independent confirmation of the report. USA Today did not obtain sufficient confirmation to publish the article in Wednesday's paper.

Later that day, Mr. Ashe confirmed his illness to a USA Today reporter and then called a news conference to announce he had the disease. In an emotional expression of wounded outrage that was repeated on ABC's "Nightline" and NBC's "Today" show, he also criticized USA Today for pursuing reports that he had AIDS despite his wishes to keep his illness private.

In a spot check, a half dozen of the nation's newspaper editors, gathered here for the annual convention of the American Society of Newspaper Editors, said that Mr. Ashe's prominence would have compelled them to publish the news of his illness. Only one said he would not have published it.

They said Mr. Ashe's role as a barrier-breaking black tennis star, and his active involvement in an array of civil rights issues, made him a significant public figure, though he retired from tennis in 1980. Mr. Ashe is the only

black man to win the United States Open, the Australian Open and Wimbledon and, in 1985, Mr. Ashe became the first black man inducted into the International Tennis Hall of Fame.

That his disease was acquired immune deficiency syndrome, in itself a subject of great national importance, only added to the conviction of many editors that they would have published the news despite Mr. Ashe's wishes that it not be made public.

Reporting that individuals have AIDS, even in obituaries, has been a

Prominence of Ashe persuades newspapers to report of AIDS.

sensitive issue for news organizations because many AIDS victims are homosexual and, in some cases, did not want their sexual preferences known. Rock Hudson waited until he was nearly dead to acknowledge that he had AIDS. Magic Johnson made his disclosure when he was forced to retire from professional basketball. He said he contracted AIDS from heterosexual intercourse.

Mr. Ashe is the first celebrity to come forward and disclose he has AIDS from something other than sex or drugs usage. He said he contracted AIDS from a blood transfusion.

The combination of public figure and AIDS persuaded most editors interviewed that their readers had the right to know of Mr. Ashe's situation.

"I can't imagine knowing that infor-

mation and keeping it quiet," said Jane Healy, associate editor of The Orlando Sentinel, adding, "I think a lot of it comes down to whether there is a real public issue there rather than just titillating the public."

'Knee-Jerk Reaction'

But there was no unanimity among the editors.

"My knee-jerk, journalistic reaction upon hearing the news was that I would have published it," said Acel Moore, associate editor of The Philadelphia Inquirer.

But Mr. Moore said he later changed his mind after seeing Mr. Ashe arguing on television that his tennis career was over and that he had not wanted to expose his family — especially his daughter — to the unwelcome attention that accompanied the revelation.

Mr. Moore said that he ultimately concluded, "I would have respected his request for privacy with the condition that I be given exclusivity if at any moment it was made public."

Mr. Moore said, "He's not as public, and even public people have a right to their privacy." But he added that had a current tennis star contracted AIDS, his public stature would have warranted publishing the information, regardless of his wish for privacy.

Peter S. Prichard, editor of USA Today, said that no other editors at the convention had told him they would not have published the information.

The so-called yellow press, such as Pulitzer's New York World and Hearst's Journal-American, routinely dragged the private lives of their political enemies before the public in the early part of the century.

But until relatively recently, the mainstream press was more decorous and protective of even the highest public figures when it came to private matters. Though many in the White

Weighing personal tragedy against public's need to know.

House press corps knew that President John F. Kennedy had a mistress with ties to a major crime figure, the news was never published.

Vietnam and Watergate

But during coverage of the Vietnam War and Watergate, journalistic taboos against frank coverage of public figures began to give way. When Gary Hart was observed spending the night with an apparent girlfriend during the 1988 Presidential campaign, virtually every newspaper in the nation covered the news extensively.

Similarly, there has been wide coverage of the reputed affair of Gov. Bill Clinton of Arkansas with Gennifer Flowers, which he has denied.

And The Seattle Times recently published allegations by eight unnamed women that Senator Brock Adams, a Washington Democrat, had exhibited a pattern of sexual harassment, with one of them saying he had raped her. Senator denied the charges, but announced he would drop his campaign for reelection.

But Mr. Ashe argued that he is not a candidate for high public office, and therefore not subject to the same level of scrutiny.

And many editors said that an incident of adultery by Mr. Ashe would not have prompted an article. Editors generally regard adultery by a high elected official to be a reflection on character, and hence appropriate to report. Mr. Ashe's character is not at issue.

Clear Call for Some

But they said that reporting a deadly illness because of a disease that has become a national scourge is news when a person of Mr. Ashe's stature is involved.

For some editors, the decision was clear-cut.

Asked he he would have published the news had he had it first, David Lawrence Jr., president of the society and publisher of The Miami Herald responded, "Absolutely."

But for others the decision was much more difficult and the judgment more ambivalent.

"It would have been a tough, very close call, but, yes, I probably would have gone with it," said James R. Mosby Jr., editor of The Kalamazoo Gazette in Michigan, who said that his wife works with people who have AIDS.

Campaign Finances

For Democratic Candidates, Deficits Are the Rule

By NEIL A. LEWIS
Special to The New York Times

WASHINGTON, April 9 — All of this year's Presidential candidates routinely deplore the Federal budget deficit, but for most of them, running their campaigns on a deficit has been a way of life.

Even the Democratic front-runner, Gov. Bill Clinton of Arkansas, is currently carrying a debt of nearly \$200,000, aides said. It is widely assumed that his recent strong showings in primaries in New York and elsewhere will make him a magnet for enough donations to wipe out his deficit.

But for the other candidates, owing a great deal of money is a bigger problem.

The debt that has burdened former Senator Paul E. Tsongas of Massachusetts since he suspended his campaign on March 19 undoubtedly played a significant role in his decision not to re-enter the race today.

Aside from the political considerations, he did not want to incur more debt, associates said. As it is, he will have to run a sort of mock campaign in an effort to eliminate about a \$400,000 deficit, according to Nicholas Rizzo, the campaign finance chairman.

That kind of fund raising is "not an easy task," Mr. Rizzo said. "Debt reduction is the toughest kind of fund raising imaginable," he said. "It's tough to go after somebody and ask for money for a candidate who is no longer in the race."

Mr. Tsongas is scheduled to appear at several fund-raising events in the coming weeks to erase his campaign debt. But that will not be easy, Mr. Rizzo concedes. "A lot of the people we would ask for money are going to be looking at Clinton, for example," he said. "It's tough to ask someone who has just written a check for Clinton to turn around and give a check to you."

Politicians also do not like to go into debt because it makes it difficult for them to seek another office at a later date. Former Senator Gary Hart of Colorado learned this in 1988 when he sought the Democratic Presidential nomination even though he had a \$1.1 million debt from his unsuccessful campaign four years earlier.

Word Gets Out: Bad Risk

As soon as he qualified for Federal matching funds in the 1988 campaign, some of his earlier creditors like the Xerox Corporation, sued his new campaign committee to pay the old debts. The suit was unsuccessful, but it tied up the money for a time and served to remind companies that extending credit to Mr. Hart's Presidential quests might be unwise.

Mr. Hart eventually paid off almost all of his \$1.4 million debt. The most notorious instance of lingering campaign debt is that of Senator John Glenn, an Ohio Democrat, who still owes more than \$3 million to creditors from his 1984 bid for the Democratic nomination.

Roger Altman, a New York investment banker who is raising funds for

Governor Clinton, said that it is tempting for candidates to borrow against the hope of future donations because, "they always believe that the next primary, the next turn in the road, is going to be the big breakthrough."

There is a general guideline that campaigns should try not to borrow much more than could be anticipated in Federal matching funds. Federal law allows candidates to receive up to \$250 in matching funds for each individual donation providing they agree to spending limits and demonstrate minimal levels of support.

Among this year's contenders, President Bush and former Gov. Edmund G. Brown Jr. of California may be the only major candidates who have stayed out of debt. Mr. Bush has raised more than \$20 million so far, according to Stan Huckaby, his campaign treasurer. Of that, the campaign has spent about \$17 million.

Aides Shun 'Payables'

Mr. Brown had not reported any debt in his last filing with the Federal Election Commission. He had raised \$2.3 million through the end of March, campaign officials said, limiting himself to \$100 per donor.

Governor Clinton had raised about \$9 million through March 31, campaign officials said, with a debt of about \$800,000. Campaign aides do not like to talk about debt, but prefer the more palatable term, "payables" or the even more euphemistic, "lines of credit against matching funds."

Jackson Told to Repay U.S. Funds

Special to The New York Times

WASHINGTON, April 9 — The Federal Election Commission today ordered the campaign committee for Jesse Jackson's 1988 Presidential race to repay the Treasury \$310,000 of the Federal matching funds it received because an audit found that the campaign could not account for about \$808,000 in spending.

The commission's audit staff also reported that the campaign improperly used some of its Federal matching funds to help pay

penalties to state government for late payment of taxes.

A spokesman for the Rev. Jackson, Frank Watkins, said there would be no comment until the campaign's lawyers had reviewed the report.

Under the law, candidates may receive matching Federal funds if they agree to spending limits and demonstrate a required level of fund raising to demonstrate that they are serious candidates.

House Postal Clerk Indicted, This Time for Selling Drugs

By DAVID JOHNSTON
Special to The New York Times

WASHINGTON, April 9 — A Federal grand jury today charged a former clerk at the House post office with selling crack and conspiring with other postal employees to conceal thefts of postal funds.

The indictment against the stamp clerk, Wendell Magruder, provided new details about possible criminal activity at the Capitol Hill mail operation, an institution whose haphazard management has been under heavy criticism in Congress since three postal employees pleaded guilty to embezzlement charges in February.

Today's indictment provided the first formal assertion that cocaine was sold at the post office, a charge that had been repeatedly raised by Republican lawmakers.

House Speaker, Thomas S. Foley, a Democrat of Washington, said that such problems at the post office were probably no more severe than in society generally. There has been no indication that any member of Congress ever purchased illegal drugs at the post office.

Broader Conspiracy

The indictment also indicated that the grand jury is examining broader conspiracy possibilities. It charged that several employees acted together to hide thefts from postal authorities.

In a statement today, Jay B. Stephens, the United States Attorney here, said that Mr. Magruder obtained stamps to cover up shortages in his cash drawer. The person who supplied the stamps was not identified but was described in the indictment as a postal employee who had bought marijuana and cocaine from Mr. Magruder.

In practice, clerks in the post office were issued a sum of cash and stamps, whose combined total was supposed to remain the same as stamps were sold for cash. By obtaining stamps, a clerk could conceal missing cash from an auditor although it was unclear how often such financial reviews were conducted prior to the criminal investigation which began last summer.

A surprise audit at the post office conducted two weeks ago by the General Accounting Office, the investigative arm of Congress, showed that the mailing service still lacked adequate financial controls and that stamp clerks could not account for all the money they had received from sales of postage.

Mr. Magruder was the only person named in today's indictment. He was first charged in February when he was indicted for embezzling nearly \$14,000 in cash and stamps from the post office. Today's indictment incorporates the embezzlement charge and adds the drug and conspiracy charges against him. The indictment does not specify the quantities of drugs involved.

If convicted of each of the four charges in the four-count indictment, Mr. Magruder, 32 years old, faces a maximum prison sentence of 36 years in jail and fines of not more than \$500,000. Mr. Magruder, whose lawyer was unavailable for comment today, will be formally charged on Friday in Federal district court.

Investigation Transferred

The conspiracy charges in today's indictment appear to involve only low-level postal employees. But prosecutors conducting the grand jury inquiry have questioned senior House officials about other allegations, including that some officials may have interfered with the investigation at the post office last summer when the inquiry was transferred from the United States Capitol Police to the Post Inspection Service, the investigative arm of the United States Postal Service.

None of the supervisors at the post office or any other officials in the House have accused of any wrongdoing. Last month, Robert V. Roia, who had been the postmaster for two decades, resigned in the furor over the mailing service and Mr. Foley appointed a new manager to replace him.

The grand jury inquiry into the post office is separate from the preliminary inquiry under way into the abuses of check-writing privileges by members of Congress at the House bank, which is being conducted by Malcolm R. Wilkey, a special counsel appointed by Attorney General William P. Barr.

The indictment said that the purpose of the conspiracy at the post office was to prevent postal authorities from discovering that Mr. Magruder had embezzled money from his cash and stamp drawer.

The indictment said that Mr. Magruder had an agreement with an unidentified co-worker in which Mr. Magruder would not disclose that he had supplied the co-worker with drugs, including crack and marijuana, and the co-worker would set aside stamps that Mr. Magruder could use to conceal his embezzlements from the postal service auditors.

The indictment does not say to whom Mr. Magruder might have disclosed information about drugs, information that presumably would have implicated himself. It also does not say how the co-worker was able to set aside stamps for Mr. Magruder.

The charges also said that Mr. Magruder conspired with other employees from 1988 to 1990 "to obtain, possess and distribute cocaine, marijuana and crack cocaine for the possession and use of various co-conspirators."

Mr. Magruder, the indictment said, then distributed the drugs in exchange "for money and favors" from other postal employees who helped him conceal his thefts of postal funds.

Congress

Campaign Spending Bill Is Passed by the House

By ADAM CLYMER
Special to The New York Times

WASHINGTON, April 9 — The House passed a measure today that would limit spending in Congressional elections, but Republicans quickly denounced it as an incumbent-protection bill and said President Bush would veto it.

Democrats, eager to claim the banner of reform, said the bill would limit the influence of money on politics, replacing "the foot race of financing with a competition of ideas," as Representative Richard A. Gephardt of Missouri, the House majority leader, put it.

But Representative Jerry Lewis of California, the third-ranking House Republican and an opponent of the measure, contended that the bill offered "the grandest of perks — taxpayer financing of our campaigns."

Cannot Override Veto

The sweeping measure, a product of a House-Senate conference, was adopted by a vote of 259 to 165, far short of the 290 votes needed to override a veto when all members vote. The Senate is expected to pass the bill in the next few weeks, but also by a majority of less than two-thirds.

In today's vote, 239 Democrats, 19 Republicans and one independent voted for the bill, while 20 Democrats and 145 Republicans voted against it.

The votes, and the extreme language of the debate, reflected a continuing stalemate on an issue lawmakers of both parties agree is a serious problem for the nation as well as for their careers. But few factions in the Capitol have ever been willing to change the system of campaign financing without seeking to maintain the advantages they hold in the existing system.

The only time in the last 60 years that Congress has enacted serious campaign legislation was in 1974 in the aftermath of the Watergate scandal and President Richard M. Nixon's resignation.

The bill would establish voluntary spending limits of \$600,000 for House candidates and population-based limits for Senate candidates of between \$1.5 million and \$8.25 million.

As incentives to accept the limits, the bill would provide up to \$200,000 in Federal matching funds and lower postal rates to each House candidate —

and more in matching funds if an opponent spent beyond the limit. Senate candidates who complied would be able to save money on television advertising through vouchers that would provide some time free of charge and discount rates for television time beyond the free time. The Government would reimburse stations.

The bill did not provide any method of raising the money to pay for these expenditures. Democrats avoided any such provision because some House members thought it could become an issue in their re-election campaigns. The leaders said they would have another bill later to provide the money if this one became law.

But the omission drew repeated Republican ridicule. Representative Robert L. Livingston of Louisiana called it "the ultimate free lunch."

Representative Robert H. Michel of Illinois, the House minority leader, said: "Maybe they want us to believe the tooth fairy will leave money under the pillows of candidates. Maybe we'll all hit the lottery. Maybe the taxpayers will be gouged again."

Effect on Incumbents

Republicans argued that spending limits helped incumbents; Democrats replied that incumbents always had a fund-raising advantage and thus were hindered by limits.

But Representative Jim Leach of Iowa, one of the 19 Republicans who voted for the bill, said the limits in the bill were hardly limits at all because they were set "way beyond what the average member spends in a race." He praised the bill faintly as "a small step."

The bill also would limit Senate candidates to collecting a sum equal to 20 percent of their state spending limit from political action committees, and cut the maximum PAC contribution from \$5,000 to \$2,500. House candidates, who could still take \$5,000 PAC donations, would be limited to a total of \$200,000 from all such committees.

The bill would also all but exclude from Federal elections so-called soft money, raised by the national political parties without regard to contribution limits and often from corporations and unions eager to influence Presidential elections.

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Jose R. Lopez/The New York Times

Congress and White Continue Sparring Over Privileges

Representative James P. Moran Jr. showing fellow members of a House subcommittee an apparent difference between accounting procedures used by the House and by the White House. The book he held was a record of accounting procedures used by the House. The

two sheets of paper were sent by the White House in response to the panel's request for a record of the Bush Administration's accounting of White House personnel. The panel plans to interrogate White House officials about "perks" enjoyed by the President and his staff.

House Adopts Major Changes in Its Management

By ADAM CLYMER
Special to The New York Times

WASHINGTON, April 9 — After hours of partisan wrangling, the House tonight approved Democratic proposals to put its day-to-day administration under new management, with Republicans given an all but unheard-of veto on the hiring of two new high-ranking officials.

Republicans, seeking to exploit Democratic embarrassment over the House Bank scandal and charges of drug-dealing at the House post office, said these concessions were not enough and refused to agree on a package drawn up by a bipartisan study group.

They demanded that Democrats not only make further concessions on administrative matters but also on legislative rules changes intended to give them a more effective voice when the House and its committees consider bills on the floor and in committee.

On two party line votes, the House adopted the Democratic plan, 269 to 81, with 64 Republicans voting present, after defeating the Republican measure, 254 to 159. On that vote, no Democrats voted for the proposal and no Republicans voted against it, although there were 22 absentees. On the second, 16 Republicans and three Democrats voted with the other party.

The tone of the debate was unusually bitter, even for a session that has been marked by intense, personal divisive controversy since it began in January, and which has produced almost no legislation that will end up on the statute books.

The House minority leader, Representative Robert H. Michel of Illinois, scoffed at the Democrats' claims of generosity. "Unprecedented" isn't enough," he said. He said the Democrats were adopting half measures "out of panic." He promised that if the Republicans won control of the next Congress, they would adopt all the concessions he asked from the Democrats tonight.

The majority whip, Representative David Bonior of Michigan, argued "Republicans are not really interested in reform at all." He said "Stop the hypocrisy. Stop the posturing. Stop the political games and let's get on and do something about the Republican recession."

Administrative Changes

The major changes in the Democratic package would create a Director of Non-Legislative and Financial Services, to run such activities as pay and benefits for members and staff, internal mail and office furnishings and supplies, and establish an Inspector General with wide auditing responsibilities.

Both of those posts would be filled only on unanimous agreement of the Speaker, the majority and minority leaders — a sharing of power with Republicans that would have been unimaginable before the scandal at the House bank was disclosed.

The Republican substitute created similar offices under slightly different conditions, and called for sharing more administrative powers between the parties.

But the major thrust of their substitute was on legislative matters, seeking to get more Republicans on the Rules Committee and other committees, reduce committee staffing and prohibit voting by proxy in subcommittees and committees. Proxy voting is not permitted on the House floor. The Republicans also sought to prohibit franked mailing outside a member's district, a provision included in the campaign finance bill that the House

The two parties even disagree about what the problem is.

passed earlier today over their solid opposition.

Renewing complaints they have made steadily all year, Republicans argued that 38 years of Democratic control of the House had produced corruption, and, as Representative Gerald B. Solomon of New York, said, "breakdown of the legislative process and growing procedural unfairness."

'Cranky' Republicans

But Democrats argued that the Republicans' problem was that they could not win enough elections to control the House. While power may corrupt, said Representative Barney Frank of Massachusetts, "The absence of power can make people very cranky." He added, "With a lack of power comes irresponsibility."

Speaker Thomas S. Foley defended the Democratic plan as "the most far-reaching reforms of the non-legislative

administration of the House of Representatives" in history.

But Representative Tom Ridge, Republican of Pennsylvania, insisted that the auditing powers of the new Inspector General were so hamstringing that he or she would be "a lap dog." Instead, he said, the House needed "a pit bull."

Both Republican plans went out of their way to promise an end to perks for House members. One lonely voice defended such privileges as parking and franked mail. Representative James A. Traficant Jr., Democrat of Ohio, said he did not want to leave his car in the Reflecting Pool. He needed franked mail, he said, because "town criers don't cut it any more."

But most of the evening was devoted to snarling exchanges.

Representative Craig T. James, Republican of Florida, said the Democratic plan amounted to a "continuing cover-up."

Representative Richard J. Durbin, Democrat of Illinois, accused junior Republicans of "McCarthyism."

Representative Jerry Lewis of California, the third-ranking House Republican, assailed the "corrupt administration" of the House.

And one Republican after another assailed proxy voting as "ghost voting."

A Leading G.O.P. Lawmaker Won't Run

WASHINGTON, April 9 (Reuters) — Representative Vin Weber of Minnesota, a member of the House Republican hierarchy, said today that he was not ready to face a "vicious" campaign and would not seek re-election.

Mr. Weber, a conservative who first won election to the House in the Reagan landslide of 1980, is secretary of the House Republican Conference. Only 39 years old, he joins a growing list of members of both parties who have recently decided not to seek re-election. Those retirements, along with election defeats, are expected to produce the biggest crop of new House members in decades next year.

Mr. Weber has been identified as having written 125 checks against insufficient funds at the now-closed House bank. An aide of his said today that the check issue could not be discounted as a factor in the election but that Mr. Weber was concerned about the atmosphere of negative feeling generally against Congress.

Mr. Weber, whose Democratic opponent had not yet been chosen, was

considered certain to win re-election, and he said today that his supporters were committed to raising \$2 million for his campaign.

But, in a prepared statement, he also said: "What I have discovered is that I'm simply not ready to put myself and my family through what is sure to be a vicious, negative and highly personal campaign. Make no mistake. I know how to do it and dish it out as well as anyone — but I don't want to."

No Delay in Pennsylvania

PHILADELPHIA, April 9 (AP) — A Federal district judge refused today to postpone Pennsylvania's Presidential primary, scheduled for April 28, even though he said the State Supreme Court had violated prospective candidates' rights by making it difficult for them to get on the ballot. The judge, Robert S. Gawthrop 3d, said that to delay the election would harm candidates already on the ballot, confuse voters and add costs of election boards and local governments.

"It's tough to go after somebody and ask for money for a candidate who is no longer in the race." NICHOLAS RIZZO



The "Rose Garden strategy" of getting President Bush off the campaign trail and back in the White House to demonstrate Presidential leadership was not intended to cut down on the number of visitors

to the White House. Yesterday, Mr. Bush gave a basketball exhibition in a decidedly soccer fashion to Digger Phelps, former Notre Dame coach, and members of the McDonald's high school all-star team.

White House

Bush's Son Rides Into Town to Review the Campaign

By ANDREW ROSENTHAL
Special to The New York Times

WASHINGTON, April 9 — In the latest and clearest sign of political alarm in the Oval Office, President Bush has summoned his son George, who helped dispatch John H. Sununu four months ago, to review White House speechwriting, domestic policy and scheduling, Bush aides said today.

The mere presence of the younger Mr. Bush, after complaints from the President about his political operation, was an implied threat because it was George W. Bush who rode into town last November from his home in Houston to confront Mr. Sununu with the message that he must resign as White House chief of staff.

"George Jr. has been talking to a lot of Republicans around the country and picking up alarm," a Republican strategist said. "He's also been saying his dad complains that the speeches are not too good and wants to know why can't he have initiatives to present to the public."

The President's son has been in town about a week, meeting with Robert M. Teefer, the campaign chief; Samuel K. Skinner, the new White House chief of staff, and other top officials, Bush aides said. In addition to his father, Mr. Bush is said to be representing Secretary of State James A. Baker Jr., the President's longtime friend.

A Symbol of Alarm

The President often brings in his son when he is engineering a top-level staff change, trying to correct a problem within his organization or simply in need of a loyal set of eyes and ears.

Mr. Bush was not said to be contemplating any housecleaning now. But his son's arrival, which Mr. Bush pointed out to reporters in a seemingly casual aside during an early-morning stroll under the cherry blossoms on Wednesday, was a symbol of the President's alarm at the state of his campaign.

For weeks the White House has been following a "Rose Garden strategy," intended to get Mr. Bush off the cam-

paign trail and back in the White House to demonstrate Presidential leadership. But the strategy, dependent on policy initiatives that have not materialized, has not lifted Mr. Bush's political fortunes noticeably and has left him struggling through several ill-timed public events that produced little positive news coverage.

Instead, the Bush team has had to deal with new reports about confusion and paralysis in its domestic policy operation, for which Mr. Skinner and his top deputy, Henson Moore, were largely blamed.

Short on New Policies

Republican strategists and Administration officials said Mr. Skinner had

A symbol of the President's alarm.

yet to come fully to grips with his job and, in particular, had failed to dominate the powerful budget director, Richard G. Darman. Some officials contend that the autocracy of Mr. Sununu has been replaced with a system long on meetings and organization and short on new policies and public relations ideas.

But the continued disorganization in the White House also has focused attention back on the President and his continued inability, or unwillingness, to seize control of his domestic policies in the same way he commands foreign policy, and to forge a clear agenda for his re-election and for the second term he is seeking.

"Ultimately, political organizations have to reflect the principal involved," said Eddie Mahe, the Republican political consultant. "When there is success the guy who selects the staff has to get

credit. When, over time, things don't get fixed and there continues to be confusion, chaos, lack of coordination, you have to say the guy at the head of the table hasn't been knocking heads together hard enough."

Victoria Clarke, Mr. Bush's campaign press secretary, said reports of disorganization in the White House and Bush campaign are "wildly exaggerated." She said, "There is a real willingness and commitment from the staffs to work together."

But other Bush aides said the younger Mr. Bush has been delivering the message that, as one put it, "he and Jim Baker are concerned about the situation."

Delay Over Aid to Russia

Officials said Mr. Baker has been more openly critical of the campaign and the White House. He is said to have blamed the Treasury Department, run by Nicholas F. Brady, with whom Mr. Baker has often clashed, for making the President look bad by delaying his one major policy initiative of recent weeks: an aid package for Russia.

Mr. Baker also was angered by the White House handling of the announcement last week, officials said, since it left the appearance of being timed to upstage Gov. Bill Clinton of Arkansas, the Democratic Presidential front-runner, and did not include a more sweeping vision of Mr. Bush's policy on the former Soviet Union. Mr. Baker put pressure on the President to make another address on the subject today, officials said.

Administration officials said that despite Mr. Skinner's widely advertised reorganization of the White House staff, the Bush team still does not comb the Cabinet agencies for material the President can use in his speeches, a common practice in President Gerald R. Ford's 1976 campaign and President Ronald Reagan's 1984 campaign.

Mr. Bush is thus left to repeat the same speeches, getting little or no news coverage. On Tuesday a major address by the President on domestic policy received no television attention

and scant newspaper coverage.

Mr. Moore, the deputy chief of staff, is in charge of speechwriting and long-range scheduling; Peggy Noonan, Mr. Bush's 1988 campaign speechwriter, has been recruited for the 1992 elections but has yet to begin working.

Abhorrence of 'Handlers'

Republican strategists said the White House political team was also hobbled by Mr. Bush's abhorrence of what he calls "handlers," a tendency he picked up during the Reagan Administration, which had many of them, and by the lack of someone close enough and tough enough to force him to cooperate with a public relations plan — a role played in 1988 by Mr. Baker and the late Lee Atwater.

At times, Administration policies collide or overshadow each other because of lack of coordination. The President also gets caught by surprise by the actions of Cabinet officials.

For example, Bush aides were irked today by a news article in The Washington Post that quoted Education Secretary Lamar Alexander as saying there was little difference between Mr. Bush and Mr. Clinton on education policy.

Some Republican strategists said the White House was a victim of the high poll ratings Mr. Bush enjoyed when the Persian Gulf war and the decline of communism were in the forefront of the public's attention.

The President appointed his best aides to foreign policy and national security posts, and allowed domestic policy to drift under Mr. Sununu.

"They went through a period of shock when they were riding those astronomically high polling ratings and then everything seemed to crash around them," a senior Republican strategist said. "Everything they did for three years that seemed to work all of a sudden doesn't work anymore, and it's impossible to fix since the key thing is that the staff doesn't have a sense of what Bush wants to accomplish in a second term."

REPRESENTATIVE DENNIS E. ECKART

The Challenger

BROWN STRUGGLES TO HONE CAMPAIGN

Undecided on Next Strategy:
Confidence Rises and Falls
As He Analyzes Losses

By RICHARD L. BERKE
Special to The New York Times

ROANOKE, Va., April 9. — Even as he insists that he can still wrest the Democratic nomination from Gov. Bill Clinton, Edmund G. Brown Jr. is sounding less combative, more defeated and altogether unsure how to move his Presidential campaign forward.

During two days of speeches and in several interviews since his third-place finish Tuesday in New York, Mr. Brown resisted attacking Mr. Clinton, acknowledged that his "Take Back America" message had not broken through to enough voters and described his campaign as if it were a movement.

Rather than dwell on his meager 26 percent showing in New York, he harped on low voter turnout to support his theme that the political system is near collapse.

Barbs for Party Chairman

Despite his shift in emphasis, Mr. Brown vowed today to take his campaign to the convention, and pressed on with his barbs at Ronald H. Brown, the Democratic Party chairman who has accused him of being divisive.

"If it were true that the process should work like the Russian Politburo, then the party should meet this week and cancel the elections in all the other states," Mr. Brown told a handful of supporters and reporters at the airport here this afternoon.

Yet, off the stump, Mr. Brown at times sounded dispirited, though he came back to life when he drew big crowds during the last two days at colleges in Virginia, where he is campaigning for the state's caucuses this weekend.

A Presidential Aura

As he walked up the steps to the 40-year-old propeller plane his campaign has chartered, Mr. Brown jokingly struggled for a Presidential aura. He stood at the top of the stairs, looked out at the people below and asked, "How does George Bush do it?" He then waved as if he were the chief executive.

But even as Mr. Brown insists that he can still win the Democratic nomination, he does not sound like he means it, and he is at a loss when asked how he can make it happen. "It would require winning the remaining primaries," he said. "There's so much unpredictability in this race, it's still possible. Clinton's going to have to stumble, and I'm going to have to win primaries."

In perhaps his most telling comment since leaving New York, Mr. Brown said he feared he lacks credibility as a messenger of change in the political system. He said he should have launched his people's crusade in 1983 instead of traveling the world after his two terms as California Governor and returning to head the state's Democratic Party.

"If I'd started in 1983, I'd have more credibility. I'd be out there," he said. Mr. Brown said people like his message but might not believe that, given his past as a party insider, he would practice what he preaches. "They want more proof," he said.

The former Governor said he wished

he had the reputation of the Rev. Jesse Jackson or Ralph Nader, who for years have railed against the political establishment.

Mr. Brown's behavior in the last two days — combative one moment, defeatist the next — seems to suggest he has not figured out how to retool his campaign after Tuesday's losses. Besides finishing third in New York and Kansas, behind Mr. Clinton and former Sen. Paul E. Tsongas, who was not even campaigning, Mr. Brown finished a close second to Mr. Clinton in Wisconsin.

Analyzing New York Primary

"I just want to analyze what went on in New York," he said. "I don't think we really know." For example, he said he had not decided whether to resume his harsh attacks on Mr. Clinton, whom he described today, almost in awe, as a "strong campaigner." Although Mr. Brown has spent time during the past two days reading critiques of his controversial flat-tax proposal, he said he has not figured out how to explain it better to the public.

While he conceded that his support of

Off the stump, Brown at times sounded dispirited.

the flat tax and his declaration that Mr. Jackson would be his first choice for running mate cost him votes, he refused to call either move a mistake.

Aware of Odds and Polls

The post-New York Jerry Brown has been a far cry from the candidate who, in those heady days only two weeks ago after pulling an upset over Mr. Clinton in the Connecticut primary, declared that he was on his way to the nomination with his \$100 donations and grassroots support.

In stop after stop in Virginia over the past two days, Mr. Brown sounded like a candidate who knows, along with everyone else, that he no longer can

win enough delegates for the nomination, but he is enough of a politician not to say that.

"We know what the odds are," he told a crowd of hundreds at an afternoon rally in front of the Alexandria City Hall this afternoon. "We read the polls. I know where Mr. Clinton is." At another point, he said, "I'm not here as a politician just trying to reach for the brass ring."

And speaking at the University of Virginia law school in Charlottesville Wednesday night, Mr. Brown did not offer the expected response when a student asked whether he would support the Democratic nominee. Rather than insisting that he would be nominated, Mr. Brown, without citing him by name, said he would back Mr. Clinton but only under tough conditions.

"If he behaves himself," Mr. Brown said with a hint of a smile, "if he limits his contributions to \$100, supports term limits, advocates massive reform of the party, declares an Election Day holiday, automatic same day registration — then we might have something to talk about."



Edmund G. Brown Jr. says it is still possible for him to win the Democratic nomination, but he is sounding less convinced of it. He stood on a table yesterday as he addressed a lunch-time crowd in Alexandria, Va.

The 1992 Campaign

"The voters haven't embraced Clinton, so I don't see any reason why I should endorse him."

The New York Times

NEW YORK, FRIDAY, APRIL 10, 1992

Bush and Baker Press Aid to Russia but Meet Worries About Costs

By THOMAS L. FRIEDMAN
Special to The New York Times

WASHINGTON, April 9 — The Bush Administration began a campaign to win public and Congressional support for its aid package for Russia. But some lawmakers, who weeks ago had been urging the Administration to do more for Russia, expressed worries today about the costs of the program.

President Bush and Secretary of State James A. Baker 3d used separate public appearances to make their most spirited and forceful argument yet in favor of American taxpayers' helping Russia achieve a free-market democracy, with Mr. Bush terming it "the most important foreign policy opportunity of our time."

Many of the lawmakers pressed Mr. Baker to detail what the package would cost the American taxpayer, something that he has never really done. In part, this is because the Administration apparently is not anxious in this election season to have a specific price tag associated with the plan — at least until it has the stamp of approval of the Democratically controlled Congress.

And in part it is because of the complex nature of the aid — a combination of credits, loans and cash programs, in the form of new money and old money — which makes coming up with a single price tag complicated. A rough calculation, though, suggests that the package involves between \$3 billion and \$4 billion in potential outlays.

The Issue of Domestic Needs

The overwhelming reaction of lawmakers whom Mr. Baker addressed in an appearance before the Senate Foreign Relations Committee could be summarized as supportive but wary, with several senators arguing that they would have a lot easier time selling Russian aid to taxpayers if the Administration were doing more at home.

"Let me suggest that for an awful lot of people in this country, defining moments are happening every day," Christopher J. Dodd, Democrat of Connecticut, said after Mr. Baker told the committee that this was a defining moment in relations with Russia.

"I've introduced legislation to deal with cities — far less than what we're talking about here over five or six years," added Mr. Dodd, who is running for re-election this year.

"I'll guarantee you that there'd be no rush to deal with legislation by July or August to provide some assistance and encourage economic development in the Bridgeports, the Hartfords, the Detroit or San Franciscos. I would guess public support for this is not very high, because people are disappointed that we're not doing enough on the domestic agenda."

'Fed Up With Foreign Aid'

Senator Jesse Helms, Republican of North Carolina, said at the outset of Mr. Baker's appearance, "The Ameri-

can people are fed up with foreign aid, and they want to know what the American people get out of it."

Many other senators, though, including Joseph R. Biden, Democrat of Delaware, Nancy L. Kassebaum, Republican of Kansas, and Claiborne Pell, Democrat of Rhode Island, expressed more unreserved support for the Administration's efforts, or as Mr. Biden remarked: "I suspect everyone else here intends to work energetically with you to enact this program" and "I think it's going to go through here like a hot knife through butter."

Both Mr. Baker and President Bush, who spoke to the American Society of Newspaper Editors, urged Congress to pass the Administration's contribution to the \$24 billion allied effort to aid Russian democracy in time for Mr. Yeltsin's Washington summit meeting with Mr. Bush on June 16 and 17. The Administration today also gave a green light for Mr. Yeltsin to go to Munich for a meeting with the Group of Seven major industrial democracies, after their formal summit meeting there on July 6.

In their appearances today, Mr. Bush and Mr. Baker, sought for the first time to counter opposition to Russian aid, and press their agenda, by sketching a vision of America's role in the post-cold-war world, and how aid to Russia fits into that vision and enhances basic American strategic and economic interests. This comes after months of either garbled or very low-key support for Russian assistance, during which time the Administration was widely criticized for missing a historic opportunity.

'Build a Democratic Peace'

Echoing themes by Administration critics, including Gov. Bill Clinton, the front-runner for the Democratic Presidential nomination, and former President Richard M. Nixon, Mr. Bush argued that passage of the Freedom Support Act, as the American-Russian aid package is known, would be the key-stone of a post-cold-war American effort to "build a democratic peace" with all the former Communist lands.

The peace that reigned during the cold war, Mr. Baker argued, "was not a genuine peace at all," but rather "the avoidance of war was achieved only through confrontation, tension, and the haunting shadow and threat of nuclear holocaust."

Today, he added, "we face a wholly different and novel situation, a chance to build a genuine peace based on common democratic values, to build a democratic peace with Russia and Eurasia. A democratic peace would be a genuine peace; it would not be just the absence of war. That is a purpose that is worthy of the American people, and that is a purpose that we think all Americans will be willing to support, and here's why."

Both Mr. Bush and Mr. Baker of-

fered several arguments, including the notion that "real democracies" do not go to war with one another and that the growth of democracy and free markets in Russia and Eurasia can be a new source of trade and investment for American businesses.

Warning of a 'Dark Future'

"The success of reform in Russia, and Ukraine, Armenia and Kazakhstan, Belarus and the Baltics will be the single best guarantee of our security, our prosperity and our values," Mr. Bush said. "The failure of the democratic experiment could bring a dark future, a return to authoritarianism or a descent into anarchy."

When pressed for the bottom-line American contribution to the package, Mr. Baker said it consisted of "old money" — that is, funds previously requested by the Administration but not yet approved by Congress — and "new money" requests. The old money is \$620 million in technical and humanitarian assistance, which was requested last year, and \$3.75 billion in credits for the former Soviet republics to purchase American grain, which has already been spent.

Also in this old-money category are \$12 billion in loan guarantees for the

International Monetary Fund, which also have been requested by the Administration, but not forcefully, before. The I.M.F. will be supervising the overall international aid effort and this \$22 billion would be used to help fund Russian imports at a time when it is short of hard currency.

Mr. Baker said the new-money requests in the package consist of \$1.1 billion in new grain credits, \$1.5 billion as the United States share of the \$6 billion currency stabilization fund, and about \$500 million to \$1 billion in expanded authority for the Overseas Private Investment Corporation and the Export-Import Bank to underwrite American businesses wishing to invest in the former Soviet Union.

Some of these funds are hard dollars and others are simply credits or loan guarantees that will have a big impact for the Russians, but cost the American taxpayers little. For instance, the \$1.2 billion for the I.M.F. actually involves the United States' extending a line of credit for this amount to the fund. The fund would then loan this amount to Russia and would be responsible for overseeing the debt. The actual outlay from the United States Treasury would be relatively small.

Black Sea Fleet Dispute Cools

By CELESTINE BOHLEN
Special to The New York Times

MOSCOW, April 9 — President Boris N. Yeltsin of Russia and President Leonid M. Kravchuk of Ukraine stepped back today from a confrontation over control of the Black Sea Fleet, and agreed to set up a commission to work out a plan for its redistribution.

After two telephone calls, the two Presidents decided to suspend decrees issued this week, in which each had laid claim to the fleet. Mr. Yeltsin told members of the Russian Parliament today. The moves had caused a crisis between the two Slavic states that was threatening to split the Commonwealth of Independent States and open up the bitter question of the future of the Crimea, a prized peninsula in the Black Sea that now belongs to Ukraine.

The new commission will pick up where a group of military experts left off earlier this year. The latest flare-up in the running dispute came as Mr. Yeltsin faced attacks on several fronts, including from Russian nationalists, at the ongoing Congress of People's Deputies.

After Mr. Kravchuk on Monday declared legal authority over all forces on Ukrainian territory, Mr. Yeltsin countered with a decree putting the Black Sea Fleet under Russia's jurisdiction. But the fleet remained under the command of the Commonwealth's united

forces, whose naval commander, Adm. Vladimir Chernavin, flew to the Crimea on Wednesday for talks with a Ukrainian delegation.

Yearnings for Crimea

The first result of the talks was the suspension of an order from Moscow to raise the St. Andrews flag, symbol of the old Russian navy, on the ship of the Black Sea Fleet. Today, the blue-and-white flag was lowered on several ships, which again flew the hammer-and-sickle of the former Soviet Union.

"If we are wise enough and calm enough, and if we do not lose control of our ambitions, then we can solve this question in the interests of our states and our people," Mr. Kravchuk said in an interview tonight on central television.

The issue of the fleet has again given rise to Russian yearnings for the Crimea, given to Ukraine by Nikita S. Khrushchev, the Soviet leader, in 1954. A visit to Sevastopol last weekend by Vice President Aleksandr Rutskoy of Russia, where he referred to the Crimea as part of Russia, prompted a protest from the Ukrainian Foreign Ministry. The majority of the Crimea's 2.5 million people are ethnic Russians.

Revamp Defense Thinking

By Roswell L. Gilpatric

WASHINGTON — President Bush criticizes those who want to cut the defense budget more than the \$50 billion over five years that he has proposed. Many Democrats in Congress talk about doubling that reduction, but with Democrats joining the Republicans, the Senate yesterday refused to trim about \$4 billion from Mr. Bush's defense budget for next year. Yet in the long run, military spending will be determined not by political debate but by the success or failure of basic Pentagon and Congressional reforms in managing defense.

With the disappearance of the Soviet threat, the military must be reorganized from top to bottom. Troops and equipment in all the services must be cut back. This means deciding what strategic roles each service should play: who defends the Mediterranean region, for example? It means deciding who performs tactical missions: do we send Navy or Air Force planes to strike Libya again?

The Pentagon has to be ready to deal with new threats. Some worry about North Korean aggression against South Korea. Nuclear proliferation cannot be stopped. Another Saddam Hussein might emerge.

Roswell L. Gilpatric, Deputy Secretary of Defense from 1961 to 1964, is chairman of the Commission on Fundamental Defense Management Reform.

The Defense Department has not seriously addressed the roles of the armed forces since 1948. Such a re-examination is long overdue. So is reform of the way Congress handles defense budgets, management and oversight. The Pentagon has made great strides in putting its house in order since legislation passed in 1986 imposed major changes. This included expanding the authority of the chairman of the Joint Chiefs of Staff to speak for the military without having to check with each service chief; this makes it possible to cut through inter-service rivalry.

Such rivalry will get more important as the military downsizes, because it will be even harder to justify maintaining separate Navy, Air Force, Army and Marine tactical air support and missile forces and separate Army and Marine light infantry.

If the reorganization were left to the Pentagon alone, the result would be either a stalemate or a deal among the services reached by log-rolling. Proof of Pentagon unwillingness to change is evident in its recent draft document, Defense Planning Guidance for Fiscal Years 1994-99, which envisions the U.S. as the dominant superpower. This, in the Pentagon view, justifies retaining most forces built up in the cold war.

The chairman of the Joint Chiefs, perhaps aided by outside experts, should be allowed to determine and recommend to the Defense Secretary how big the armed forces should be and what they should be doing. This would reduce costly and unnecessary duplication. These changes, as well as a revamping of weapons procure-

More security, fewer dollars.

ment, would not work without reforms on Capitol Hill. Congress must come to grips with the end of the cold war and end its micro-management of national security.

More than 100 overlapping committees and subcommittees oversee the military establishment. They are served by a staff that has grown enormously since World War II. This committee and staff structure has put a crushing workload on the Pentagon. Over the past three years, Congress has asked the Pentagon to produce 2,198 reports at an average cost to the taxpayer of \$50,000 a study, or nearly \$110 million over the period. Each day Congress is in session, the Pentagon is asked to respond to 450 letters and 2,500 calls from Capitol Hill.

Congress should drastically cut this bureaucracy and reduce the committee staffs by 25 percent. Combining the authorization and appropriation functions would reduce reviews of the defense budget from three to two, and help Congress achieve its goal of creating military budgets spanning several years.

Without major reforms in the Pentagon and Congress, America may face a stark choice between an expensive military it cannot afford and a military unable to meet security challenges in years ahead. □

TSONGAS DECLARES HE WON'T RE-ENTER DEMOCRATIC RACE

CLINTON'S LEAD A FACTOR

Ex-Senator Says His Candidacy Might Harm the Party and Not Slow Front-Runner

By B. DRUMMOND AYRES Jr.
Special to The New York Times

BOSTON, April 9 — Paul E. Tsongas announced today that he would not re-enter the 1992 Presidential race, despite his surprisingly strong showing in the New York primary Tuesday.

The former Massachusetts Senator, who pulled out of the campaign three weeks ago after losing to Gov. Bill Clinton in Illinois and Michigan, said he believed he could have raised enough money and reassembled a big enough staff to have resumed a limited campaign.

But ultimately, he said, he had to face Mr. Clinton's commanding lead in delegates and the strong possibility that a renewed Tsongas campaign might do more to destroy the Democratic Party than to slow Mr. Clinton on his winning way.

Rejects Spoiler Role Again

Mr. Clinton's victories in the primaries Tuesday, Mr. Tsongas said, "removed the argument that my re-entry would rescue this party."

"Indeed, Bill's winning took me back to the option I rejected three weeks ago — the role of spoiler," Mr. Tsongas said. "I reject such a role. It is less than worthy."

But he said his pro-business message had continued to win support among the voters.

If the Democratic Party does not now embrace his pro-business message wholeheartedly, he said, President Bush will be re-elected in the fall, along with many other Republican candidates.

"Hear me well: Do not turn your back on this great energy field," he said in a news conference here after 36 hours of pondering the results of the voting Tuesday with advisers, friends

On The Sidelines

Tsongas Won't Get Back in the Race

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and party leaders.

"There were very strong feelings as to what I should do," he said. "But there was absolutely no consensus."

In the end, he added, he reached his decision without cutting any deals with Mr. Clinton, of Arkansas, or former Gov. Edmund G. Brown Jr. of California, the two remaining Democratic contenders.

"I talked to Bill," he said. "He congratulated me and I congratulated him and we said we'd meet again some time down the road."

Dennis Kanin, Mr. Tsongas's campaign manager, said the former Senator had talked with "dozens and dozens" of people throughout the country before making his announcement today. He declined to name any other than former President Jimmy Carter, a Clinton supporter. "I don't think Mr. Carter tried to push him one way or the other," Mr. Kanin said. "They just discussed options."

Mr. Tsongas urged his supporters to discontinue efforts to draft him back into the fray.

"To hope that I will re-enter is a false

hope, he said. "I will not re-enter. Preserve the message, yes. But we must heal the party as well. Both are noble purposes and I hope to be part of bringing both into reality."

Some of his supporters who came to hear him speak were unpersuaded.

"We want Paul! We want Paul!" they chanted.

"Hey," he shouted back, flashing his crooked grin. "You can't keep doing this."

He Encourages Support

But while he said he would not re-enter the race, he pointed out that one way his supporters could continue to keep alive the Tsongas message was to vote for him in the remaining primaries.

"My name will remain on future ballots," he said.

Mr. Tsongas said he was not turning his back on those who had urged him to resume the campaign he abandoned three weeks ago when, out of money and poorly organized, he was faltering under the political onslaughts of Mr. Clinton.

Asked whether he would like to be the Vice-Presidential nominee, since he had ruled out any further Presidential effort, Mr. Tsongas answered that

he would "defer" addressing that because he did not expect such a bid.

In any event, he continued, he plans to support the Democratic Presidential nominee in the fall, "with enthusiasm," but he said he would not endorse a candidate under the nominating process is over.

Mr. Tsongas, the first major candidate to get into the 1992 race, won the New Hampshire primary and fared well in some of the other early primaries and caucuses, despite his low-key, self-deprecating campaign style that left some voters wondering what manner of politician they had met or heard. But however unconventional his style and delivery, his message of economic growth and fiscal discipline found ready ears in economically depressed states like New Hampshire.

Still, as the primary season wore on and he began to offer more details of what he had in mind, many voters began to turn away, particularly blue-collar workers, blacks and organized labor. Those constituencies would have played an important role in the next primary, April 28, in Pennsylvania.

Members of these constituencies said his message seemed aimed more at the well-off and the well-educated than the hard-hit working class. He began to falter and, after finishing poorly in a series of primaries in the South and Midwest, he pulled out on March 19. Mr. Clinton is leading Mr. Tsongas in delegates by better than 2 to 1, with only 17 primaries and caucuses remaining and with party rules of strict proportional representation that make it extremely difficult to overcome such leads.

Since Mr. Tsongas dropped out, Mr. Clinton and Mr. Brown, for all the successes they have enjoyed, have also shown serious weaknesses, particularly in the negative ratings many voters give both.

Those weaknesses were never more apparent than Tuesday, when Mr. Tsongas, without any campaigning, finished a second in New York and Kansas. He finished third in Wisconsin.

ABC Reports Drugs Used at Brown Home

ABC News, quoting unidentified police officers, reported last night that Edmund G. Brown Jr. tolerated the use of cocaine and marijuana at parties at his home in Los Angeles while he was Governor of California in the late 1970's.

ABC said its sources were four men who were on Mr. Brown's state police security detail. Two of them agreed to be interviewed on camera, but their faces were disguised and they were not identified.

The network said it had not developed any evidence that Mr. Brown had

used drugs. Asked about the report last night in Pittsburgh where he was campaigning, Mr. Brown said: "I never saw it. It's not true." He has previously denied using illegal drugs.

Jodie Evans, the manager of Mr. Brown's Presidential campaign and a close aide when he was Governor, said the accusation was "just ridiculous." She said, "There weren't parties at Jerry's house ever."

William Skelton, commander of the state police security division at the time, told ABC that he was not aware of any drug use at the Governor's house.



Paul E. Tsongas being cheered by supporters yesterday in Boston after announcing that he would not re-enter the race for the Democratic Presidential nomination. With him was his wife, Niki.

Immediately, many of Mr. Tsongas's friends and supporters began urging him to get back into the race to provide an alternative to Mr. Clinton and Mr. Brown.

Many of those supporters felt that Mr. Tsongas probably would not get the nomination himself but would perhaps force a brokered convention. Others believed his strong showing on Tuesday gave him leverage, at the least, to affect the campaign dialogue and the writing of the party's platform.

But however he chose to use his

leverage, most of his friends and advisers said, it would carry little or no force unless he was back in the race. And if he re-entered, they warned, he should be prepared for particularly bitter and battering political experience.

Further, they said, there not only was no guarantee of success but he could end up deep in debt, one of the fears that originally drove him from the campaign. His campaign is currently carrying a debt of about \$400,000, Mr. Kanin said. The advisers also warned, as did Mr. Clinton's sup-

porters, that if he re-entered the race he risked going down in political history as a sore spoiler who refused to help heal an already badly fragmented Democratic Party.

"I told him all this and I also told him I thought he should get back in," said Ted Van Dyk, a Tsongas adviser. "I told him there would be money problems and organizational problems and all the stuff he had to deal with before he ever got out. And I told him it would be worth it all if he was really committed."

Surveys of the British Vote Show Tory Lead but Unclear Majority

New York Times

NEW YORK, FRIDAY, APRIL 10, 1992

By CRAIG R. WHITNEY
Special to The New York Times

LONDON, Friday, April 10 — British voters gave the Conservative Party of Prime Minister John Major more votes than the Labor Party opposition Thursday by a narrow margin, according to surveys of voters leaving the polls.

Projections indicated the Conservatives would have more seats than any other party in the new 651-member House of Commons, but not the clear majority that enabled them to govern in the last 13 years under Mr. Major and his predecessor, Margaret Thatcher.

The Conservatives' losses pointed to

a period of instability and indecision after the era of British political history that Mrs. Thatcher had dominated.

Coalition Is Possible

If returns confirm the projections, Mr. Major could try to form a coalition government with smaller parties in Britain or Northern Ireland to assure himself of a majority.

Neil Kinnock, the opposition Labor Party leader, could also try to form a coalition government that would oust the Conservatives. Either coalition would be the first since the Second World War.

National surveys of more than 20,000 voters in some constituencies by Harris, for Independent Television News, and NOP, for the BBC, indicated that the Conservatives could end up with more seats than Labor. But the surveys suggested they would fall short of a majority — 326 seats in the new House of Commons.

According to early predictions by the Harris Research Center, the Conservatives may have won 41 percent of the vote, compared with 37 percent for Labor and 18 percent for the Liberal Democrats. The Conservatives won 42.3 percent in the last elections, in 1987.

The leader of the Liberal Democrat-

TORIES TAKE LEAD IN BRITISH ELECTION

Continued From Page A1

ic Party, Paddy Ashdown, has demanded major changes in the electoral system as the price of cooperation with either of the other parties.

The difficulty of forecasting the final result arises from the nature of the British election system, which counts the results of 651 separate contests in Parliamentary constituencies in England, Wales, Scotland and Northern Ireland. Definitive results are expected to be announced Saturday.

Winston Churchill brought Labor and the old Liberal Party into a coalition government during World War II. The Liberals also participated in a national government during the Great Depression.

This time, Mr. Ashdown has insisted that before he will join any new coalition the British voting system has to be changed to give each party a proportion of parliamentary seats corresponding to the percentage it wins in the national vote. Such a change would give Mr. Ashdown's party a much larger number of seats in the House of Commons than the 25 or so that he is likely to win in this election.

Even though Mr. Major's Conservatives have apparently lost most of the 101-seat majority they won in the 1987 elections, Mr. Major could stay on as Prime Minister and try to negotiate a coalition agreement. Labor's campaign coordinator, Dr. Jack Cunningham, said on Thursday night that the Conservatives had lost the election.

Michael Heseltine, Mr. Major's Environment Secretary, said, "The one thing that is clear about this election is that the Conservatives have won it." But he conceded his party may have lost scores of the 368 seats it held in the last Parliament.

The last time the vote was so close, in 1974, a Conservative Prime Minister, Edward Heath, held on for four days after the Feb. 28 election before giving up. Harold Wilson then formed a minority Labor Government, calling a new election and winning a bare majority that October.

Mr. Major, 49, voted in his local constituency, Huntingdon, on Thursday morning after eating a widely photographed breakfast of tea, toast, marmalade and marmalade. Mr. Kinnock, 50, voted in south Wales. "The sun is out; so are the Tories," he joked there. And Mr. Ashdown, 51, cast his ballot in his southwest England village, Norton-sub-Hamdon. "Polling days always make me nervous," he said.

Britain's 43.2 million voters were called upon to decide what they wanted for themselves at home, not great international issues like the future of Europe, how to deal with the collapse of the Soviet Union, and relations between rich and poor countries.

Recession the Big Issue

The main underlying issue was the British recession, the second in 13 years of Conservative government. With unemployment at 9.4 percent and rising, Mr. Kinnock accused Mr. Major's party of bringing on recession with a policy of high interest rates in 1988 and 1989 after a boom that sent inflation soaring.

Mr. Major said the Conservatives were best qualified to lead the country out of it, but Mr. Kinnock said Labor would have a more active economic



Prime Minister John Major leaving the Huntingdon Conservative Club last night in his constituency in Huntingdon, England, before beginning his election night vigil. Conservatives have led Britain for 13 years.



His ballot cast in a polling place in Pontlanfraith, Wales, Neil Kinnock, the Labor Party Leader, had time to hug one more baby. His wife, Glynis, was at his side. It was his second run as the head of his party.

strategy for investment and growth.

Mr. Kinnock, fighting his second national campaign as Labor leader, took his party into battle with a new set of policies that bore little resemblance to its positions in the early 1980's, or his own then. Labor this time was four-square behind a strong British defense, supported a British nuclear deterrent, and backed most of the laws reining in the power of British labor unions that Mrs. Thatcher had passed to prevent a repetition of the strikes and economic paralysis of the 1970's.

The Labor Party opened its campaign a month ago with a promise to spend more money on Government

services it said the Conservatives had neglected in order to cut taxes over the years, from a maximum rate of 83 percent when they took over in 1979 to 40 percent now.

Competing Tax Plans

Labor pledged to reverse that for the wealthy, redistributing income by raising taxes on all people earning more than the equivalent of \$36,644 per year, charging 9 percent social security tax on everything they made and raising the maximum tax rate to 50 percent, plus social security, on incomes above \$69,600.

The Conservatives introduced a tax cut with the greatest benefit for the

lowest paid just before they called the election, reducing the rate on the first \$3,480 of income from 25 to 20 percent. Mr. Major said they would try in coming years to bring all middle-income taxpayers down to the 20 percent rate.

Close behind the recession issue was concern about the \$62.8 billion National Health Service, which Mr. Kinnock said the Conservatives were weakening in favor of private medical care for those who could afford it.

"If that happens we do not need to speculate on the future," Mr. Kinnock said at a rally in northwest England a few days ago. "We only have to look to a country which is even now searching for a way out of the health market place, the United States of America, where, as the former chairman of the British Medical Association put it last week, 'God help you if you are poor and sick in America.'"

Labor promised to put an additional \$1.74 billion into the health service over the next two years if it was elected, and to undo the management changes the Conservatives had begun to introduce to give some hospitals and general practitioners more control over their own budgets.

The future of the European Community and Britain's role in it played hardly any role in the campaign, though Mr. Ashdown journeyed to France on one foray and Labor promised to abandon Mr. Major's refusal last December to join Britain's 11 European partners in a convention on social and labor relations.

"It has been a poor-quality election campaign and most striking of all has been its insularity," Paul Johnson wrote in *The Spectator* magazine this week. "Our future within the European Community has been barely mentioned and the world beyond ignored."

Separatists in Scotland

In Scotland, the main underlying issue was more autonomy from central Government control in London, whoever won. The separatist Scottish National Party mounted a strong challenge to Labor, which has won a majority of Scotland's seats in the House of Commons in the last three elections.

Scotland has thus been ruled by a party it did not elect for the last 13 years. Resentment soared in 1988, when Mrs. Thatcher introduced an unpopular per-capita "community charge" for local government services in Scotland a year before she put it into effect in England and Wales.

It proved no more popular in those places. Its failure was one of the main reasons Conservative members of Parliament replaced her with Mr. Major as leader and Prime Minister in November 1990, and the tax was also blamed for much of the fall in the Conservatives' popularity even though Mr. Major dropped it last year for a new system based on property values and ability to pay.

But in Scotland, many voters saw the "poll tax" as the last straw, and began listening to the Scottish nationalist proposals for independence from Britain, formed with the treaty of union in 1707.

Mr. Major resisted all calls for any change in the constitutional arrangements governing the way Scotland is ruled. Labor promised to bring in a Scottish Parliament.

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The Voters, Yes. But Which Ones?

Paul Tsongas honored principle and not just reality yesterday when he said "no, thanks" to the Democratic Presidential race for the second time. The first time, in March, he suspended a candidacy he had launched himself. The one he gave up yesterday was created subsequently by The Voters.

By declining now to pursue a candidacy that would inevitably look personally opportunistic, Mr. Tsongas keeps attention fastened on his sober economic message and recognizes the perils of flattering self-deception.

Tuesday's New York primary voters put him back in the spotlight by giving him, a non-candidate, an astonishing second-place finish behind Bill Clinton and ahead of Jerry Brown. That improved even on the support Connecticut gave him March 24, when he drained away enough protest vote to give Mr. Brown a narrow victory.

All this encouragement might have tempted a less principled candidate. What more tempting invitation than one directly from The Voters? But Mr. Tsongas, committed to getting his message across, understands that there are voters and there are voters.

The people who supported him so warmly on Tuesday were, for one thing, not particularly representative of Democrats elsewhere. Indeed, there were striking differences even between them and New York primary voters in 1988. This time, one of six voters was black. In 1988 it was one in four. This time, Jewish voters constituted a third of the electorate, in 1988 only a quarter. This time, voters age 60 and over were 36 percent of the electorate, then 30 percent.

Probably the most striking point about The Voters this year in New York is how few there were.

Nearly 1.6 million Democrats voted in the 1988 primary. On Tuesday, there were barely a million. The proportion of all eligible citizens voting, which rose to 12 percent in 1988, dropped to a mere 7 percent.

If the differences between one primary and the next are dramatic, consider the contrast between a 7 percent primary election turnout and the 50-plus percent likely to vote in November. People with higher education, those more likely to vote for Mr. Tsongas, constituted 55 percent of Tuesday's voters, compared with 44 percent in the 1988 primary, and only 35 percent in November. It's unclear that he would do as well in a less educated electorate.

Why did so few New York Democrats vote? There's not much point in sermonizing gravely about a pernicious erosion of citizenship. When people care about a candidate, they vote. In 1988, the Rev. Jesse Jackson pulled out a healthy, enthusiastic black vote. In 1992, as non-candidate Tsongas's showing demonstrated, the voters' most passionate desire was to show how much they didn't care for the announced candidates.

Some of the reason for that concerns personalities. More important, these remain tough times, a fact driven home with special force by the fact that taxes are due next Wednesday. And beyond all that, Americans seem disgusted with politics.

Last summer, the Kettering Foundation issued a carefully researched report on the public's reaction "against a political system that is perceived as so autonomous that the public is no longer able to control and direct it. People talk as though our political system had been taken over by alien beings." That message seems to have been ratified by the protests of The Voters, the 7 percent, on Tuesday. The other 93 percent remain to be heard from.

False Fears About Japan's Crash

When the Japanese stock market plummeted 10 percent earlier this week, fear struck Wall Street. The Dow Jones industrial average plunged nearly 100 points in two days and Americans wondered whether Main Street would be next.

The answer to such fears, to use the reigning cliché from the movie "Wayne's World," is, NOT!

For starters, Japanese stock prices have been falling steadily since 1989 with little discernible impact outside Japan. Indeed, the Japanese economy continues to grow. And even if falling stock prices force Wall Street prices down, the impact on U.S. production won't be noticeable.

Think back to 1987. U.S. stock prices plunged 508 points in a single day, yet the economy grew steadily thereafter. The Federal Reserve knows how to insulate Main Street from Wall Street.

Even plausible worst-case outcomes shouldn't be nervous-making. Some observers fear that Japanese investors, especially banks, will replenish sagging domestic portfolios by "pulling their money out." That might sound worrisome, but it's not.

Suppose Japanese investors sell real estate and

other U.S. assets. They'd first deposit the dollar proceeds in a U.S. bank and then sell the dollars for yen. All that would do is drive the value of the dollar lower, making American exports cheaper, and therefore more attractive, to foreign buyers. And that would be a welcome boost to a recession-plagued U.S. economy.

The United States might have little to fear from Japan's stock market meltdown, but neither does it have much to gain. Americans are often told that Japan's success threatens our own. The truth is closer to the opposite: If the Japanese economy sags — which is far from certain despite the market decline — the U.S. is likely to lose export sales. And as Japanese banks are forced to retrench, they might withdraw loans from U.S. borrowers.

But neither of these impacts is likely to be large. Export and capital markets are worldwide. If Japan stumbles, there are plenty of others to help pick up the slack. Stock market crashes can be traumatic. But, as events here and abroad in recent years have shown, they don't need to be economically crippling.

Why Arthur Ashe Kept It Secret

Arthur Ashe was understandably upset and angry when forced to reveal at a hastily called press conference Wednesday that he is suffering from AIDS. But he aimed his barbs at the wrong target when he complained about the person who "ratted" on him to a newspaper. The real villainy lies in the cruel and benighted public attitudes that compelled Mr. Ashe to keep his disease secret for three years.

What a sad day for America when even an icon like Arthur Ashe can't reveal his AIDS affliction for fear that he or his family will suffer adverse consequences. There are few more respected individuals in American sport than this scholarly, dedicated man — the most prominent black male tennis player in history, author of a three-volume history of African-American athletes, strong advocate for human rights and longtime friend of President and Mrs. Bush.

Mr. Ashe contracted the virus in a way that would gain the sympathy of even the most censori-

ous citizen — through a blood transfusion after surgery. But even he felt obliged to hide his illness. As he explained Wednesday, AIDS would stigmatize him in a way that his past heart surgeries and brain infection had not, interfering with his ability to continue his activities unhampered.

Most worrisome was the potential impact on his 5-year-old daughter, who may now have to face "new, different and sometimes cruel comments," he said. "The quality of one's life changes irrevocably when something like this becomes public," Mr. Ashe lamented.

Now the truth is out and Mr. Ashe, his hand forced by events, says he may turn his formidable talent for advocacy to the AIDS issue. The nation would benefit if he can find the time and energy to do so.

A few well-placed overhead smashes from Mr. Ashe might well energize the nation's response to AIDS — and could help change the ignorant attitudes that forced him underground.

Bush's Son to Rescue

In the latest and clearest sign of political alarm in the Oval Office, President Bush has summoned his son George, who helped dispatch John H. Sununu four months ago, to review White House speechwriting, domestic policy and scheduling.

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FRIDAY, APRIL 10, 1992

Democrats Fear Rep. Oakar's Plum Assignment Could Become a Major Embarrassment for Party

By JILL ABRAMSON
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—The rise of Rep. Mary Rose Oakar could have been scripted by Frank Capra.

Once an Ohio Bell telephone operator, the eight-term Cleveland Democrat rose through the party ranks, including a term as secretary of the House Democratic caucus. Recently, Democratic National Chairman Ron Brown, at the request of the party's congressional leadership, chose her for the plum assignment of heading the platform committee at the Democratic convention—the same post that launched Geraldine Ferraro into the vice presidential spotlight eight years ago.

But in this Ms. Smith Goes to Washington story gone awry, Rep. Oakar has become a symbol of everything that is wrong in the capital. Already controversial because of a previous ethics investigation as well as for some of her political positions, Rep. Oakar has now become enmeshed in the House's twin bank and post-office scandals.

The result is that at a time when she should be riding high, Rep. Oakar finds her political career in peril. Moreover, prominent Democrats are privately terrified that her highly visible platform job could turn into a major embarrassment for the party, making her a perfect lightning rod for GOP anti-Congress attacks.

"They [the Democrats] are ill-advised to pick someone with such a confluence of problems," says Kevin Phillips, a GOP political theorist.

'Damnably Lies'

As chairman of a House subcommittee that oversaw personnel policies at the House Bank, Rep. Oakar was already under fire for sloppy stewardship. Then, a few weeks ago, she was named as one of the facility's 22 biggest abusers, with 213 overdrawn checks. For months, Rep. Oakar had been telling her constituents that she had only half a dozen overdrafts; she has apologized to her constituents but is

also challenging the bank's accounting of her finances.

But her problems don't stop at the House Bank's doors. Last week, she abruptly resigned from a House task force appointed to investigate abuses at the House Post Office after the Cleveland Plain Dealer reported allegations that the congresswoman herself was being investigated for recommending "ghost" employees and for using the post office to deliver campaign contributions to her office. The congresswoman calls those allegations "damnably lies" and says she would sue the newspaper if she wasn't a public figure. She says she left the task force because it "didn't have any credibility."

So far, the party hierarchy is sticking with her. Democratic National Committee spokeswoman Ginny Terzano says the party hasn't received any complaints about Rep. Oakar's appointment to the platform job. "We haven't had people call and say she should step down and be replaced," she says. But Timothy Hagan, a prominent Cuyahoga County Democratic leader who is challenging Rep. Oakar in the June 2 primary, says, "The DNC has to take a hard look and show some courage."

Rep. Oakar responds that "there is a tremendous amount of intimidation going on in my case." She says it's up to Chairman Brown whether she holds on to her platform post, adding: "There are a lot of people who think it's an appropriate job for me."

"The people of my district know who I am," she adds. "I go home every weekend. I've served my people with integrity." She says she's saved thousands of jobs in Cleveland and been an effective legislator; yesterday, the House took up a piece of legislation she had championed to prevent abuse in care for the elderly.

Even before her recent troubles, Rep. Oakar's selection by the Democratic congressional leadership to co-chair the party's platform committee had raised some eyebrows. Among other things, her views on some key issues are at odds with national party leaders: She is a foe of abortion, for instance, and has ties to several Arab-American organizations.

In addition, Rep. Oakar had been the subject of an ethics committee inquiry in the late 1980s over money paid to two of her aides. Still, party leaders thought she

would be a powerful voice for such key Democratic constituencies as the elderly, labor and women (she has been an advocate of better health care for women).

Suburban Voters

While Mr. Hagan is her most immediate political problem, the makeup of her new congressional district, with more suburban voters, is also a concern. In addition, she faces opposition from one of her own political allies, Cleveland Municipal Court Clerk Benny Bonanno. Some local observers speculate that Mr. Bonanno entered the race just in case Rep. Oakar is forced to pull out; others believe his candidacy is meant to drain anti-Oakar votes away from Mr. Hagan and thus help the congresswoman.

It's ironic that many of Rep. Oakar's current political problems stem from an excess of success at the Washington power game. "She's built her image on the fact that she's part of the in-crowd in the Democratic caucus," says former Ohio GOP Rep. Thomas Kindness. "Now she's obligated to admit she's an insider, which brings with it a lot of negatives."

After her election to Congress in 1976, Rep. Oakar became a favorite of former House Speaker Thomas O'Neill. She won plum appointments, such as a seat on the Select Committee on Aging, the Banking Committee and the powerful House Administration Committee.

As a senior member of the latter committee, Rep. Oakar zealously attended to her colleagues' needs, worrying over the quality of food in the cafeteria—she helped bring in a Cleveland restaurateur to spruce up the menu—and helping to supervise the large staffs of various House offices such

as the bank and post office. Her staff proudly proclaimed her "the Mayor of Capitol Hill."

Her ability to get Capitol Hill jobs for friends and constituents was renowned, as were the number of Oakar family members included in those ranks. Her nephew, Jeff Oakar, was an assistant House doorman; a septuagenarian aunt works in her district office; another relative works in the House documents room.

The previous ethics investigation of Rep. Oakar found that she had inadvertently violated House rules and federal regulations by keeping a staff member and former housemate on her congressional payroll after the aide moved to New York. (Staff members must work either in Washington or in the member's home district.) Rep. Oakar repaid the Treasury \$45,000 to compensate for the improperly paid salary and wasn't disciplined further.

The ethics panel also looked into Rep. Oakar's purchase of a Washington town house with another staff member who was given a \$10,000 raise at the time of the property purchase. The committee found that neither "the town-house purchase itself or the adjustments to the income granted to the staff member were in any way improper." The former staff member, Margaret Mathna, is running for Congress this year from another Ohio district, potentially reviving the town-house flap as a campaign issue.

The eruption of the bank and post-office scandals has strained relations between Rep. Oakar and House Speaker Thomas Foley. Rep. Oakar has claimed she brought the House bank problems to Mr. Foley's attention in the summer of 1989. But Mr. Foley has said he didn't learn of the bank problems until much later; a Foley spokesman says the subject didn't come up in a meeting the two lawmakers had in 1989. "She came to complain about a prank played by the sergeant-at-arms, not to discuss the bank," the Foley spokes-

man asserts. Jack Russ, who recently resigned as sergeant-at-arms, had used Capitol Hill police to stage a phony arrest at a colleague's bachelor party.

One member of the House leadership describes Mr. Foley as being "livid" with

Rep. Oakar. But the congresswoman says that "I don't want to get into a contest with the speaker." And, as is the way inside the Beltway, the speaker and other Democratic leaders are still scheduled to attend a fund-raiser on Rep. Oakar's behalf.



Mary Rose Oakar

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FRIDAY, APRIL 10, 1992

Drug Conspiracy at House Post Office Is Alleged as Lawmakers Pass Reforms

By JEFFREY H. BIRNBAUM
And DAVID ROGERS

Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON—A federal grand jury alleged that there was a drug-related conspiracy by employees of the House Post Office, further embarrassing the Democratic leadership even as it won passage of a landmark package of administrative reforms for the chamber.

The grand jury charged a former House Post Office clerk with embezzling government property, distributing a controlled substance—marijuana and cocaine—to co-workers, and conspiring to conceal missing stamps and money from his Post Office fund. According to the indictment, the clerk, Wendell Magruder, and other employees "participated in a conspiracy to conceal and cover up missing money and stamps" during audits.

The charges were handed up as the House voted 269-81 last night to adopt a Democratic-backed plan creating a House inspector general and chief administrative officer to oversee the non-legislative management of the institution. Both positions are to be joint appointments by the bipartisan leadership, and as part of the same reorganization, the office of House Postmaster is eliminated, and outside mail services, such as selling stamps, will be turned over to the U.S. Postal Service.

'Reform Out of Panic'

Approval of the package followed a 254-159 vote rejecting a Republican alternative that went further in demanding changes in the legislative arena as well. And the mood was often bitter and angry on both sides. Republicans, many of whom voted simply "present" on final passage, charged that the Democratic plan was "reform out of panic." Democrats countered that the GOP sought political advantage by opposing administrative change much as it did after the congressional sex-payroll scandals of the mid-1970s.

Politically, the grand jury's drug allegations now aren't as serious as the continuing scandal at the now-defunct House Bank, where lawmakers are personally involved. But the charges bring more attention to the already significant problems with the administration of the House. Republicans pointed to the indictment yesterday as well as earlier allegations of employees stealing at the Post Office as indications of what they claim is corruption among the Democrats who control the chamber.

Scandal has befallen the House from almost every corner lately. The House Bank facility was closed last fall after lawmakers were found to be abusing its overdraft privilege, and the House Ethics Committee is slated to release the names of scores of members next week who overdrew on their accounts. Sergeant-at-Arms Jack Russ, and the House Post Office's top officer, Robert Rota, have both resigned in recent weeks.

The administrative changes have been accompanied by a calculated effort to cut back on many perquisites of office, such as free pharmaceuticals, to try to quiet public outrage. The House has also appointed a task force to investigate the House Post Office, but as seen again yesterday, the continuing investigation remains a source of embarrassment.

Steven Ross, the counsel to the House clerk, has increasingly been a target for Republican attacks in this regard, and one provision in the GOP reorganization plan was to create an office of general counsel for the House. This was followed last night by a resolution requiring Mr. Ross to re-

cuse himself from any requests by the Justice Department regarding its Post Office inquiry. But on a 239-170 roll call, Democrats successfully tabled the measure.

The postal clerk, Mr. Magruder, had been charged in February with embezzling \$13,997 in cash and stamps from the House Post Office, which is an arm of the House and not of the U.S. Postal Service. The indictment yesterday added the drug selling and conspiracy to conceal charges.

Three other former clerks already have pleaded guilty to embezzling \$35,000 in stamps and money from the House Post Office.

Accountability Act

Separately, partly to exploit public anger at the congressional scandals, President Bush yesterday submitted legislation to force Congress to follow several civil rights and employment laws that private businesses must follow.

Calling the measure the "Accountability in Government Act," Mr. Bush said that the measure would require Congress to follow: the Fair Labor Standards Act, which covers the minimum wage; the Civil Rights Act of 1964, which bars job discrimination; the Age Discrimination in Employment Act of 1967; the Rehabilitation Act of 1973, which bars discrimination against the disabled; and the damages portion of the Civil Rights Act of 1991, which bars sexual harassment and gives women more remedies for job discrimination.

The president also proposed to make Congress follow certain laws governing public access, such as the Freedom of Information Act, conflict-of-interest laws, the Hatch Act and the Privacy Act.

The White House itself doesn't follow all of these laws in their entirety, but they do apply to other parts of the executive branch, such as the cabinet departments. Although the White House's intent is to encourage a climate that would lead to the election of more Republicans, some GOP lawmakers oppose such legislation, believing that it would violate the constitutional requirement of separation of powers.

—Michel McQueen contributed to this article.

House Passes Measure That Would Overhaul Campaign Financing

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON—With the White House and Congress both vying for the mantle of reform, the House passed legislation that would significantly overhaul the congressional campaigns are financed.

By a 259-165 vote, the House passed a House-Senate conference would limit spending, reduce the influence of committees, reduce non-pre-emptive dates, and fund the per-

the
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FRIDAY, APRIL 10, 1992

FCC's Proposal for HDTV May Restrict Broadcasters

By BOB DAVIS

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—The Federal Communications Commission, under fire for turning its high-definition television proceedings into a windfall for broadcasters, proposed to restrict the flexibility of broadcasters entering the HDTV business.

The agency voted 5-0 to reserve new high-definition stations for existing broadcasters for at least two years, effectively blocking new entrants into the high-definition broadcast market. That decision, which the FCC has favored for some time, would give each broadcaster an HDTV station in addition to a conventional TV station.

But the agency then proposed, by a 5-0 vote, to attach significant restrictions on licenses for the new HDTV stations—a move that could unintentionally hurt the broadcasters the agency is trying to help.

Just last month, FCC Chairman Alfred Sikes and two other commissioners said in a Wall Street Journal article that they didn't believe the agency should regulate programming on the second channel at all.

That stand, combined with the agency's desire to limit HDTV stations to current broadcasters, led critics to charge that HDTV had become a giveaway of valuable transmission frequencies.

But at yesterday's commission meeting, the agency proposed an about-face. Under the plan, which was put out for public comment, broadcasters would have a five-year period, starting in 1993, to apply for and build an HDTV station—and no more than four years after that initial period to program the HDTV channel as they wanted. After that second stage, the HDTV station and its sister conventional station would have to broadcast the same programs, although the HDTV channel would have far better picture quality.

In 2008, the agency proposed, broadcasters would have to turn in their conventional channels and broadcast solely in high-definition. That would mark the end of conventional TV broadcasts, and mean that consumers would have to buy high-definition sets—or hope that TV companies come up with electronic attachments that

Please Turn to Page B6, Column 4

HDTV Broadcasters Facing Restrictions Under FCC Proposals

Continued From Page B1

let conventional sets pick up high-definition signals. HDTV sets are expected to go on sale in about two years at an initial price of about \$6,000.

The proposals "reflect the seriousness of the commission in getting back [regulatory control of transmission] frequencies as soon as possible," Mr. Sikes said.

Henry Geller, a former FCC general counsel, said the agency's proposal, if adopted, would help it withstand legal challenges from those claiming that all potential applicants weren't given an equal chance to apply for new HDTV licenses. The agency could better contend, he said, that HDTV wasn't a new broadcast business, but just an upgrading of existing TV service.

But by insisting on strict schedules, broadcasters warned that the agency could deter them from entering the field and undermine the very technology the agency wants to promote. For instance, Warren Williamson, president of WKBN-TV in Youngstown, Ohio, who chairs several industry HDTV groups, estimated that his station will eventually have to spend about \$8.5 million for new HDTV production and transmission equipment. That's a big investment, he added, for a mid-sized market, where stations generally spend about \$500,000 annually on new equipment.

During the first few years of HDTV broadcasting, he figures, his station will be able to afford only equipment that can broadcast movies and network programs in HDTV—not much of an incentive for viewers in Youngstown to go out and buy expensive new sets. By the time he can afford all the cameras and other equipment required to do original programming, however, the FCC's schedule wouldn't give him much time to reserve the shows for the HDTV channel only. Many TV experts figure a mass market for HDTV will emerge only if there is unique programming available in higher definition.

"The commission is attempting to get the American local television system transitioned to high-definition systems," Mr. Williamson said. "I hope we survive it." If he decided not to use HDTV, he would have to give back or possibly sell his license.

Dale Cripps, publisher of HDTV Newsletter in Alsea, Ore., said a rigid schedule would incite protests among consumers forced to buy new sets and broadcasters forced to switch to HDTV. Indeed, some at the FCC doubt whether future commissioners will enforce the rigid requirements the agency proposed yesterday, especially, the one forcing broadcasters to give up one of their two stations.

Said FCC Commissioner Andrew Barrett: "Anybody who knows something about regulations knows that once you give something away, you don't ever get it back."

Caterpillar Chairman and Strike Leader Share One Common Trait: Stubbornness

By ROBERT L. ROSE

And GREGORY A. PATTERSON

Staff Reporters of THE WALL STREET JOURNAL

Donald Fites, chairman of Caterpillar Inc., and Bill Casstevens, the auto workers' official leading the strike against the construction equipment maker, have one thing in common.

Neither can figure out why the other doesn't listen.

For Mr. Casstevens, secretary-treasurer of the United Auto Workers, the company's annual meeting Wednesday highlighted the problem. When he tried to speak, Mr. Fites gaveled him down. The frustrated union leader had to settle for a brief comment as a clock ticked away on the screen behind Mr. Fites.

The chairman of the Peoria, Ill., company believes he did his duty more than a year ago, when he invited himself to UAW headquarters in Detroit. "It was my attempt to get to know Bill Casstevens and the UAW on their ground," says Mr. Fites.

In tuning each other out, the two leaders appear to have backed their organizations into opposite corners. The stakes rose this week. As most of the 12,600 strikers refused to heed Caterpillar's call to return to work, the company took out ads for replacements.

Unwilling to Compromise

"I think on actual issues, they're not far apart," says Neil Bernstein, a labor arbitrator and professor at Washington University School of Law. "I'm not sure anyone's willing to compromise."

People who know them aren't surprised that the union leader and the chairman of Caterpillar have taken such hard stands. Both have shown a capacity for stubbornness, especially in defense of their own organizations.

Mr. Fites, a 56-year-old former marketing man who was named chairman and chief executive in 1990, is known for his skills in getting along with people. But to striking UAW workers, Mr. Fites is now the enemy. "Take the Fite out of Caterpillar," says one union picket sign. Others signs are less discreet.

Mr. Fites appears taken aback by the uproar. "The last thing I see myself as is some antagonistic CEO," he said in a recent interview.

But John Whiteman, a Caterpillar dealer in Arizona, says the former college basketball player can set a mean pick on issues important to Caterpillar. "I've seen him in situations where he said 'This is patently wrong and let's go to the brink,'" says Mr. Whiteman.

Born in the northern Indiana town of Tippecanoe, Mr. Fites earned an engineering degree at Valparaiso University in 1956

and joined Caterpillar that year. Fifteen years later, he interrupted his career to earn a master's degree at the Massachusetts Institute of Technology's Sloan School of Management.

Mr. Fites's defenders, including many shareholders and dealers, say he's putting to work what he learned in 36 years at Caterpillar. He spent much of that time abroad, living in such places as Japan, Europe, Africa and South America.

When Mr. Fites talks about global competition, "this isn't something he's read out of a book," says Emmett Barker, president of the Equipment Manufacturers Institute, a trade association of which Mr. Fites is a vice chairman.

Quiet, Serious Image

Mr. Casstevens, 63, casts a quiet, serious image and is known for the long hours he puts in at the office or on the road. "Tough" is one of the first words spoken when associates begin describing "Cass," the moniker UAW folks have given him.

He's especially diligent where union leaders are concerned. Last fall, for example, UAW officials were locked into a battle with Freightliner Corp. in South Carolina, as nearly 18 months of negotiations had failed to produce a contract. The union was threatening to strike, and the company was threatening to hire replacement workers.

Over the Thanksgiving holiday, Mr. Casstevens flew to Germany to urge board members of Freightliner's parent, Daimler-Benz AG, not to hire replacement workers. The next week, the union took its 1,200 Freightliner workers out on strike. Seventeen days later, the company agreed to a labor pact.

Mr. Casstevens went to work in a North Carolina cotton mill at age 14 to help support his nine brothers and sisters. At 16 he joined the Navy, and afterward completed high school and college.

He got involved with the union soon after taking a job in a Cleveland auto parts factory in 1954, and worked his way up to its international staff. In an unusual and rarely successful move in 1970, Mr. Casstevens ran for and won a position on the union's governing board by opposing an incumbent. These days he's rumored to be a top contender for the union's presidency, if incumbent Owen Bieber leaves at the end of his current term in June.

String of Victories

Mr. Casstevens has enjoyed a string of labor victories. In 1959, he led a successful UAW organizing drive at Mack Trucks Inc.'s operations in South Carolina. He keeps a memento of that struggle—a picture of the mass UAW march through Winnsboro, S.C.—hanging in his office.

Whether Mr. Casstevens wins at Caterpillar may depend on his bargaining team's ability to maintain the loyalty of strikers anxious over the possible loss of their jobs. For his part, Mr. Fites must maintain the allegiance of both dealers short on equipment and institutional investors, many of whom don't want to see the union broken.

Mitch Quain, one of the few Wall Street analysts who has kept in touch with both sides, says money managers want Mr. Fites to get a contract that controls labor costs. But he says that if the company replaces 12,000 workers, "many of my clients are going to feel very uncomfortable."



Bill Casstevens



Donald Fites

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FRIDAY, APRIL 10, 1992

Beggar Thy Multinational

Global business means international competition over taxation, too. National tax agencies compete for revenue from world-class companies, and multinational corporations strive to minimize their tax burden in order to compete with each other.

If that were the sum of it, global taxation would be challenging enough as a policy issue. But if protectionism has entered into the regulatory process, then the matter bears particular scrutiny.

Leave it to Congress. Yesterday Rep. J.J. Pickle's Ways and Means subcommittee staged testimony on how U.S. tax authorities are handling this sticky wicket. Back in 1990, Mr. Pickle blistered the IRS for not racing to impose new rules after the 1986 tax bill made noise about foreign subsidiaries. He was in good form yesterday, haranguing, "In our society, a teacher or a factory worker can pay more in federal income tax than a major multinational corporation with billions in annual U.S. sales."

During the 1990 House proceedings, one participant recalls, Senator Jesse Helms burst in from across the Capitol to excoriate various Japanese companies he alleged were cheating the U.S. government. That gives you a flavor of what this commotion over tax law is about.

Tax policy is dangerously fertile ground for sly protectionism. The IRS and its parent, the Treasury, may only be looking for more revenue, but the hunt for finagling by multinationals plays into the hands of those who would manipulate international trade.

Moreover, as Michael Granfield of UCLA noted on this page last Friday, the attempt to identify accounting

ruses involves the contrivance of composite "like" companies, to arrive at profitability standards. This reminds us of the silly reasons used by the International Trade Commission to attach "countervailing" duties on goods coming into the U.S.

Protectionism has a twin aim here: First, the government's attempts to impute an artificial profit margin, and therefore a tax, to a distributor of Asian products in the U.S. are a way to thwart a company's efforts to gain market share with rock-bottom prices. Second, an insistence that U.S. parents—and not their producing units in low-cost, low-tax areas of the globe—report the gains from the manufacture is a way of discouraging such arrangements. In both cases, a shortsighted politician might think he is preserving American jobs by making a "foreign" product more costly to sell.

What is the proper course of tax policy in a global economy, where accounting tricks can be used to defeat tax obligations? How about a minimal level of taxation, so that the U.S. would have little to fear from jurisdictions that might try to underbid it? Making the U.S. a virtual tax haven also would discourage, say, Japanese companies from reporting income to the home country out of nationalistic considerations.

Most of the "flat-tax" proposals now getting a populist trial would do away with the corporate-profits tax completely. That would take a lot of the gamesmanship out of international taxation. We'd relish a Treasury Department that would serve anything so radical up to Rep. Pickle, the trade-baiters and the revenooers.

Asides

Parting Shots

Rep. Vin Weber, one of the most respected House Republicans, announced his retirement yesterday. He faced a bruising re-election battle in a marginal seat after he reported that he had written 125 bad checks at the Höpse Bank. Mr. Weber is only 39 years old, and it's likely that he will be heard from again in politics. He told us that the House Bank scandal has taught him the extent to which

many House Members are gripped by a "careerist" mentality. He says, "A lot of my colleagues worrying about defeat say they can't possibly imagine doing anything else." Mr. Weber says this has softened his longstanding opposition to term limits. He favors a longer term of four years for House Members so that a President would be more likely to have a working majority in Congress, but would balance that loss of voter control by allowing a term limit.

Bill Clinton Bellies Up To the Tort Bar

"I used to be a lawyer," Woodrow Wilson once said, "but now I am a reformed character."

Bill Clinton is a lawyer who wants to be president, but he is unreformed when it comes to the runaway U.S. legal system. This explains why America's trial lawyers have become stealth financiers in his run for the White House. It also illustrates why the lawyer-driven liability explosion deserves to be, and may yet be, a large issue in the autumn campaign.

"I happen to know that Bill Clinton is against tort reform of any kind," writes Robert Habush of Milwaukee. His fundraising letter of March 25 is addressed to "All Members of the Wisconsin Academy of Trial Lawyers," a thousand-or-so attorneys.

Mr. Clinton "is, on record, opposing the proposals promoted by Vice President Quayle and his Competitiveness Council," Mr. Habush adds, referring to the legal reforms that have hit the plaintiff's bar like a bouncer. "Accordingly, I urge all of you to write a check to the Clinton for President campaign and forward it to me so that I can batch them together and send them on to Little Rock."

Now, Mr. Habush is no five-and-dime ambulance chaser. He's a jack of all torts

Potomac Watch

By Paul A. Gigot

—a former president of both the Wisconsin and American trial-lawyer associations, and former board member of their international cousin. He's the perfect guy to bundle campaign checks.

I called Mr. Habush to congratulate him on doing what no one else has yet managed—namely, figuring out what Mr. Clinton really believes about something. How did he do it?

"I suppose you're going to turn this into some kind of scandal," says the candidly cordial 56-year-old, only half tongue-in-cheek. (Never in this column!) "I know it's not written on some issue paper, but I didn't do this on my own. . . . I cleared that letter through Bob Fogel."

A big-time Chicago trial lawyer, Mr. Fogel happens to be a member of Mr. Clinton's national finance committee. It turns out he's trying to tap every deep-pocket plaintiff attorney in the country for the Arkansas governor. "I told Fogel that if he wants me to set up a network of trial lawyers around the country from now until November, I'll do it," Mr. Habush says. "Anything to beat Bush and Quayle."

Mr. Habush, bless his candor, knows who waters his contingency fees. He figures all trial lawyers, even Republicans, have a duty to oppose President Bush now that he's promoting, albeit in his typically inert way, the Quayle ideas.

Caps on punitive damages and the English rule (that the loser pays costs) were bad enough, Mr. Habush says. Making medical malpractice part of health-care reform was awful too. "But when we got blamed for the loss of U.S. competitiveness, that stretched it beyond the breaking point," he says.

By contrast, Gov. Clinton somehow sees wisdom in a system that has 70% of the world's lawyers and virtually all of its contingency fees. Mr. Habush was in Boca Raton this January when Hillary Clinton, a trial lawyer herself, stood in for Bill at a meeting of the Association of Trial Lawyers of America (ATLA). "She basically said he's in favor of preserving the civil-justice system as it is today," says Ralph Cloar, the Little Rock trial lawyer who introduced Hillary in Boca.

Mr. Cloar, another candid soul, says he also persuaded Brother Bill not to support tort reform in Arkansas. Business groups had lobbied for it during the 1980s, but "we met with him, he studied it and thought we were right," adds Bill Wilson Jr., another liability rainmaker from Little Rock. "We're raising money around the country for him."

It's hard to pin down just how much money, though. The Clinton campaign says it doesn't know, which may even be true. Because trial lawyers donate individually, it's hard to identify them in Federal Election Commission reports.

But it may also be that the campaign would rather not say, since the amounts might be revealing. If even half of ATLA's 60,000 members donate \$500 each (a penny in the contingency-fee jackpot), for example, that's a cool \$15 million.



Bill Clinton

Clinton spin-controllers first dismissed the Habush letter as a Quayle dirty trick, but now try to distance their man from it. Having consulted with Little Rock, Mr. Fogel calls his approval of the letter "a rookie mistake" that "overstated Mr. Clinton's views out of enthusiasm." The governor really does favor some "alternative dispute resolution" (but even the American Bar Association goes that far).

This sounds like Mr. Clinton trying to be everything to everyone again: He wants campaign cash from trial lawyers, but he doesn't inhale their policies. He knows that lawyers are replacing trade unions as the main scourge of the business community he is also courting, even as he knows lawyers are also replacing unions as the main funding arm of the Democratic Party.

If he's guzzling cash at the tort bar, Bill Clinton is hardly the advocate of "change" he claims to be. Instead he's in hock to one of the hoariest special interests around.

All of which shows that Mr. Quayle has handed George Bush an issue. If Mr. Bush is serious about the legal "reform" he belatedly claims to want (hope springs eternal), the plaintiff's bar is teasing Mr. Clinton up.

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FRIDAY, APRIL 10, 1992

House Plan to Lift Social Security Benefits Advances

By JACKIE CALMES

Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON—The House moved toward approving a costly increase in Social Security benefits for some recipients, a step that would swell the deficit but delight elderly voters as members head home for their spring recess.

The proposal would nearly double the money that working senior citizens 65 to 69 years old could earn without forfeiting any Social Security retirement benefits, and increase payments for widows receiving survivor benefits, at a cost of \$7.3 billion over five years. The proposal, while expensive, stops far short of a \$28 billion Senate alternative that would lift the earnings limit entirely so that Social Security beneficiaries could receive full payments no matter how much they earn at work.

The House provision, attached to a broader compromise with the Senate on a bill reauthorizing popular programs for poor senior citizens such as Meals-on-Wheels, cleared a procedural hurdle last night on a 269-139 vote. Lawmakers hoped to complete action on the overall bill before leaving this weekend for their two-week break. The measure would then go to the Senate, which must decide whether to accept the less costly House amendment on Social Security, insist on its own or offer an alternative.

Under current law, Social Security recipients 65 to 69 give up \$1 in benefits for every \$3 they earn above an annual limit, which is \$10,200 this year; the cap doesn't apply to workers over 70. The House provision would nearly double the earnings limit, gradually raising it over five years to \$20,000.

Those protesting the change raised impassioned complaints about adding to a deficit that is already projected to exceed \$400 billion this year. "I don't question the merits of this legislation," said House Budget Committee Chairman Leon Panetta (D., Calif.), "... but I am obligated to question whether we ought to provide these benefits without paying for them."

The lopsided approval belied many lawmakers' private misgivings about the fiscal impact of their action. In fact, the broader measure on senior citizens programs has languished since last year while congressional leaders mulled how to handle the politically popular but costly Social Security issue.

In the end, the proposal's sponsor, House Ways and Means Committee Chairman Dan Rostenkowski (D., Ill.), said the question came down to "whether we're going to accept a \$7 billion hit, or a \$29 billion or \$33 billion hit" as the Senate wanted. Last fall, senators approved the provision by voice vote so no one would have to be on the record in opposition, but many in both parties hoped House and Senate negotiators would drop it.

Bush Asks Congress For Fast Approval Of Aid to Russia

By JOHN HARWOOD
AND GERALD F. SEIB

Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON—President Bush, defending his foreign-policy initiatives on several fronts, asked Congress to pass his Russian-aid proposal before Russian President Boris Yeltsin visits the U.S. in June.

As Secretary of State James Baker began selling the aid package on Capitol Hill, Mr. Bush told an editors' convention that the \$24 billion plan by the U.S. and its allies will advance U.S. trade and security interests and help secure democratic reforms in the largest of the former Soviet Union's republics. The president's remarks were significant because congressional Democrats have said only his personal advocacy can overcome election-year resistance to sending more U.S. tax dollars overseas.

On another issue, Mr. Bush rejected criticism of U.S. aid to Saddam Hussein before the 1990 Iraqi invasion of Kuwait. He said there was "real logic" behind the U.S. policy of seeking to check the influence of Iran in the Middle East.

At the time the U.S. provided aid to Saddam, including \$1 billion in agricultural loan guarantees in 1989 and continued access to advanced technology, the U.S. believed Iran was a greater threat to stability in the region. "We were dealing with the facts as they came down the pike," Mr. Bush said. "We tried to bring [Saddam] into the family of nations through commerce and we failed."

In hindsight, the president added, "I'd certainly rethink our position." But he described the U.S. aid to Iraq as "modest" and expressed doubt that its denial would have prevented Saddam's subsequent invasion of Kuwait.

As the president spoke, a danger to the Russian-aid package loomed in the House. Majority Leader Richard Gephardt (D., Mo.) warned that Democrats will tie the request directly to passage of a bill, opposed by Mr. Bush, that would revamp jobless benefits. Majority Whip David Bonior (D., Mich.) has said the White House should also embrace a Democratic-sponsored \$15 billion jobs bill to ensure bipartisan support for Russian aid.

Meanwhile, Mr. Baker acknowledged in testimony to the Senate Foreign Relations Committee that more aid could be needed for other former Soviet republics beyond the \$24 billion that industrialized nations have pledged for Russia. But he tried to assure lawmakers that there won't be repeated requests for aid money. The U.S. share of the current proposal is about \$5 billion, of which \$2 billion already has been budgeted by Congress.

"We don't see this as an endless cycle of billions of dollars going to prop up the Russian economy," Mr. Baker said. "I urged quick passage of the package to prevent a slide back to repression in even though some details of the international aid package have worked out."

Spending Cuts Proposed by House Panel Preserve Funds for Seawolf Submarine

By DAVID ROGERS
AND JACKIE CALMES

Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON—A \$5.6 billion package of spending cuts drafted by the House Appropriations Committee would preserve funds for a second Seawolf submarine while cutting military aid to Peru and wiping out most of a fund to renovate the Pentagon building.

Lawmakers would give up \$20 million for their franking, or free mailing, privileges; and in the same spirit of election-year frugality, limousine service would be trimmed at the Agency for International Development while the Turkish military stands to lose \$4.5 million in U.S. funds for a turboprop executive plane.

In total dollars, the package more than matches a series of cuts proposed by the Bush administration and is a concerted effort by the committee to blunt White House attacks on Congress and land a few blows of its own. The cut in Peruvian aid—about \$39 million—represents the strongest response yet to President Alberto Fujimori's recent edicts dissolving Peru's Congress. And the decision to save part of the Seawolf program reflects a larger debate over how quickly to scale back on defense programs amid the continued recession.

The Senate Appropriations Committee is likely to be more aggressive in preserving the project. The pro-defense sentiment was also seen again in a 50-45 roll call vote in the full Senate, in which lawmakers rejected a proposal to cut an additional \$4.2 billion from the administration's \$292 billion military budget for the fiscal year beginning Oct. 1.

Hammered out in closed door meetings this week, the House panel's package of cuts is more immediate and applies to the year ending in September. The administration is seeking nearly \$5.7 billion in reductions for the same period. Of that total, \$4.9 billion would come from military accounts, including \$2.9 billion in savings from terminating the Seawolf program.

Under the House panel's plan, which is expected to come to the House floor after the spring recess, \$1.9 billion would still be cut from prior appropriations for the program. However, enough money would be preserved to complete a second submarine to be built by a General Dynamics Corp. unit in Connecticut. Offsetting cuts would be made among various programs, including classified projects, to match the administration's total. Although committee members gave up some home state projects of their own, they delighted in cutting tens of millions of dollars from a building fund that Defense Secretary Dick Cheney wants for Pentagon renovations.

Political Paybacks

AID Administrator Ronald Roskens would feel the loss of \$22,000 to pay for the "door-to-door" limousine service that his position now enjoys. And while protecting Democratic projects, the panel indulged in a few paybacks of its own. For example, \$3.4 million would be cut from the Fermi National Laboratory, near the Illinois dis-

trict of Republican Rep. Harris Falwell, a frequent critic of appropriators. And to save a science project for Rep. Bob Traxler (D., Mich.), the panel proposed cutting about \$4 million from a continuing effort to monitor for extra-terrestrial life.

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Thirteen Democrats broke party ranks to side with most Republicans against further cuts; a 14th Democrat, liberal Sen. Claiborne Pell, announced his opposition though his vote wasn't counted for technical reasons. The Democratic defectors included pro-military conservatives and moderate-to-liberal members whose home states have defense jobs at stake—such as Rhode Island's Sen. Pell and Connecticut Sens. Christopher Dodd and Joseph Lieberman, whose constituents build the Seawolf.

Multiyear Weapons Programs

The amendment to cut \$4.2 billion from actual Pentagon spending in fiscal 1993 would also cut \$8.8 billion from the amount it could commit for multiyear weapons-purchasing programs. Nebraska Sen. J. James Exon, anticipating his amendment's defeat, bemoaned before the vote. "The military-industrial complex is alive and very, very well."

Sen. Exon, a conservative Democrat on the Armed Services Committee, had the support of more-liberal party leaders, including Majority Leader George Mitchell of Maine. Appropriations Committee Chairman Robert Byrd of West Virginia and Budget Committee Chairman James Sasser of Tennessee. They have sought much deeper cuts, but embraced the Exon amendment as the best they could hope for after preliminary defeats last week in the Budget Committee.

Subsequently, the Senate voted 36-62 against an amendment from Sen. Bill Bradley (D., N.J.) to cut more from defense and split the savings between deficit reduction and domestic programs. The Senate action occurred on the third day of debate on the \$1.5 trillion budget resolution for the coming fiscal year.

House Panel Clears Bill Tightening Rules On Reactors, Oil Sites

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON—Despite opposition from the Energy Department, the House Interior Committee approved legislation designed to toughen nuclear plant-licensing procedures and restrict offshore oil development.

Before reaching the House floor, the measure will have to be reconciled with a bill passed last month by the Energy and Commerce Committee and provisions that are expected to emerge from other panels. The Interior Committee bill was approved on a 29-15 vote.

Among its provisions, the legislation aims to increase public participation in nuclear plant-licensing decisions by making it easier for citizen groups and others to seek public hearings on health or safety questions. "This bill seeks to restore public confidence in energy decisions that affect the entire country," said Rep. George Miller (D., Calif.), committee chairman.

The measure also would extend the current moratorium on offshore oil development to 2004 from 2000 and widen it to new areas in the mid-Atlantic region.

"We're extremely disappointed," said Linda Stuntz, acting deputy energy secretary, in a telephone interview. "If the legislation passed in this form, we would without hesitation recommend that the president veto the bill." The oil, nuclear and utility industries and the National Association of Manufacturers have also objected strenuously to the measure.

THE WALL STREET JOURNAL.

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FRIDAY, APRIL 10, 1992

Democrats Introduce Nursing Home Bills In Election-Year Health-Care Offensive

By Hilary Stout

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — Top congressional Democrats introduced legislation to provide short-term nursing home care to elderly and disabled Americans and protect the assets of those who need long-term care.

Continuing an election-year health-care offensive, Democrats including Senate Majority Leader George Mitchell and House Majority Leader Richard Gephardt unveiled companion bills in a Capitol Hill news conference. "No health-care reform effort will be complete until it provides assurance to our citizens that their long-term care needs will be met without financial ruin and emotional devastation," Rep. Gephardt said.

Amid the clamor to reform the U.S. health-care system, long-term care has been given relatively scant attention. But it will become a huge problem in coming years. By early in the next century, the first of the Baby Boom generation will be reaching old age, meaning enormous numbers of people may face the need for costly nursing home or home-care services.

Medicare and Medicaid

Medicare, the federal health program for the elderly, covers only very short nursing home stays; Medicaid, the state-federal health program for the poor, offers coverage after people have exhausted their assets.

But many politicians have shied away from the long-term care issue because of its staggering cost. The legislation introduced yesterday would cost \$45 billion in the first full year of implementation, which would follow a five-year period to phase in the program. The Senate bill doesn't say how that would be paid for: the House bill proposes an array of taxes, including a 0.5% payroll tax on employers and a 0.5% payroll tax on employees after the first \$5,000 of earnings.

The government also would raise money through such means as taxing "unearned income," taxing Social Security payments above a certain level and reducing the amount of inheritances that are tax-exempt.

The legislation would provide as long as six months of nursing home care to people with a demonstrated need of the services. It would also provide home-care services—something barely covered by current government health programs.

For people who need to stay in nursing homes longer than six months, the bill would protect \$30,000 of their assets (\$60,000 for a couple) as well as their home and the income of their spouse.

For the average family of four, the increased taxes to pay for the short-term coverage and asset protection, the bills' authors maintain, would probably be about \$20 a month, about \$40 a month for the average elderly couple.

Under the bill, the secretary of health and human services, taking advice from an advisory council, would set the payment rates to long-term care providers.

'Not a Cadillac Plan'

"This is not a Cadillac plan," said Sen. John Rockefeller of West Virginia. "It is a workhorse plan designed to provide a basic level of coverage and a basic level of asset protection to every American, especially to working families."

The bill comes as Democrats are struggling to present a united front on revamp-

ing the overall health system. Though they vowed to make it a big election-year issue, Democrats remain divided between those who want to mandate universal employer health coverage and those who want government-provided national health insurance.

Some of the authors suggested there was a better chance for bipartisan agreement on long-term care, because there isn't such a division. But there are no Republicans signing onto this bill and several Democrats have declined to co-sponsor it.

"We've got a number of reform bills this year that we're having trouble getting off the ground. I think long-term care was considered by Democrats and Republicans to be a second phase," said Ed Quinlan, a spokesman for Sen. John Chafee, a Rhode Island Republican who has led GOP efforts in health care. "This sounds like a proposal worth looking at, but they know the budget realities as well as we do."

Tsongas Decides to Remain On Sidelines During Race

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON — Former Sen. Paul Tsongas of Massachusetts announced in Boston that he wouldn't re-enter the race for the Democratic presidential nomination. But he held on to the delegates he has won thus far and refused to endorse front-runner Bill Clinton.

Mr. Tsongas, who suspended his campaign last month after poor showings in Michigan and Illinois, said he came "very close" to jumping back in after his second-place finish to Gov. Clinton in Tuesday's New York primary. He said the worry that he would be seen as a "spoiler" dissuaded him from resuming an active candidacy.

His decision to remain on the sidelines removed the last major obstacle to Mr. Clinton's nomination, though former Gov. Jerry Brown of California remains in the race.

Mr. Tsongas bowed out with a parting shot at other campaigners. "Hear me well, Democrats and Republicans," he told a news conference, "the old ways of taking this country into economic ruin and social chaos are over. The people of America are ready for a new resolve."

Mr. Tsongas's pro-business campaign has accumulated 539 delegates, less than half of Mr. Clinton's 1,267. It takes 2,145 to win the Democratic nomination.

Merger Splits Maritime Union As U.S. Agency Stays Out of the Water

By ALBERT R. KARR

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — Last month, the Marine Engineers Beneficial Association, a small but politically potent maritime union, held its convention in a Fort Lauderdale, Fla., hotel.

Two hotels, actually. For across the street, another group claiming to be the true MEBA held its own convention.

The confusing scenario was another twist in a convoluted struggle involving efforts by dissidents to oust the union's entrenched leadership. Repeated investigations of MEBA's leadership by the Labor Department and the Federal Bureau of Investigation so far have gone nowhere. A federal grand jury was empaneled more than two years ago, but no charges have been brought.

Gordon Ward, the leader of the dissident group, complains about the Labor Department: "Every time we've asked them to rule, it gets delayed, delayed, delayed."

'Erratic' Performance

The MEBA case illustrates how difficult it is for union dissidents to enlist government help, despite the myriad laws that are supposed to ensure union democracy. "The Labor Department's performance is extremely erratic" when it comes to curbing union violations, charges Herman Benson, an official of the Association for Union Democracy, a civil-liberties watchdog group. He says that decisions aren't made by the field people who investigate charges but rather are made in Washington, and are "75% political."

In MEBA's case, suspicions are compounded by the fact that the union is one of the few to have backed Republican administrations—though Bush administration officials say that has had no bearing on their handling of the matter.

The MEBA saga stretches back to 1987, when the union's leadership proposed merging its District 1—its biggest unit, consisting of "licensed" personnel such as shipboard officers plus some southern Florida public employees—with the larger National Maritime Union, which is made up mostly of unlicensed seamen.

Clayton "Gene" DeFries, MEBA's president until his resignation last month, argued that the linkup would make a bigger, stronger union—with 53,000 members compared with MEBA's pre-merger size of 12,000. District 1 members were promised that MEBA people would be guaranteed the two top posts of the merged union; in addition, the new constitution specified that voting would be weighted according to dues, giving the higher-paid and higher dues-paying MEBA members a voting advantage despite their smaller numbers. The Labor Department later said that plan was illegal.

Coercion Charges

The dissidents say NMU members were enticed to vote for the merger by a suggestion that the woefully underfunded NMU pension plan would be merged with the richly overfunded \$1.2 billion MEBA pension fund. In 1988, members of both unions approved the merger agreement. The dissidents, though, have alleged in federal court in New York and in Baltimore that the vote was the result of ballot tampering and coercion.

After the merger, Mr. DeFries and four other top MEBA officials, along with NMU leaders, received a total of \$4 million in severance pay, plus pension buy-outs, ostensibly because the old unions were being replaced in the merger.

It was sort of a golden life raft—but no one left the ship. Instead, with the merger completed, the officers retained jobs at the helm of the merged union. Mr. DeFries, who didn't respond to repeated requests made through MEBA officials to be interviewed, explained later that it would have been "irresponsible" not to stick around to make sure the merged operation ran smoothly.

Meanwhile, MEBA rank-and-filers were angered about plans for the pension funds. Mr. DeFries first said there would be only an administrative merger of the funds, but no commingling of funds themselves; eventually, he was forced to scrap the pension-merger plan altogether.

Last November, U.S. District Judge Thomas Griesa in New York found that the original merger accord was so complex that members couldn't have known what they were voting on. "I went to college,

and I went to law school, and I can't understand this," he said. He ordered the agreement rewritten in plain English and submitted for a second vote.

Last week the votes were counted, but the results are again in dispute. The union leadership says the proposal passed by a 4-to-1 margin; the dissidents say the proposal narrowly lost, despite alleged efforts to again rig the results.

The dissidents contend that Mr. DeFries tried to reduce their influence by "gerrymandering" the already-complicated MEBA-NMU structure, moving in other affiliates with the aim of diluting the dissident group's voting power. In January, Mr. DeFries tried to take over the Ward faction by naming a lieutenant, Alexander Cullison, as trustee to run the licensed seamen's division. The Ward group, which instead voted the previous day to dissolve the merger, ignored the takeover attempt.

In the wake of Mr. DeFries's resignation, Mr. Cullison has since become president of the union. Mr. Cullison describes himself as "more progressive" than his predecessor and says things have already "dramatically changed" in the month he's been in charge. Severance pay is no longer allowed, for instance. But he also attacks the dissidents for being greedy in their quest for control.

Mr. Cullison denies any ballot tampering took place in union votes, but concedes that local officials' efforts to win votes "evolved a little too far."

Political Spenders

Mr. Ward's faction and its allies see a connection between the federal government's lack of action thus far and MEBA's political activities. It has been one of few unions to consistently support the Reagan and Bush administrations, and has long been one of the big political spenders in union ranks, out of proportion to its small size. In the 1989-90 election cycle, for instance, three MEBA political action committees gave a total of nearly \$2 million to congressional candidates.

Labor Department and FBI officials said they can't comment on continuing investigations. But Robert Guttman, assistant secretary of labor for labor standards, strongly denies the assertion that the government has gone soft on the case for political reasons: "Nobody, but nobody, has suggested to me that I act one way or the other in the MEBA case." His agency, he adds, has "remarkably little discretion" in its union enforcement activities. And Julian De La Rosa, the department's inspector general who oversees the labor-racketeering office, says, "We pursue all investigations as quickly as our resources will allow."

Mr. Cullison, the MEBA president, suggests that the government agencies simply "do not want to get involved in an internal union battle." He says MEBA has some influence from being the nation's second-oldest union, but "if we had all the political clout that people claim we have, the maritime industry would be in a hell of a lot better shape than it is."

There are increasing signs that the dissident faction may be nearing victory. In late 1990, after a District 1 vote was thrown out by an election administrator because the union had printed thousands of extra ballots, Mr. Ward's slate swept a second election of officers and directors, and then gained a federal court order in Baltimore letting him name the trustees for pension and other funds.

Gaining Control

Though an effort to take over the union's Washington headquarters failed, the Ward faction now controls 20 of the 22 hiring halls.

Meantime, the heads of five other maritime unions have expressed strong support for the Ward group's efforts. One of those, the Seafarers International Union, lent the dissidents \$500,000 to help finance their efforts. The Ward group, which is receiving most District 1 member dues, plans to start making dues payments to the AFL-CIO, which may force the labor federation to decide which MEBA contingent it will accept dues from. So far, it has merely offered its "good offices" to help settle the dispute, but hasn't had any takers.

Even if victory is in the offing, Mr. Ward gives no thanks to the government. After years of begging for help, he says: "We don't want the Labor Department to muck this thing up now."

THE WALL STREET JOURNAL.

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FRIDAY, APRIL 10, 1992

Spending Cuts Proposed by House Panel Preserve Funds for Seawolf Submarine

By DAVID ROGERS
And JACKIE CALMES

Staff Reporters of THE WALL STREET JOURNAL
WASHINGTON—A \$5.8 billion package of spending cuts drafted by the House Appropriations Committee would preserve funds for a second Seawolf submarine while cutting military aid to Peru and wiping out most of a fund to renovate the Pentagon building.

Lawmakers would give up \$20 million for their franking, or free mailing, privileges, and in the same spirit of election-year frugality, limousine service would be trimmed at the Agency for International Development while the Turkish military stands to lose \$4.5 million in U.S. funds for a turboprop executive plane.

In total dollars, the package more than matches a series of cuts proposed by the Bush administration and is a concerted effort by the committee to blunt White House attacks on Congress and land a few blows of its own. The cut in Peruvian aid—about \$39 million—represents the strongest response yet to President Alberto Fujimori's recent edicts dissolving Peru's Congress. And the decision to save part of the Seawolf program reflects a larger debate over how quickly to scale back on defense programs amid the continued recession.

The Senate Appropriations Committee is likely to be more aggressive in preserving the project. The pro-defense sentiment was also seen again in a 50-45 roll call vote in the full Senate, in which lawmakers rejected a proposal to cut an additional \$4.2 billion from the administration's \$292 billion military budget for the fiscal year beginning Oct. 1.

Hammered out in closed door meetings this week, the House panel's package of cuts is more immediate and applies to the year ending in September. The administration is seeking nearly \$5.7 billion in reductions for the same period. Of that total, \$4.9 billion would come from military accounts, including \$2.9 billion in savings from terminating the Seawolf program.

Under the House panel's plan, which is expected to come to the House floor after the spring recess, \$1.9 billion would still be cut from prior appropriations for the program. However, enough money would be preserved to complete a second submarine to be built by a General Dynamics Corp. unit in Connecticut. Offsetting cuts would be made among various programs, including classified projects, to match the administration's total. Although committee members gave up some home state projects of their own, they delighted in cutting tens of millions of dollars from a building fund that Defense Secretary Dick Cheney wants for Pentagon renovations.

Political Paybacks

AID Administrator Ronald Roskens would feel the loss of \$22,000 to pay for the "door-to-door" limousine service that his position now enjoys. And while protecting Democratic projects, the panel indulged in a few paybacks of its own. For example, \$3.4 million would be cut from the Fermi National Laboratory, near the Illinois dis-

trict of Republican Rep. Harris Falwell, a frequent critic of appropriators. And to save a science project for Rep. Bob Traxler (D., Mich.), the panel proposed cutting about \$4 million from a continuing effort to monitor for extra-terrestrial life.

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Thirteen Democrats broke party ranks to side with most Republicans against further cuts; a 14th Democrat, liberal Sen. Claiborne Pell, announced his opposition though his vote wasn't counted for technical reasons. The Democratic defectors included pro-military conservatives and moderate-to-liberal members whose home states have defense jobs at stake—such as Rhode Island's Sen. Pell and Connecticut Sens. Christopher Dodd and Joseph Lieberman, whose constituents build the Seawolf.

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Subsequently, the Senate voted 36-62 against an amendment from Sen. Bill Bradley (D., N.J.) to cut more from defense and split the savings between deficit reduction and domestic programs. The Senate action occurred on the third day of debate on the \$1.5 trillion budget resolution for the coming fiscal year.

Former Comptroller of Currency Staffers Charged With Insider Trading by SEC

By KEVIN G. SALWEN

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—Three former employees of the comptroller of the currency were charged with insider trading on bank stocks in a case also being investigated by the U.S. Attorney's office.

The Securities and Exchange Commission charged the former government employees with using their positions to trade in the stocks of BankAmerica Corp. and Security Pacific Corp. before the two concerns announced their merger in 1991.

In addition, the SEC said that the former employees traded in Shawmut National Corp. securities before its merger and before a negative review of that bank was issued by the comptroller's office, and also that they traded in the options of Ameritrust Corp. before its 1991 merger.

The case appears to be the first in which government employees have been charged with misappropriating company information being used by the government. Government officials in a variety of agencies often have access to nonpublic, market-moving information about takeovers, public offerings and product approvals.

"People don't expect this kind of thing or this kind of conduct from their government," said William McLucas, SEC enforcement director. "Investors are entitled to have people play by the same rules, whether the individuals are part of a law firm or a Wall Street firm or an employee of the federal government."

The SEC yesterday charged John Acree, a former computer supervisor at the agency that oversees national banks, with making illegal trades and tipping Robert Bolton Jr., owner of Bob & Edith's Diner in Arlington, Va. After finding out about a negative review of Shawmut from his work at the agency, which is part of the Treasury Department, Mr. Acree bought put options, bets that the stock would decline, for an account the two shared, the SEC said.

Later, Mr. Acree and a former colleague, John Flattery, learned of the pending merger of BankAmerica and Security Pacific, according to the SEC. Mr. Acree bought options before the announcement of the accord, the agency said, and shared more than \$100,000 in profits when the deal was made public.

Mr. Acree also told former colleague Stephen Lane, who was working at Secura Group, a consulting firm, about the deal, according to the civil lawsuit. Mr. Lane then bought stock and options in the two companies, netting more than \$55,000, the SEC said.

Lawyers for Messrs. Flattery and Bolton, the diner owner, declined to comment. Mr. Acree's lawyer didn't return phone calls. But Mr. Lane's lawyer, Hank Asbill,

said his client "adamantly denies the allegations in the SEC complaint that he traded on inside information."

The U.S. attorney's office in Washington declined to comment on the criminal investigation. But people familiar with the case said it's focusing on the three former employees of the comptroller's office, as well as looking into whether bank examiners were involved in the alleged trading scheme. The SEC didn't charge any examiners in its suit.

In a statement, Stephen Steinbrink, acting comptroller, said that he hadn't heard of any similar case of misappropriation of confidential agency information. "OCC employees are expected to adhere to the highest standards of conduct and to possess the highest degree of integrity and honesty," he said. "The conduct described in the SEC complaint . . . represents a serious violation of those standards."

Mr. Acree, who worked in the agency's multinational banking department, was put on paid administrative leave in September after the SEC began its probe. He was fired in February, but he has appealed the termination to the U.S. Merit Systems Protection Board, where a hearing is scheduled for next month.

Mr. Flattery, a financial analyst in the same department, was placed on similar administrative leave in October and quit the agency in January. Mr. Lane resigned from Secura Group as news of the SEC investigation was breaking.

The SEC also charged Mr. Lane with insider trading for his role in the trading of Ameritrust options. Mr. Lane performed due diligence work at Secura for Ameritrust in anticipation of a merger between the banking company and Society Corp. Before the two companies merged the next month, the SEC said, Messrs. Acree and Bolton bought Ameritrust options following a phone call from Mr. Flattery to Mr. Lane. The SEC said all four men were friends. The options expired without reaching a profitable level, the agency said.

Current rules bar bank examiners and policy-making officials from owning bank securities; agency staffers are considering extending the prohibition to all employees. The comptroller regulates about 3,900 national banks.

Gulf War Oil Spill Damage Is Assessed; Saudi Beaches Stay 'Paved' With Crude

By KEN WELLS

Staff Reporter of THE WALL STREET JOURNAL

Fourteen months after the Gulf War oil spill, as much as 375 miles of Saudi Arabian beaches remain "paved" under foot-deep slabs of crude oil that have left Saudi's intertidal zone "devastated." In secluded stretches along the Gulf shore, the hardened oil may take four decades to dissipate.

That's the preliminary finding of the U.S. National Oceanic and Atmospheric Administration, which is in the midst of a 100-day United Nations-sponsored research cruise to measure both short-term and long-term impacts of the January 1991 catastrophe. The U.S. scientists, along with researchers from numerous Persian Gulf countries, are expected to report detailed findings next January.

Most of the oil loosed on the Persian Gulf spewed from the Mina al-Ahmadi oil terminal in Kuwait after it was sabotaged by occupying Iraqi troops in the world's first, known act of large-scale eco-terrorism. The oil ran unchecked for more than a week before the flow was stanchied by a U.S. bombing strike.

The study already is drawing major attention because it should shed light on the question of whether oil spills are best tackled by intensive cleanup efforts, or left to nature's own cleanup devices. The 1989 Alaska Exxon Valdez spill, for example, spawned a three-year, \$2.5 billion cleanup campaign amid complaints that certain

cleanup measures—the steam cleaning of rocks, for example—did more harm than good. By contrast, practically no cleanup was attempted of Saudi's beaches even though the spill, at six to eight million barrels, was the largest in history.

NOAA scientists, in their preliminary report released from Saudi Arabia, estimate that about two to three million barrels of the spilled oil remains, most of it coating Saudi's beaches. By contrast, little of the oil seems to have sunk to the bottom of the Persian Gulf, giving scientists hope that the spill's long-term impact on the gulf's food chain might be minimized. But a clearer picture of that won't emerge until additional studies, including the spill's impacts on coral reefs and fish populations, are completed, NOAA said.

In the interim, the report held little hope for a quick restoration of much of Saudi's devastated intertidal zone, the shore area between high and low tides that serves as valuable foraging ground for marine life and waterfowl alike. On beaches with high exposure to waves and tides, the slab-like oil is gradually being washed away.

But much of Saudi's remote gulf coastline is characterized by a serpentine system of estuaries with no exposure to waves and little tidal fluctuation. "It may take up to 30 to 40 years for the most sheltered bays to lose their oil pavements," said Robert Hunt, director of a NOAA research team that surveyed the Saudi shore.



THE PRESIDENT

4-10-92

Dear Muhammad,

Geo W. brought me that
Timex - outdoor variety.
It goes to a grand son.
It's great. Many many
thanks. Hope all's well with
you. Many thanks - As Bush

FROM

THE WHITE HOUSE

WASHINGTON, D.C.

Mr. Muhammad A. Saleh
Vice President
Human Resources
Timex Corporation
Waterbury, Connecticut 06722

CC:

Rose Zamaria
(1 copy)
Nikki Richnow
(Gift Unit)

Jan

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Mr. Heinz Prechter
Chairman and President
ASC Incorporated
Post Office Box 1186
Southgate, Michigan 48195



THE PRESIDENT

April 10, 1992

Dear Heinz,

Thanks for your letter of April 6. I'm glad you had a good meeting with our able adviser Clayton Yeutter. I will relay your request to have the Export Council meet at the White House on May 18 to Kathy Super, our schedule czar, and to Clayton Yeutter.

I look forward to seeing you on the 14th of April. Things are looking up.

Warm regards,

A handwritten signature in dark ink, appearing to be "G. B." followed by a long diagonal stroke.

Blind cc: (+inc)
Kathy Super
(ACTION)
Clayton Yeutter

Rose Zamaria
(2 copies)
(in & out)

Jan Burmeister



THE PRESIDENT

4-10-92

Dear Henry —

Those suspenders
will get me up there on
the "best dressed" list — plus
my pants will look a whole
straight. How nice of you — C.B.

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Mr. Henry O. Dormann
President and Editor-in-Chief
Leaders Magazine
59 East 54 Street
New York, New York 10022

CC: (incoming ltr
and outgoing)
Rose Zamaria
(1 copy)
Nikki Richnow (Gift
Unit w/book and
suspenders for
logging)

Jan

FROM
THE WHITE HOUSE

WASHINGTON, D.C.

Mr. Joe Mains
Regional Vice President
Wal-Mart Stores Incorporated
Corporate Office
702 Southwest 8th Street
Bentonville, Arkansas 72716



THE PRESIDENT

4-10-92

Dear Joe,

Your wonderful letter of Mar. 13
just hit my desk.

Now, Mr. Sam is gone; but
the spirit I was privileged to
witness at Bentonville is, I am
sure, going strong. Thanks so

very much for your kind
words. The Medal to
Mr. Sam Walton was so
well deserved. In the process
of giving it to him, my own
spirits were lifted up by you
and your associates.

Sincerely, *Ly B*

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Mr. Joseph Kingsbury-Smith
3238 "N" Street, N.W.
Washington, D.C. 20007



THE PRESIDENT

4-10-92

Dear Joe,

That was a lovely
lunch at Bontletts. Your
kind note to me was
correct about that.

It was a great

pleasure being with you.

In this rather
ugly Presidential year
I wish there were more
people out there who had
your values and decency.

With Respect

Ag Bush

BF

SCHEDULE OF THE PRESIDENT Friday, April 10, 1992

7:50 am	Tan Norris	
8:00 am (15 min)	<u>Personal Staff Time</u> Pres. Kravchuk of Ukraine (Phone call)	Oval Office
8:15 am (10 min)	<u>Radio Taping</u> (Smith) (TAB A)	Oval Office
8:25 am (5 min)	Phone Interview with Larry Dierker, Broadcaster for the Houston Astros (Smith) (TAB B)	Oval Office
8:30 am (15 min)	<u>Intelligence Briefing</u> (Scowcroft)	Oval Office
8:45 am (30 min)	<u>National Security Briefing</u> (Scowcroft)	Oval Office
9:15 am (15 min)	<u>Meeting with Chief of Staff</u>	Oval Office
9:30 am (10 min)	Meeting with Governor Thomp- son and Secretary Sullivan (Holiday) (TAB C)	Oval Office <i>open</i>
9:40 am (20 min)	<u>Personal Staff Time</u>	Oval Office
10:00 am (10 min)	Meeting with the Nation's Lieutenant Governors (Rollins) (TAB D)	Roosevelt Room <i>open stills</i>
10:15 am (45 min)	<u>Administrative Time</u>	Oval Office
11:00 am (30 min)	<u>Meeting with Secretary Baker</u>	Oval Office
11:30 am (30 min)	<u>Personal Staff Time</u>	Oval Office
12:00 pm (75 min)	<u>Lunch</u>	Oval Office

UNP 04/09/92
6:00 pm

Withdrawal/Redaction Sheet

(George Bush Library)

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04. Schedule	Schedule of the President; redactions. (1 pp.)	04/10/92	(b)(3)	

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Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Friday, April 10, 1992 [2]

Date Closed: 8/28/2019

OA/ID Number: 90669-002

FOIA/SYS Case #: 2009-0166-S[4]

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

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

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

Deed of Gift Restrictions

- C(1) Closed by Executive Order 13526, governing access to national security information
- C(2) Closed by statute or by the agency which originated the information
- C(3) Closed in accordance with restrictions contained in donor's deed of gift [formerly listed as only C]
- PRM. Removed as a personal record misfile

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

- P-2 Relating to the appointment to Federal office [(a)(2) 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]

1:15 pm (10 min)	<u>Meeting with Lionel Hampton</u> (Super)	Oval Office (TAB E)
1:25 pm (35 min)	<u>Personal Staff Time</u>	Oval Office
2:00 pm (20 min)	<u>Meeting with Prime Minister</u> <u>Marian Calfa of Czechoslovakia</u> (Scowcroft)	Oval Office <i>open</i> (Distributed Separately)
3:00 pm	B <u>Depart for Camp David</u>	
3:30 pm	B <u>Arrive Camp David</u>	
	B <u>RON Camp David</u>	

7:52 Gary Foster In
 7:54 " " Out
 8:04 Scowcroft In
 8:14 Scowcroft Out
 8:15 POTUS In Dining Room
 8:17 Phone call with Larry Oierker
 8:23 Phone call ends/taping begins
 8:29 Taping ends
 8:31 Scowcroft, (b)(3), Adm Howe In
 8:55 (b)(3) Out
 8:57 VPOTUS In
 9:01 Skinner In
 9:10 Howe, Scowcroft Out
 9:15 Moore In
 9:25 Gary Foster, Judy Smith In
 9:31 Skinner Out / 9:32 Skinner In
 9:34 Sec. Sullivan, Gov. Thompson, Holiday,
 Rollins, In / Wilensky In
 9:55 All but Skinner Out
 10:03 Card In
 10:04 POTUS, Card + Skinner Out to
 Roosevelt Room then all through oval
 10:30 All Out
 11:02 Sec. Baker
 11:05 Scowcroft In
 11:32 Baker, Scowcroft Out

12:07 Scowcroft, Montagne In for
 Lunch + Farish for Lunch
 1:05 All Out Ruben Cox
 1:18 Lionel Hampton, Super In
 1:23 Scowcroft In for John Major
 Phone call.
 1:26 Scowcroft Out
 1:30 Lionel Hampton Out
 1:35 Oarman, Gray, Foster, J. Smith,
 Skinner, In
 1:36 Scowcroft In
 1:43 Phil Brady, In
 1:44 Brady, J. Smith Out
 1:51 J. Smith In
 1:54 P. Brady In
 1:55 " Out
 2:00 Skinner Out
 2:02 Skinner In
 2:03 All Out
 2:05 Eagleburger, Scowcroft,
 Niles, Hutchings, Calfa,
 Klimova + One Interpreter.
~~TOP SECRET~~
~~SECRET~~
 2:24 Skinner In
 2:27 All Out but Scowcroft, Gray,
 Oarman, Mrs Bush In
 2:35 POTUS Out to Rose Garden
 3:28 Gray, Skinner, J. Smith
 3:31 J. Smith In

3:40 POTUS
 POTUS depart