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

OA/ID Number: 90686
Folder ID Number: 90686-004

Folder Title:
Monday, June 8, 1992 [1]

Stack:	Row:	Section:	Shelf:	Position:
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Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Memo	From Rose Zamaria, Re: Photo Opportunity with [Secret Service Agent]. (1 pp.)	06/04/92	(b)(7)(c), (b)(7)(e), (b)(7)(f)	
02. Memo	From Rose Zamaria, Re: Photo Opportunity with [Secret Service Agent]. (1 pp.)	06/04/92	(b)(7)(c), (b)(7)(e), (b)(7)(f)	
03. Memo	From Rose Zamaria, Re: Photo Opportunity with [Secret Service Agent]. (1 pp.)	06/04/92	(b)(7)(c), (b)(7)(e), (b)(7)(f)	
04. Memo	From Rose Zamaria, Re: Photo Opportunity with [Secret Service Agent]. (1 pp.)	06/04/92	(b)(7)(c), (b)(7)(e), (b)(7)(f)	
05. Memo	From Rose Zamaria, Re: Photo Opportunity with [Secret Service Agent]. (1 pp.)	06/04/92	(b)(7)(c), (b)(7)(e), (b)(7)(f)	
06. Memo	From Rose Zamaria, Re: Photo Opportunity with [Secret Service Agent]. (1 pp.)	06/04/92	(b)(7)(c), (b)(7)(e), (b)(7)(f)	
07. Letter	President George Bush to President Lech Walesa [originally closed as 02]. (2 pp.)	n.d.	(b)(1)	
08. Handwritten Note	Re: Presidential Phone Call with Prime Minister Antall [double-sided] [originally closed as 04]. (2 pp.)	6/8/92	(b)(1)	

Page 1 of 1

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Monday, June 8, 1992 [1]

Pinksheet Number: cap6132
OA/ID Number: 90686-004
Date Closed: 9/9/2019
FOIA/Sys Case #: 2009-0166-S[4]
Re-review Case #:
P-2/P-5 Review Case #:

THE WHITE HOUSE

WASHINGTON

TELEPHONE MEMORANDUM

PRESIDENT BUSH

JUNE 8th, 1992

	TIME		NAME	ACTION
	PLACED	DISC		
OUT	7:13 AM	7:32	CONGRESSMAN JOSEPH McDADE RES: FAIRFAX, VA. 703-280-1025	TLKD-OK 7:16 A.M.
INC	PM			
OUT	AM			
INC	PM			
OUT	8:58 AM	9:07	MR. C. BOYDEN GRAY OFC: WASHINGTON, D.C. WHITE HOUSE ADMIN EXT. 765	TLKD-OK 8:59 A.M.
INC	PM			
OUT	AM			
INC	PM			
OUT	9:09 AM	9:12	MR. ROBERT M. TEETER OFC: WASHINGTON, D.C. 202-336-7090	TLKD-OK 9:10 A.M.
INC	PM			
OUT	AM			
INC	PM			
OUT	AM		MRS. BARBARA BUSH RES: WASHINGTON, D.C. WHITE HOUSE ADMIN EXT. 534	TLKD-OK 12:06 P.M.
INC	12:05 PM	12:07		
OUT	AM			
INC	PM			
OUT	AM		MRS. MARGARET BUSH RES: ALEXANDRIA, VA. 703-329-8497	TLKD-OK 12:56 P.M.
INC	12:07 PM	12:57		
OUT	AM			
INC	PM			
OUT	AM		CONGRESSMAN FREDERICK C. BOUCHER OFC: WASHINGTON, D.C. 202-225-3861	TLKD-OK 6:21 P.M.
INC	12:49 PM	6:23		

THE WHITE HOUSE
WASHINGTON

TELEPHONE MEMORANDUM

PRESIDENT BUSH

JUNE 8 th , 19 92

	TIME		NAME	ACTION
	PLACED	DISC		
OUT	AM		CONGRESSMAN ROMANO MAZZOLI OFC: WASHINGTON, D.C. 202-225-5401	TLKD-OK 2:41 P.M.
INC XXX	12:49 PM	2:43		
OUT	AM			
INC	PM			
OUT	XAM		CONGRESSMAN HARLEY O. STAGGERS KEYSER, W.V.. 304-788-3147	TLKD-OK 1:10 P.M.
INC XXX	12:49 PM	1:12		
OUT	AM			
INC	PM			
OUT	XAM		MR. PRESCOTT BUSH OFC: NEW YORK, N.Y. 212-599-1409	TLKD WITH MRS. ROSE M. ZAMARIA 3:49 P.M.
INC XXX	3:46 PM			
OUT	AM			
INC	PM			
OUT	XAM		MR. WILLIAM S. FARISH, JR. WASHINGTON, D.C. WHITE HOUSE ADMIN EXT. 620	TLKD-OK 4:12 P.M.
INC XXX	4:11 PM	4:13		
OUT	AM			
INC	PM			
OUT	XAM		MS. TERRI LACY RES: HOUSTON, TX. 713-220-4482	TLKD-OK 4:57 P.M.
INC XXX	4:57 PM	5:11		
OUT	AM			
INC	PM			
OUT	XAM		CHAIRMAN MICHAEL J. BOSKIN OFC: WASHINGTON, D.C. WHITE HOUSE ADMIN EXT. 834	TLKD-OK 6:24 P.M.
INC XXX	6:20 PM	6:26		

TELEPHONE MEMORANDUM

JUNE 8th 1992

[illegible]

WASHINGTON

June 8 , 1992

[illegible]

PRESIDENTIAL MOVEMENTS

LOCATION Washington, D.C.

DATE 8 June 1992

[illegible]

daily 6/8 *J*

June 8, 1992

Dear Joseph:

Thank you for selecting me as the candidate that you want to be President. I appreciate your support and your words of friendship. It was especially good to know that you understand how important it was for the United States to help the people of Kuwait when their country was invaded by Iraq. You can be proud of your good work on your homework assignment.

Mrs. Bush joins me in sending our best wishes to you for a bright and happy summer. God bless you.

Sincerely,

A
GEORGE BUSH

Joseph Brandifino
Tulip Woods
Lloyd Neck, New York 11743

GB/NAT/DT/BW/pw (Corres. #: 746663)

cc: Rose Zamaria

cc: Phillip D. Brady

cc: Nancy Theis

Xerox copy of signed original to:

The Honorable Walter J. P. Curley

American Ambassador

Paris

asked for this ltr.

920612

daily 6/8

THE WHITE HOUSE
WASHINGTON

DATE: June 5, 1992

TO: Sec. Skinner

DCF HAS SEEN

FROM: **CLAYTON YEUTTER**
Counsellor to the President for
Domestic Policy

Sam, here is my oilseeds memo, which summarizes the PCG discussion on that issue. Since Carla would like to get this retaliation list in the Federal Register next week (ahead of a GATT meeting), I thought you might want to ask the President to focus on it over the weekend. It is sufficiently self-explanatory that I probably don't need to discuss it with him, but am happy to do so if he wishes.

As you can see, there is consensus on a "core agricultural list" of items that would amount to about a \$1.5 billion retaliation if all were used. The disagreement is over the additional half billion of items, where Carla would like to add some industrial products, which she believes would give her additional negotiating leverage with the Europeans. She is supported by several agencies, most of whom simply believe that we ought to give Carla whatever

THE WHITE HOUSE
WASHINGTON

DATE: _____

TO:

FROM: CLAYTON YEUTTER
Counsellor to the President for
Domestic Policy

ammunition she feels she needs. (That is a view I also share.)

Some of the other agencies, led by Commerce, believe we should not depart from traditional practice of using only agricultural retaliation in an agricultural dispute.

Commerce initially complained that this summary paper was biased against them. We've since edited it to try to be scrupulously fair, and everyone has signed off on my memo. Nevertheless, I'll enclose a memo Barbara Franklin sent me early today (before the editing), so feel free to share that with the President if you wish. That may tilt the argument her way, but the President should be able to properly discount the additional verbiage.



THE PRESIDENT HAS SEEN ^{4/8}

THE WHITE HOUSE

WASHINGTON

June 5, 1992

Signed
6-8-92
gthom 1



MEMORANDUM FOR THE PRESIDENT

FROM: CLAYTON YEUTTER *CY*
SUBJECT: U.S.-EC Oilseeds Dispute

This memorandum seeks your guidance as to what types of products should be included as candidates for section 301 retaliation in a list to be published in the Federal Register in connection with a dispute with the European Community (EC) over oilseeds.

Discussion

1) The GATT has ruled twice that the EC's oilseeds regime impairs a commitment made to the U.S. in the early 1960s to impose no duty on imports of oilseeds. After the EC Agriculture Council unanimously rejected the second GATT ruling, the U.S. announced on April 30 its intention to retaliate if the EC fails to live up to its oilseeds commitments.

In response to President Delors' request to you, we have so far refrained from publishing a list of products that are candidates for retaliation. Secretaries Baker and Madigan and Ambassador Hills informed EC Vice President Andriessen last week that we must now go forward with publishing a retaliation list for a 30-day public comment period. During that time, negotiations can proceed. Andriessen promised to propose a solution by the June 17 GATT Council meeting.

Based on discussion in the Policy Coordinating Group (PCG) late last week, there is consensus among your advisers that the retaliation list, which will be published in the Federal Register, should include about \$2 billion in trade coverage. From that list, \$1 billion in trade would be selected should retaliation become necessary. (This is estimated annual damage that the U.S. oilseeds industry suffers as a result of the EC's regime.) As previously agreed, the retaliation would be implemented in three tranches over a period of a year or more.

Differences remain among PCG members, however, concerning what mix of products will most effectively induce the EC to negotiate a resolution to the oilseeds problem without undermining other U.S. trade objectives, particularly the GATT talks. Commerce, State, Treasury, and the NSC believe that the list should include only agricultural products. USTR, USDA,

Energy, Interior, and Labor believe that the list should also include manufactured products. The merits of these alternative approaches are discussed below.

In preparing retaliation lists in trade disputes with the EC, the U.S. has (with limited exceptions) maintained a dividing line between agriculture (including processed food products) and manufactured industrial products.

Options

1. Include Only Agricultural Products. (Favored by Commerce, Treasury, State, and NSC)

A \$2 billion retaliation list containing only agricultural products is at Tab A.

- If the EC counter-retaliates, the scope will more likely be limited to agriculture products. Supporters of this option also believe that the list of agriculture products has sufficient balance, scope, and size to motivate the politically powerful agriculture sectors in Europe to reach agreement on oilseeds. Supporters note that an all-agriculture retaliation list has provided sufficient leverage to resolve six of the last seven agricultural disputes with the EC. They believe that this option puts maximum pressure on the agricultural ministers, who will make the decision to end this dispute.
- Opponents of this option believe that an all-agricultural list decreases our leverage, thus increasing the possibility that retaliation will actually occur. This is because agriculture constitutes less than 5 percent of both EC population and income.

2. Include Industrial Products. (Supported by USTR, USDA, Energy, Interior, and Labor)

A \$2 billion retaliation list containing approximately \$500 million in industrial products is at Tab B.

- Ambassador Hills believes that including industrial products on the list will greatly encourage European industrialists to weigh in, increasing the likelihood of a negotiated settlement that implements the GATT rulings and retains U.S. access to the European oilseeds market. Supporters of this option are concerned that the EC may be willing to absorb a purely agricultural retaliation to avoid changing its

agriculture regime, especially in the case of Germany. Including industrial products allows us to better target the most recalcitrant EC countries. Finally, supporters of this option note that including industrial products on this list does not preclude removing them at a later stage if we actually retaliate.

- Opponents of this option believe that the industrial products may not be politically sensitive and thus provide little additional leverage, and that this approach risks counter-retaliation against U.S. manufactured products, thereby widening the scope of the dispute. The EC will feel less pressure from an industrial retaliation, since manufacturers will bear the burden. The result will be counter-retaliation on U.S. manufactured goods, our fastest growing exports which account for 90 percent of our exports to the EC. They are concerned about the precedent for cross-retaliation in future disputes with the EC, and believe that we should be prepared to retaliate against any item on the initial published list. They note that some products on the list are made in part by American-owned firms. With the EC now preoccupied with the fall-out from the Danish vote, this is not the time to broaden the dispute.

Decisions

Option 1: Include only agricultural products on the retaliation list (Tab A).

Option 2: Include both agricultural and industrial products (Tab B).

Let's discuss.

Attachments



UNITED STATES DEPARTMENT OF COMMERCE
Office of the Secretary
Washington, D.C. 20230

June 5, 1992

MEMORANDUM FOR CLAYTON YEUTTER

I want to reiterate my concerns about including industrial items on the list of products that would face retaliatory duties in our oilseeds dispute with the European Community. I want to make sure you were aware of our reasons for your meeting with the President. They include:

- o Broadening this agricultural dispute to the industrial sector threatens the U.S. exports that are at the heart of our economic recovery. Manufactured goods represent approximately 90 percent of U.S. exports to the EC. Including such products on a retaliation list needlessly invites counter-retaliation in those areas where exports and jobs have grown dramatically.
- o Including industrial products in an agricultural dispute reverses over thirty years of U.S. trade policy experience. The last time we undertook cross-sectoral retaliation, in 1962, we failed. Since 1980, in eight trade disputes with the EC, we have never needed to cross sectors to resolve disputes.
- o There are more than enough agricultural imports from the EC -- over \$4.5 billion -- to address this \$1 billion agricultural dispute. Industrial products are simply not necessary to bring the EC to the negotiating table.
- o The key EC decision-makers in this dispute are hostage to powerful internal farm lobbies. They will not be persuaded to reverse their thinking based on retaliation in industrial sectors.
- o Including industrial products on the list could hurt U.S. manufacturers more than European farmers. Trade in industrial products, unlike trade in agricultural goods, requires substantial investment in production and distribution channels. A disruption in these relationships would be costly and hard to reverse; trade patterns in agricultural goods are far easier to restore.

We believe our longstanding policy of using only agricultural trade products remains the most effective to resolve this dispute. I strongly recommend that you not include industrial products in the EC oilseeds dispute.

Barbara Hackman Franklin

TAB A

OPTION 1: INCLUDE ONLY AGRICULTURAL PRODUCTS

U.S. Imports for Consumption, customs value; Thousands of dollars (1989-1991 three year average)

HS Commodity	Belgium	Denmark	France	Germany	Greece	Ireland	Italy	Luxembourg	Netherlands	Portugal	Spain	U.K.	EC-12	% of World	World
CORE AGRICULTURAL LIST															
040610-ex-Fresh cheese (inc whey cheese) nt lrmtd, and	\$0	\$105	\$11	\$1	\$0	\$0	\$21	\$0	\$0	\$0	\$0	\$4	\$142	26.69	\$32
040620-Cheese of all kinds, grated or powdered	\$0	\$208	\$236	\$68	\$27	\$0	\$581	\$0	\$2,009	\$25	\$9	\$6	\$3,168	54.54	\$5,809
040630-Cheese, processed, not grated or powdered	\$25	\$258	\$780	\$2,891	\$26	\$60	\$24	\$0	\$7,046	\$647	\$58	\$1	\$11,815	61.51	\$19,209
040640-Cheese, blue-veined, nesoi	\$0	\$5,201	\$3,759	\$932	\$0	\$0	\$637	\$0	\$20	\$0	\$3	\$1,597	\$12,147	100.00	\$12,147
040690-ex-Cheese, nesoi, including cheddar and colby	\$115	\$32,061	\$36,371	\$3,939	\$153	\$3,395	\$23,647	\$0	\$18,863	\$1,772	\$76	\$14,080	\$134,472	35.80	\$375,581
071290-Vegetables nesoi & mixtures, dried, no furth prep	\$51	\$0	\$1,609	\$2,269	\$24	\$67	\$2,046	\$0	\$521	\$2,675	\$12,961	\$69	\$22,294	36.57	\$60,955
110900-Wheat gluten, whether, or not dried	\$207	\$0	\$2,116	\$4,530	\$0	\$1,473	\$581	\$0	\$2,499	\$0	\$0	\$432	\$11,839	24.63	\$48,067
151410-Rapeseed/colza/mustard oil & fractions, crude	\$2,249	\$0	\$4	\$8,946	\$0	\$0	\$0	\$0	\$2,704	\$0	\$0	\$393	\$14,296	34.51	\$41,428
151490-Rapeseed/colza/mustard oil & fractions, refined	\$0	\$0	\$1,535	\$3,652	\$0	\$0	\$0	\$0	\$1,833	\$0	\$0	\$268	\$7,288	11.97	\$60,883
160100-Sausages, similar prdl meat etc food prep of these	\$1	\$7,769	\$2	\$108	\$0	\$650	\$0	\$0	\$121	\$0	\$0	\$0	\$8,652	47.61	\$18,174
160242-Prepared or preserved swine nesoi, shoulders etc	\$3,937	\$27,007	\$31	\$115	\$0	\$0	\$14	\$0	\$3,746	\$0	\$0	\$14	\$34,865	63.38	\$55,008
220421-Wine, lt grape nesoi & gr must w alc, nov 2 liters	\$95	\$110	\$271,985	\$41,315	\$2,452	\$84	\$185,985	\$0	\$62	\$24,223	\$30,507	\$1,998	\$558,816	91.55	\$610,418
220429-Wine, lt grape nesoi & gr must with alc, nesoi	\$4	\$68	\$2,557	\$493	\$32	\$0	\$5,544	\$0	\$0	\$1,033	\$227	\$75	\$10,034	92.51	\$10,846
220510-Vermouth/grpe wine flavored wth plants etc ctr 2l	\$13	\$20	\$1,754	\$32	\$2	\$11	\$15,438	\$0	\$0	\$19	\$540	\$27	\$17,856	99.35	\$17,973
220590-Vermouth/grape wine flavored wth plants etc ov 2l	\$0	\$0	\$96	\$0	\$0	\$0	\$763	\$0	\$0	\$0	\$245	\$336	\$1,440	97.49	\$1,477
220820-Grape brandy	\$1	\$0	\$66,268	\$14	\$11	\$1	\$794	\$0	\$0	\$159	\$1,882	\$704	\$69,834	95.45	\$73,164
220850-Gin and geneva	\$63	\$0	\$292	\$67	\$44	\$84	\$46	\$0	\$169	\$6	\$42	\$68,204	\$69,018	99.38	\$69,451
220890-Cordials, liqueurs, kirschwasser, ratafia, etc.	\$492	\$1,096	\$166,696	\$12,650	\$1,492	\$68,793	\$44,041	\$12	\$3,032	\$829	\$6,053	\$28,321	\$333,707	62.78	\$531,546
230990-Animal feed prep except dog or cat food, retail pk	\$59	\$216	\$1,085	\$27,675	\$0	\$5,337	\$751	\$0	\$1,598	\$2	\$0	\$2,925	\$39,646	40.93	\$96,862
350110-Casein	\$39	\$3,976	\$22,231	\$12,582	\$0	\$118,859	\$92	\$0	\$1,747	\$0	\$0	\$420	\$159,946	54.79	\$291,927
Total selected commodities	\$7,351	\$78,095	\$579,418	\$122,479	\$4,263	\$198,814	\$281,005	\$12	\$45,870	\$31,390	\$52,603	\$119,874	\$1,421,275	63.35	\$2,401,437
Member share of EC-12	0.48	5.13	38.09	8.05	0.28	13.07	18.47	0.00	3.02	2.06	3.46	7.88	100.00		
ADDITIONAL ITEMS (AGRICULTURAL)															
060310-Cut flowers and flower buds, fresh	\$1	\$9	\$2,581	\$114	\$12	\$171	\$1,218	\$0	\$55,482	\$10	\$168	\$270	\$70,047	19.93	\$307,470
060390-Cut flowers/buds dried, dyed or otherwise prepare	\$38	\$0	\$154	\$169	\$11	\$1	\$69	\$0	\$4,665	\$0	\$49	\$130	\$5,285	38.20	\$13,838
070960-Fruits of genus capsicum or pimenta, fresh/chilled	\$477	\$0	\$4	\$22	\$2	\$0	\$10	\$0	\$20,812	\$1	\$5	\$3	\$21,335	15.57	\$137,049
160416-ex-Anchovies, prepared or preserved, not minced	\$16	\$0	\$9	\$28	\$75	\$0	\$731	\$0	\$38	\$2,028	\$7,279	\$50	\$10,254	48.65	\$21,077
160590-Molluscs, etc., prepared or preserved	\$9	\$73	\$1,407	\$16	\$350	\$0	\$70	\$0	\$631	\$60	\$5,558	\$27	\$8,200	7.98	\$102,786
170490-Sugar confection (incl wh choc), no cocoa, nesoi	\$3,902	\$1,255	\$4,410	\$38,195	\$155	\$181	\$11,482	\$0	\$13,469	\$36	\$10,200	\$21,185	\$104,469	52.33	\$199,652
190510-Crispbread	\$94	\$23	\$1,080	\$3,713	\$16	\$116	\$79	\$0	\$67	\$5	\$46	\$1,161	\$6,399	47.98	\$13,338
190530-Cookies (sweet biscuits), waffles and wafers	\$5,862	\$13,209	\$5,203	\$11,485	\$860	\$64	\$2,573	\$0	\$1,838	\$133	\$1,583	\$9,847	\$52,657	66.65	\$79,010
190590-Bread, pastry, cakes, etc nesoi & puddings	\$3,505	\$32,370	\$3,841	\$7,800	\$846	\$230	\$9,419	\$0	\$3,728	\$199	\$1,203	\$11,508	\$74,649	27.76	\$268,919
200190-ex-Veg/frui/nuts etc nesoi prep/pres by vinegar et	\$100	\$1	\$127	\$215	\$6,428	\$0	\$585	\$0	\$6	\$40	\$11,921	\$295	\$19,718	31.42	\$62,756
200310-Mushrooms prep/pres ex by vinegar/acetic acid	\$126	\$54	\$601	\$105	\$0	\$0	\$92	\$0	\$2,603	\$0	\$6,017	\$134	\$9,733	7.64	\$127,416
200970-Apple juice, unfermented, sweetened or not	\$8,127	\$128	\$319	\$45,424	\$46	\$0	\$258	\$0	\$2,114	\$2,200	\$5,473	\$50	\$64,138	29.87	\$214,747
220210-Waters, incl mineral & aerated, sweetnd or flavord	\$114	\$33	\$13,226	\$525	\$4	\$123	\$858	\$0	\$152	\$619	\$306	\$1,619	\$17,578	25.05	\$70,177
220290-Nonalcoholic beverages, nesoi	\$259	\$424	\$143	\$4,851	\$0	\$3,914	\$395	\$0	\$1,715	\$35	\$144	\$1,294	\$13,174	30.84	\$42,723
240120-Tobacco, partly or wholly stemmed/stripped	\$54	\$48	\$1,300	\$897	\$1,586	\$0	\$9,957	\$0	\$166	\$498	\$271	\$82	\$14,858	6.12	\$242,824
240220-Cigarettes containing tobacco	\$18	\$28	\$31	\$142	\$0	\$0	\$7	\$2	\$28	\$19	\$16	\$7,182	\$7,472	12.49	\$59,833
Total selected commodities	\$22,702	\$47,655	\$34,436	\$113,701	\$10,391	\$4,800	\$37,603	\$2	\$107,524	\$5,883	\$50,239	\$54,837	\$489,966	24.95	\$1,863,611
Member share of EC-12	4.63	9.73	7.03	23.21	2.12	0.98	7.72	0.00	21.95	1.20	10.25	11.19	100.00		
GRAND TOTALS															
Total selected commodities	\$30,053	\$125,750	\$613,854	\$236,180	\$14,654	\$203,614	\$318,808	\$14	\$153,494	\$37,273	\$102,842	\$174,711	\$2,611,241	46.08	\$4,365,048
Member share of EC-12	1.49	6.25	30.52	11.74	0.73	10.12	15.85	0.00	7.83	1.85	5.11	8.69	100.00		

OPTION 2: INCLUDE INDUSTRIAL PRODUCTS

U.S. Imports for Consumption, customs value; Thousands of dollars (1989-1991 three year average)

HS Commodity	Belgium	Denmark	France	Germany	Greece	Ireland	Italy	Luxembourg	Netherlands	Portugal	Spain	U.K.	EC-12	% of World	World
CORE AGRICULTURAL LIST															
040610-ex-Fresh cheese (inc whey cheese) nt fmrtd, n	\$0	\$105	\$11	\$1	\$0	\$0	\$21	\$0	\$0	\$0	\$0	\$4	\$142	26.69	\$32
040620-Cheese of all kinds, grated or powdered	\$0	\$208	\$236	\$68	\$27	\$0	\$581	\$0	\$2,009	\$0	\$0	\$8	\$3,168	54.54	\$5,809
040630-Cheese, processed, not grated or powdered	\$25	\$258	\$780	\$2,891	\$26	\$60	\$24	\$0	\$7,046	\$647	\$58	\$1	\$11,015	61.51	\$19,209
040640-Cheese, blue-veined, nesol	\$0	\$5,201	\$3,759	\$932	\$0	\$0	\$637	\$0	\$20	\$0	\$3	\$1,597	\$12,147	100.00	\$12,147
040690-ex-Cheese, nesol, including cheddar and colby	\$115	\$32,061	\$36,371	\$3,939	\$153	\$3,395	\$23,647	\$0	\$18,863	\$1,772	\$76	\$14,080	\$134,472	35.80	\$375,561
071290-Vegetables nesol & mixtures, dried, no furth pre	\$51	\$0	\$1,609	\$2,269	\$24	\$67	\$2,046	\$0	\$521	\$2,675	\$12,961	\$69	\$22,294	36.57	\$60,955
110900-Wheat gluten, whether or not dried	\$207	\$0	\$2,116	\$4,530	\$0	\$1,473	\$581	\$0	\$2,499	\$0	\$0	\$432	\$11,839	24.63	\$48,067
151410-Rapeseed/colza/mustard oil & fractions, crude	\$2,249	\$0	\$4	\$8,946	\$0	\$0	\$0	\$0	\$2,704	\$0	\$0	\$393	\$14,296	34.51	\$41,428
151490-Rapeseed/colza/mustard oil & fractions, refined	\$0	\$0	\$1,535	\$3,652	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$268	\$7,288	11.97	\$60,863
160100-Sausages, similar prdt meat etc food prep of th	\$1	\$7,769	\$2	\$108	\$0	\$650	\$0	\$0	\$1,833	\$0	\$0	\$268	\$7,288	11.97	\$60,863
160242-Prepared or preserved swine nesol, shoulders e	\$3,937	\$27,007	\$31	\$115	\$0	\$0	\$14	\$0	\$121	\$0	\$0	\$0	\$8,652	47.61	\$18,174
220421-Wine, fr grape nesol & gr must w etc, nov 2 liter	\$95	\$110	\$271,985	\$41,315	\$2,452	\$84	\$185,985	\$0	\$62	\$24,223	\$30,507	\$1,998	\$558,816	81.55	\$610,418
220429-Wine, fr grape nesol & gr must with etc, nesol	\$4	\$68	\$2,557	\$493	\$32	\$0	\$5,544	\$0	\$0	\$1,033	\$227	\$75	\$10,034	92.51	\$10,846
220510-Vermouth/grape wine flavored with plants etc ctr	\$13	\$20	\$1,754	\$32	\$2	\$11	\$15,438	\$0	\$0	\$19	\$540	\$27	\$17,856	99.35	\$17,973
220590-Vermouth/grape wine flavored with plants etc ov	\$0	\$0	\$96	\$0	\$0	\$0	\$0	\$0	\$0	\$159	\$1,882	\$704	\$69,834	95.45	\$73,164
220820-Grape brandy	\$1	\$0	\$66,268	\$14	\$11	\$1	\$794	\$0	\$0	\$0	\$245	\$336	\$1,440	97.49	\$1,477
220850-Gin and geneva	\$63	\$0	\$292	\$67	\$44	\$84	\$46	\$0	\$169	\$6	\$42	\$68,204	\$69,018	99.38	\$69,451
220890-Cordials, liqueurs, kirschwasser, ratafia, etc.	\$492	\$1,096	\$166,696	\$12,850	\$1,492	\$68,793	\$44,041	\$12	\$3,032	\$829	\$6,053	\$28,321	\$333,707	62.78	\$531,546
230990-Animal feed prep except dog or cat food, retail	\$59	\$216	\$1,085	\$27,675	\$0	\$5,337	\$751	\$0	\$1,598	\$2	\$0	\$2,925	\$39,646	40.93	\$96,882
350110-Casein	\$39	\$3,976	\$22,371	\$12,582	\$0	\$118,859	\$92	\$0	\$1,747	\$0	\$0	\$420	\$159,946	54.79	\$291,927
Total selected commodities	\$7,351	\$78,095	\$579,418	\$122,479	\$4,263	\$198,814	\$281,005	\$12	\$45,970	\$31,390	\$52,603	\$119,874	\$1,521,275	63.35	\$2,401,437
Member share of EC-12	0.48	5.13	38.09	8.05	0.28	13.07	18.47	0.00	3.02	2.06	3.48	7.88	100.00		
ADDITIONAL ITEMS (INDUSTRIAL)															
848180-Taps cocks etc f pipe val inc thermo control nes	\$12,575	\$11,262	\$22,941	\$163,073	\$17	\$189	\$63,962	\$2,163	\$6,614	\$1,640	\$6,507	\$52,783	\$343,727	32.35	\$1,062,661
85094000-Electromechanical food grinders, processors,	\$13	\$63	\$13,200	\$9,541	\$5	\$1,022	\$5,872	\$0	\$69	\$6	\$1,824	\$1,245	\$32,860	15.66	\$209,787
852313-Magnetic tape unrecorded width exceeding 6.5	\$2,615	\$116	\$1,384	\$68,000	\$0	\$14	\$2,891	\$0	\$791	\$0	\$0	\$5,572	\$81,384	11.14	\$730,466
85392120-Tungsten halogen electrical filament lamps, d	\$183	\$8	\$201	\$11,636	\$1	\$0	\$116	\$0	\$68	\$0	\$3	\$413	\$12,628	31.08	\$40,633
85392140-Tungsten halogen electrical filament lamps, d	\$193	\$62	\$455	\$1,070	\$0	\$226	\$321	\$0	\$303	\$0	\$36	\$390	\$3,055	7.29	\$41,894
8711-Motorcycles (incl mopeds) & cycles with aux moto	\$1	\$6	\$3	\$15,760	\$7	\$0	\$7,981	\$0	\$198	\$48	\$174	\$243	\$24,419	5.38	\$453,759
90173080-Gauges for measuring length, for use in the h	\$45	\$96	\$1,019	\$3,987	\$0	\$22	\$241	\$0	\$50	\$1	\$92	\$3,283	\$8,838	26.50	\$33,348
Total selected commodities	\$15,625	\$11,613	\$39,203	\$273,067	\$30	\$1,473	\$81,384	\$2,163	\$8,093	\$1,695	\$8,636	\$63,929	\$506,911	19.70	\$2,572,548
Member share of EC-12	3.08	2.29	7.73	53.87	0.01	0.29	16.05	0.43	1.60	0.33	1.70	12.61	100.00		
GRAND TOTALS															
Total selected commodities	\$22,976	\$89,708	\$618,621	\$395,546	\$4,293	\$200,287	\$362,389	\$2,175	\$54,063	\$33,085	\$61,239	\$183,803	\$2,028,186	40.78	\$4,973,985
Member share of EC-12	1.13	4.42	30.50	19.50	0.21	9.88	17.87	0.11	2.67	1.63	3.02	9.06	100.00		

	\$30,053	\$178,760	\$619,854	\$308,180	\$14,654	\$203,014	\$318,808	\$14	\$153,494	\$37,273	\$102,842	\$174,711	\$2,017,241	\$4,608	\$4,650,048
	149	625	3052	1174	073	1012	1585	000	753	185	311	869	10000		

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

The Honorable William F. Goodling
U.S. House of Representatives
Washington, D.C. 20515-3819



THE PRESIDENT

6-8-92

RE: Press Conference

Dear Bill -

Such a great note!

May my thanks.

Tough times, but I feel
quietly confident. Thanks w/ love
AJP



HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

BILL GOODLING
19TH DISTRICT, PENNSYLVANIA

June 5, 1992

Dear Mr. President:

I called last night after your press conference. I hope you got the message. You were spectacular, particularly during the question and answer period. You had a lot of _____ and vinegar and vim and vigor and yet you remained presidential even when they tried to force you to be political. You should take that show all around the country. Best wishes.

Sincerely,

A handwritten signature in cursive script that reads "Bill".

BILL GOODLING
Member of Congress

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

THE WHITE HOUSE

WASHINGTON

June 8, 1992

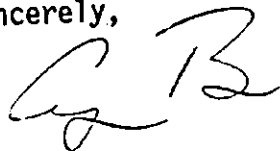
Dear Jim:

Patty showed me the paper by Frank Wolf about "family."
I agree -- it is very good.

In the paper he called for a working group in the White House on family. It is my hope that the Family Commission I appointed some time ago, headed by Governor Ashcroft, will fill that function very well.

Thanks for calling Wolf's letter to Yeutter to my attention.

Sincerely,

A handwritten signature in dark ink, appearing to be "G. B.", with a long, sweeping diagonal line extending from the bottom right of the signature towards the bottom right of the page.

Dr. James C. Dobson, Jr.
Focus on the Family
420 North Cascade Avenue
Colorado Springs, Colorado 80995



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have
typical
azur*

type azur

Dear Jim (Dobson)

Patty showed me the paper by Frank Wolf about family.

I agree- it is very good.

In the paper he call for a working group in the White House on family. It is my hope that the Family Commission I appointed some time ago, headed by Gov Ashcroft, will fill that function very well.

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Sincerely,

BUSH LIBRARY PHOTOCOPY - George Bush Handwriting

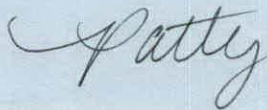
FROM THE PRESIDENT

Patty Presock

Mr. President,

The attached is from JIM DOBSON
(Focus on the Family). Dobson
feels that Frank's analysis of the
family is "brilliant".

He said he appreciated his recent
meeting with you and all the
courtesies you afforded him.

A handwritten signature in cursive script that reads "Patty".

**Document Originally
Attached to
Following Page**

HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

FRANK P. WOLF
TENTH DISTRICT VIRGINIA

March 24, 1992

Mr. Clayton Yeutter
Counselor to the President for Domestic Policy
The White House
Washington, D.C. 20500

Dear Clayton:

As the Ranking Republican Member of the Select Committee on Children, Youth and Families, I am writing to express my strong conviction that the Policy Coordinating Group take a bold, creative and proactive approach to family policy issues that recognizes that the family itself is the best Department of Health and Human Services. I believe it is essential for Republicans to renew and reclaim their heritage of commitment to strong, healthy families and family values in dealing with current domestic problems.

While it is obvious to most that family policy is assisted by economic growth which provides jobs, opportunities and improved standards of living, families today also need a reinvigorated movement that recognizes that families are, after all, at the center of all of our lives. If this center does not hold, it is indeed true, that things will fall apart. It is important for Republicans to forcefully address this issue because families are hurting and if we are seen as not addressing their concerns, they may turn elsewhere where the rhetoric is good even if the policies are not.

HOW REPUBLICANS CAN KEEP THE CENTER FROM FALLING APART

To hold this center, I propose the following policy initiatives which would reinvigorate both the financial and cultural well-being of families:

1. PROVIDE FAMILY TAX RELIEF targeted to families with children who have borne a disproportionate share of the tax burden and have been stretched to the breaking point to meet their family needs.
2. ESTABLISH A WORKPLACE 2000 COUNCIL working with business leaders to recognize companies, both large and small, that

mt
Dobson
CAB
Fitch
where do you
stand on
family tax relief
& credits?
family council
do with it
this?

are providing innovative workplace policies for their employees and to encourage companies to adopt "family friendly" work policies such as part-time jobs, job sharing, flexitime, flexiplace, on-site child care and telecommuting.

3. ESTABLISH A WHITE HOUSE WORKING GROUP ON THE FAMILY that would review government regulations, policies and programs for their impact on families including impact on marriage formation as well as marriage dissolution. This group could evaluate the policies and values needed for promoting strong families.

Family policy is not a peripheral issue to be "gotten around to" after we deal with more "serious" issues. For the past several decades, the Republican party has recognized the importance of families. In 1988 our platform proclaimed:

Strong families build strong communities. They make us a confident, caring society by fostering the values and character - integrity, responsibility, sharing and altruism - essential for the survival of democracy.

THE CURRENT DOWNWARD SPIRAL OF FAMILY WELL-BEING

All around us today, it is apparent that families are under pressure like never before and this foundation is suffering from more than a few cracks. The state of families is at the center of many of our most pressing social programs and unless we treat the roots of this problem we will continue to reap the consequences. These consequences include family well-being statistics that are extremely disturbing:

- * a doubling of the teenage suicide rate over the past 20 years to the point where 10 percent of teen boys and 18 percent of teen girls have attempted suicide. (Code Blue, 1990)
- * domestic violence is the single largest cause of injury to women in the United States, affecting six million women (American Humane Association)
- * child abuse has tripled since 1976 with child neglect comprising a majority of these cases (American Humane Association)
- * one in five sexually active teenage girls get pregnant each year (OTA, 1991)
- * Over half of all children and an even higher percentage

of minority children will spend time in a single parent home before the age of 18 (Zinsmeister, American Enterprise Institute, 1990)

- * Sixty percent of black infants and 15 percent of white infants are born to unmarried mothers. (Eggebeen and Lichter, Pennsylvania State University, 1991)

Family breakdown, while often ignored, leads us fairly directly to many of our family problems today. In a 1991 study from Pennsylvania State University, researchers Eggebeen and Lichter found:

- * Poverty rates would be ONE-THIRD less than they are currently if family structure had stayed the same since 1960.
- * Single mothers accounted for roughly 50 percent of the increase in child poverty in the past decade.
- * Changing family structure in minority families in the 1980s accounted for 65 percent of the increase in poverty among these children.

It is clear that what may be viewed as a "lifestyle" choice for those in Hollywood, wealthy enough to bear at least the financial brunt of the consequences, does not work for the society at large. As the BIPARTISAN NATIONAL COMMISSION ON CHILDREN, which included Governor Clinton in its membership recently noted, "Rising rates of divorce, out-of-wedlock childbearing, and absent parents are not just manifestations of alternative lifestyles, they are patterns of adult behavior that increase children's risk of negative consequences." It is encouraging and important that these issues are finally being raised and given an airing in the public square.

THE FAMILY TWIN DEFICITS OF TIME AND MONEY

Time is money and money is time and too many families feel that they don't have either. With our economy and families both on shaky ground, it is important to address this "family recession" as well as the economic recession. Additionally, the federal deficit is an important issue but the "family time" deficit is equally as critical and deserving of our attention. One study has shown that parents today spend 40 percent less time than did parents a generation ago.

A 1989 survey commissioned by Mass Mutual found that Americans believe that "parents having less time to spend with their families" is the single most important reason for the family's decline in our society." We must limit the fallout from

family meltdown by putting the freeze on destructive political and cultural policies that harm families.

THE GOVERNMENT IS NOT GOOD AT FIXING FAMILIES

The fact is that our government which is well equipped and quite efficient at building roads and designing bridges is far less adept at building strong families. The federal government simply is not real good at fixing families that are broken psychologically or spiritually (though they can fix a tax code to help families). And we know that the underlying assumption that children are faring poorly because of governmental financial neglect is dramatically wrong -- we are currently spending over \$100 billion a year on programs serving children and families.

The federal government has increased its domestic spending on children's programs 66 percent since 1989. Over the next five years, the federal government will spend \$82.8 billion more on social programs that did not exist in 1980 or on expansions of old programs. In 1990, the new day care programs and the expansion of the Earned Income Tax Credit when combined with other day care and Head Start programs will bring the federal government tab on family spending to over \$114 billion between 1991 and 1995. And contrary to the partisan misrepresentation about the Reagan-Bush Administration, funding for social programs actually INCREASED approximately 20 percent in real dollars.

This same pattern is found in the area of education spending where U.S. Department of Education figures demonstrate that a tripling of expenditures over the past three decades has not been met with the desired results. Overall average Scholastic Aptitude Test Scores have declined from 943 in 1970 to 900 in 1990.

WHAT FAMILIES WANT

Increasingly it appears that American families believe that the government ought to do more for families, but they believe that more can be done by the federal government by doing less and doing it with less of their tax dollars. Public opinion polls demonstrate that while Americans routinely seem to favor broadly stated conceptual objectives about children's programs, when asked how to pay for these programs, there is an unwillingness to ante up. Furthermore, as more and more is spent, it is apparent to many if not most, that we are not getting our money's worth on many programs. Americans estimate that half of the money they send to the government is wasted.

That is why it is important to reinvest in the family itself instead of trying to reinvent the family through more programs.

As the first Republican President, Abraham Lincoln, once said, "In all that the people can individually do as well for themselves, government ought not to interfere." The family budget must be preferred over the federal budget when it comes to addressing these problems. We have witnessed over the past few decades what those around conference tables or hearing tables recommend for families. Now it is time to return to the kitchen tables and let families decide for themselves. The family is, after all, the best Department of Health and Human Services and functions best when parents are allowed to keep more of their own hard-earned money to maintain their own families.

In fact, even the Progressive Policy Institute once overseen by DLC member, Bill Clinton, has focused on family centered (as opposed to government centered) public policy. A recent report from the Progressive Policy Institute, "Putting Children First," states:

Government cannot, under any set of circumstances provide the kind of nurturing that children, particularly young children, need. Given all the money in the world, government programs will not be able to instill self-esteem, good study habits, advanced language skills, or sound moral values in children as effectively as strong families

Yet even when the rhetoric of some on the left changes, we must still beware of their policies. In too many areas the "Washington Establishment" even when they learn to talk our talk continue to walk their walk through the rooms of special interest constituencies instead of allowing the center of power to shift back to families. We must shift from this Copernican view of government in which everything revolves around us here in Washington to a view of government that is returned to the people.

WHAT NEEDS TO BE DONE?

Republicans must reclaim and be faithful to the principles laid out in our 1988 Platform: "America's place in the 21st century will be determined by the family's place in public policy today." The political party that captures the imagination and hearts of American families may very well lead us into the new century.

A FAMILY POLICY AGENDA FOR THE 90s

1. FAMILY TAX RELIEF

WE MUST PROVIDE TARGETED TAX RELIEF TO FAMILIES WITH CHILDREN EITHER IN THE FORM OF AN INCREASED DEPENDENT DEDUCTION OR INCREASED TAX CREDITS FOR CHILDREN SO THAT FAMILIES CAN KEEP MORE OF THEIR OWN HARD EARNED MONEY TO RAISE THEIR FAMILIES.

While public sector spending on children and families is at an all-time high, the private sector tax protection offered families is at an all-time low. Over the past four decades, the dependent deduction has shrunk to one-quarter of what it was in the 1950s. Back then, a family of four didn't start paying income tax until they were close to the median income; today the same family starts paying federal taxes close to the poverty level. Since the 1950s, the annual family income lost due to this loss in the value of the exemption exceeds the annual cost of an average family home mortgage (\$3,000). In other words we are taxing families out of house and home.

Furthermore, two-thirds of the average working mother's earnings (in a two-earner family) go to paying for increases in federal taxes over the past several decades rather than providing additional income for her family. So for millions of American families with working mothers, Uncle Sam is getting more out of Mom's pay check than are her own children -- this is before families must pay the costs of child care, transportation and other work-related expenses.

This family tax relief initiative is a strong pro-family measure that is consistent with the Republican philosophy and recognizes that a dollar in the hands of a caring parent can be stretched more creatively than one in the hands of the government.

1988 REPUBLICAN PLATFORM STATEMENT ON TAX RELIEF FOR FAMILIES:
"Continue to reverse the Democrats' 30-year erosion of the dependent tax exemption. That exemption has been doubled under Republican leadership. This will empower parents to care for their families in a way that public services can never do."

2. WORKPLACE 2000 COUNCIL

WORKING WITH THE PRIVATE SECTOR THE WHITE HOUSE CAN ESTABLISH A WORKPLACE 2000 COUNCIL TO HIGHLIGHT AND PROMOTE "FAMILY FRIENDLY" WORK POLICIES.

This initiative can be established by working with business leaders to recognize companies, both large and small that are providing innovative workplace policies for their employees. These companies can then encourage others to do the same and provide guidance and conferences or seminars throughout the country to promote this innovative concept for today's changing workplace.

The President should initially convene a meeting of business leaders to encourage corporations to adopt "family friendly" policies such as flexitime, flexiplace, telecommuting, job sharing, part-time work and on-site child care centers. Flexitime, for example, can allow parents of school-age children to adjust their work schedules so that one parent is home in the morning (9-5 schedule) to see the children off to school, while the other is home in the afternoon (7-3) when the children arrive home.

Other arrangements such as flexiplace work policies allow employees to spend all or part of their working hours either at home or at an alternative work site closer to home, thus either eliminating or cutting down on commuting time. Telecommuting or homebased work also allows workers to work at home with the assistance of computers, modems and faxes and provides a greater degree of control for parents over when and how they get their work done.

For parents who want fewer work hours, part-time and job sharing arrangements allow parents to cut back when their family needs are heaviest. Given the high costs of job related expenses such as transportation, clothing, and child care, part-time work can actually be more cost-effective for some families while providing at least one parent with more family time with children.

On-site child care centers also provide increased time with children by allowing parents time both at the beginning and the end of the day when commuting while also providing for a lunch hour with a child. The close proximity can provide peace of mind to both the child and the parent.

The importance of flexible work policies derives from the benefit provided to families who can better meet their family time needs by allowing for a schedule that is tailored (to the extent possible in a given position or company) to the family

The Working Group would issue policy guidance on family life. It would examine current government programs as well as cultural messages through the mass media that often have unintended consequences on family life. It could also examine the usefulness of public service announcements as a vehicle for

This Working Group on the Family would be charged with reviewing the lack of implementation of the Executive Order issued on family impact statements in 1987. The group would review regulations, policies and programs for their impact on family values and family breakdown. The group could also focus on efforts in the area of "values education" and how to best promote strong character building and family values. The President could become a strong spokesperson for such efforts and highlight successful "values" based education programs that have worked throughout the country.

THIS WORKING GROUP WOULD REVIEW REGULATIONS, POLICIES AND PROGRAMS TO EVALUATE THEIR IMPACT ON THE FAMILY, INCLUDING THE IMPACT ON MARRIAGE FORMATION AND DISSOLUTION AS WELL AS THE IMPACT ON FAMILY VALUES.

3. WHITE HOUSE WORKING GROUP ON THE FAMILY

"Encourage employers, including government agencies, to voluntarily address their employees' child care needs and use more flexible work schedules and job sharing to recognize the household demands upon their work force."

1988 REPUBLICAN PLATFORM ON FAMILY FRIENDLY WORK POLICIES:

By implementing these initiatives, the Administration will be seen as the party that is friendly to both employers and to families as both struggle with the important issues of parents in the workplace. This kind of high visibility campaign would establish a win/win partnership with both businesses and families. "Flexibility" in work policies is the number one desired "benefit" of working parents in surveys done by various employers and it provides a creative, responsive and non-costly government mandates and create opportunities rather than limit them.

needs of an employee while still meeting the employer's bottom line. In these times in which children are under enormous cultural pressures, they need valued time with parents because "values are not only taught, they are caught" and they are caught by being around parents who have the time and make the effort to pass their values on.

changing priorities of families.

Both political and cultural reforms are needed to restore family values and promote family strengths. One way to put this out in front of the American people is to establish this kind of White House Working Group focusing on the political and cultural threats to families and children. This Group could be housed within the Office of the Vice President and include representatives from the departments of Labor, Treasury, HUD, Justice, HHS, Education, and Interior and ACTION.

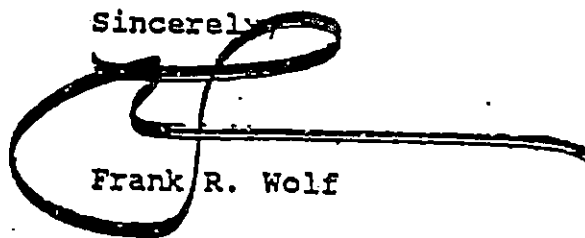
THE FOUNDATION OF THE REPUBLICAN PARTY -- THE FAMILY

Allan Carlson, a minority appointed member of the National Commission on Children, warns that the "pro-family" mantle which the Republican party has had exclusive claim on for the past dozen years could "within stunning speed" become a Democratic issue much in the way that it did so in Sweden in the mid-1900s. This need not occur if we remain faithful to our principles of valuing family, parents, children, marriage, community, and societal concern and compassion.

Finally, this will not be an easy battle. As Dr. James Dobson of Focus on the Family has pointed out, "Parenting isn't for cowards." Neither is aggressive family policy. Historian Christopher Lasch has written, that those who "are serious about reclaiming the family had better dig in for a long struggle." The task is formidable, yet the shakier the cultural ground, the more important it becomes to have the strong foundation that only the family can provide.

Thank you for your consideration of these important issues. I look forward to working with you and the Administration on getting this message out to help American families.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to be 'F. R. Wolf', with a long horizontal stroke extending to the right.

Frank R. Wolf

Dobson DOCUMENT= 1 OF 1 PAGE = 1 OF 3
NAME Dr. James C. Dobson Jr.
SPOUSE Mrs. Shirley
SAL OUT Jim & Shirley
CODES CC5 USVCPR PLITCL COLITN RELIGS
ISSUES SPTENN PRAYRZ FAMLEE
FFNAME "George Bush" out.
BUSINESS1 Focus on the Family
 420 North Cascade Avenue
 Colorado Springs, CO 80995 0001
 (719) 531-3400
 Office Extension: 1302. Previous Zipcode: 80903
BUSINESS2 Chairman
 The National Day of Prayer Task
 Force
 Post Office Box 15616
 Colorado Springs, CO 80935 5616
 (719) 531-3379
 She.
PREVIOUS1 Focus on the Family
 801 Corporate Center Drive

4BÜ



June 8, 1992

To: Ron Kaufman

I had a nice note from Lago thanking me, pledging support etc. In it he said his biggest disappointment was Huffington's attacks (vicious) on me for endorsing Lago. This is the 2nd time I've heard about that. Can you get more detail for me. I am not pleased with Huff for that.

GB

4

BUSH LIBRARY PHOTOCOPY - George Bush Handwriting

FROM THE PRESIDENT



June 8, 1992

To: Dick Darman

Re" Adam Walinsky paper attached.

Dick:

Where do we stand on the **Police Corps**, which apparently passed the Senate unanimously and the House overwhelmingly?

I have heard nothing about this outfit.

Please advise-low priority.

GB

A handwritten signature, possibly "LW", is written next to the initials "GB".

FROM THE PRESIDENT

Ask about
Police Corps
power
Congress?

MEMORANDUM TO THE PRESIDENT

Jim Adams
Welmsley

This memorandum proposes two immediate steps to greatly strengthen the police, and thus to help restore public order and confidence in government.

1. Every citizen knows what convention has forbid us to discuss: decades of inattention and neglect have allowed the growth of a dangerously violent underclass, a large group of unassimilated and unsocialized young men, who are beyond the control of leaders of any kind or color.

2. The riots were a stunning revelation of government weakness. Never before had millions watched a man being beaten to death, live from the streets of a great city. The apparent alternative was to be like the Koreans, barricaded and armed with Uzis.

3. People have heard no plans to improve public safety: to ensure that they will not be the next victims, either of a mob or of an individual assault. The effect of Los Angeles is to weaken the police everywhere, and there are no troops on permanent duty in the streets.

4. The need to strengthen the police. Crime and disorder have exploded over the last thirty years. Sample statistics, New York City, 1951 to 1990: homicide, 244 to 2,245; rape, 904 to 3,126; robbery, the forcible taking of property from the person, 7,004 to 100,280. Smaller cities, too; here is New Haven, 1960 to 1990: homicide, 5 to 31; rape, 4 to 168; robbery, 16 to 1,784. That is not a misprint; robberies in New Haven went up 100 times.

5. Police strength, relative to the exploding crime, has fallen precipitously. Throughout the 1950s, there were 3.2 police officers for every violent felony reported. By 1990, there were 3.3 violent felonies for every serving officer. In other words, we are devoting to each violent crime one-tenth the police power of 35 years ago.

6. The weakness of the police does not allow them to prevent crime, protect neighborhoods and preserve order. Government does not control the street. According to John Lewis, the violence that has run unchecked in the black lower class community for the last 30 years is itself the "most immediate and powerful cause" of the current social disintegration. It is not only poverty that has caused crime, says Lewis; "it is crime that has caused poverty, and is the most powerful cause of poverty today." (Drugs are an important aggravating event here, but the violence began its surge long before crack.)

7. Any effort to build new ghetto institutions-- businesses, enterprise zones, community corporations, housing, new schools-- requires much stronger police forces to protect them.

8. A commitment to stronger and better police forces would speak to the fears of middle-class whites and blacks, and to the desperate plight of the black poor. Properly done, it would offer to young men and women of all races a chance to serve the country and their own communities in a direct and personal way.

9. There are two viable strategies to increase police strength. One, the Police Corps, has passed both houses of Congress with strong bipartisan support, but is mired in the impasse over the Omnibus Crime Bill. The second is a new plan for immediately employing military veterans as police.

The Police Corps. The model for the Police Corps is the military ROTC. Competitively selected volunteers will receive four years of aid for tuition, room, board and books at an accredited college or university, up to a limit of \$10,000 a year (\$7,500 in the Senate version). As in ROTC, they will pursue the studies of their choice (no police classes), but will train as police two summers during or immediately after college (as with the Marine Platoon Leaders' Course). They will then serve a minimum term of four years as fully sworn and empowered officers in their sponsoring state or local police department. As with ROTC, some would remain in police work after their required four-year service, while others would take up their civilian careers. The federal government will pay the college and training expenses; the localities wishing to use Police Corps officers will pay all of their salaries and benefits on the job. The bill ultimately envisions up to 20,000 Police Corps members in each graduating class.

After the original Rodney King incident, leading chiefs called for immediate enactment of the Police Corps as a way to reduce police brutality. The chiefs also believe the Police Corps will allow them to recruit more qualified minorities. The Department of Justice surveyed college students: forty percent reported themselves as likely to sign up for a Police Corps, 45 percent of minority students.

The Police Corps has attracted strong support across a wide spectrum of police chiefs, rank-and-file groups, educators, press and political leaders. It passed the Senate unanimously, and the House by 369-51. The Majority and Minority leaders in both houses were co-sponsors. It was sponsored by Specter and Dornan, supported by Gramm, Lott, Gingrich, Weber, and many Democrats. The Wall Street

Journal, the New York Times, and Time have called for the Police Corps to be taken out of the Crime Bill and passed immediately. However its effect would be felt only in the longer term.

Reconversion. Defense budget reductions, whether those envisioned by Secretary Cheney or the deeper cuts planned by Congressional leaders, will result in end-strength reductions of about 500,000 by 1995. Under present plans, these people are to be given some advice and money and sent back to civilian life. Many, particularly the relatively large proportion who are black, will find themselves drifting back to depressed communities they once fled. It has been suggested that they be employed in public work, for example as teachers; but few states or localities have the funds.

The excess military people should be kept on the federal payroll, for transitional periods of three or four years, at their current rates of pay, allowances and eligibility for pensions. Their services should then be donated to states and localities as teachers and emergency medical workers, and most obviously as police.

We now have about 500,000 public police of all types. It would be within the boundaries of administrative and training capabilities to supplement them with 200,000 or even more military veterans by 1995. This is probably the one single measure with a prospect of having a quick effect in many communities. Military veterans, a large proportion of them black, could capture the streets for the uses of peace and civility. They might well be able to capture the consciousness of the ghetto almost at a stroke; certainly we could put hope in them that could be evoked by no other force or group. There are many organizational and technical problems to be explored; a task force of the New York City Police Department is about to begin work on them.

Bringing some of the troops home to deal with our most pressing and dangerous domestic problem would be the best kind of political metaphor. It would express concretely the victory of the Cold War, and our freedom to attend to needs of our own that were necessarily sacrificed to national security. And it would express in itself the powerful message of the American ideal: that we are not the passive subjects of history and capricious fate, but the self-respecting masters of our own destiny and the future of our own children.

Adam Walinsky

New York
May 8, 1992



To: Dick Darman

Re" Adam Walinsky paper attached.

Dick:

Where do we stand on the Police Corps, which apparently passed the Senate unanimously and the House overwhelmingly?

I have heard nothing about this outfit.

Please advise-low priority.

GB

A handwritten signature, likely "W", is written in ink to the right of the initials "GB".

BUSH LIBRARY PHOTOCOPY - George Bush Handwriting

FROM THE PRESIDENT

Presidential Phone Calls



DATE: 6-8-92 TIME: incoming/outgoing

WITH: Jack Stein

SUBJECT: called to encourage on
election

FOLLOW UP: _____



News Summary

OFFICE OF THE PRESS SECRETARY

MONDAY, JUNE 8, 1992
6:00 A.M. EDT EDITION

INTERNATIONAL NEWS

PRESIDENT AFFIRMS BIODIVERSITY STANCE -- President Bush, ending a weekend meeting with British Prime Minister Major, said Sunday he would not budge in his refusal to join the leaders of most nations in signing a biodiversity treaty at the Earth Summit later this week. (Washington Post, Washington Times)

U.S. TELLING RUSSIA IT MUST DISMANTLE LARGEST ICBM'S -- In the last few months, the U.S. and Russia have quietly narrowed their differences over how to make additional cuts in their nuclear arsenals, well beyond those agreed to in START. (New York Times)

NATIONAL NEWS

BUSH PREDICTS RECOVERY, WON'T SIGN BIODIVERSITY TREATY -- Describing himself as a fighter who does best coming from behind, President Bush predicted Sunday that "economic recovery is at hand" and will lead to his re-election. (Boston Globe)

BUSH MAY VETO URBAN AID BILL -- President Bush appears to be distancing himself from a \$2 billion emergency assistance bill for inner cities, possibly preparing to veto it. (USA Today)

NETWORK NEWS (Sunday evening)

PEROT/PRESIDENT -- President Bush wasn't able to escape a Sunday or a meeting with a world leader without the name of Ross Perot coming up.

EASTERN EUROPE -- The turmoil in Eastern Europe was much on the minds of President Bush and Prime Minister Major this weekend.

CLINTON -- Bill Clinton seemed to be setting a new agenda.

INTERNATIONAL NEWS...A-1
NATIONAL NEWS.....A-5
NETWORK NEWS.....B-1
TALK SHOWS.....C-1

INTERNATIONAL NEWS

PRESIDENT AFFIRMS BIODIVERSITY STANCE

President Bush, ending a weekend meeting with British Prime Minister Major, said Sunday he would not budge in his refusal to join the leaders of most nations in signing a biodiversity treaty at the Earth Summit later this week.

Bush said the biodiversity treaty demands outlays that could exceed U.S. capabilities and he would not make a commitment the U.S. was unable to keep. "We do not have an open pocketbook," he said.

The President also reacted angrily to last week's leak to the New York Times of a Reilly memo outlining possible compromises on the treaty that the White House rejected. Bush said he would fire the government worker who leaked the memo if he could find him. "Help me find him," Bush told reporters, "He'll be gainfully unemployed."

The President was again pressed to discuss the rising stature of Ross Perot and what he intends to do to improve his deteriorated political position. On Perot, Bush said, "I cannot tell a lie. His name came up" in the discussions with Major.

(Ann Devroy, Washington Post, A1)

Bush Pledges To Fire Leaker Of Reilly Note

CAMP DAVID -- Stung by embarrassing leaks of confidential memos to the press, President Bush Sunday put out word that anyone caught slipping papers to reporters will be fired, no questions asked.

Administration officials said the White House has launched an investigation into who leaked a memo by EPA chief William Reilly to the New York Times last week. The President said he was so upset that he called Reilly in Brazil to apologize.

Several Administration officials charged that Vice President Quayle's office, which has often battled with Reilly over environmental policy, was the source of the leak. But aides to the Vice President denied they had any part in the leak.

"Absolutely not," said Quayle's communications director, Jeff Nesbit. He said the Vice President's office conducted its own investigation, but found nothing.

A senior Administration official said Sunday that supervisors throughout the Administration have been ordered to help find the source leak by interviewing employees. Bush Sunday asked for help from the media, but was met with stony silence.

(Paul Bedard, Washington Times, A1)

U.S. AIDE HOPEFUL ON PACT TO SAVE BIODIVERSITY

RIO DE JANEIRO -- William Reilly said Sunday he was "hopeful" the U.S. could sign an amended treaty to protect the world's endangered plants and animals.

Reilly said he was optimistic that after the Earth Summit the biodiversity treaty could be amended to accommodate U.S. concerns that its patent provisions unnecessarily constrain the U.S. biological development industry. He was also hopeful the treaty could be amended to give industrialized countries more control over disbursing financial assistance.

"We can expect cooperation from a number of countries... and we hope that some of the concerns we have can be accommodated," Reilly said at a news conference.

Reilly's comments, which represent an apparent softening of the U.S. position, were greeted with cautious optimism by American environmental groups. "Bill Reilly is indicating that this is a treaty that should be signed and believes that he can work within the political process to get that to happen," said John Adams, executive director of the Natural Resources Defense Council. "I think that his position has been strengthened by the memorandum. Other voices will now be heard." (Gary Marx, Chicago Tribune)

'OUTSIDER' EPA CHIEF BEING TESTED

RIO DE JANEIRO -- As the consummate outsider, William Reilly is undergoing a test of agility at the U.N. Earth Summit. Chosen to lead the U.S. delegation here, he has had to represent pro-business positions of the Bush Administration that he often opposes in his job as chief of the EPA.

But in doing the Administration's diplomatic bidding last week, Reilly was cast as the outsider again. A confidential cable that he sent to the White House was leaked to the press in Washington, spotlighting his failure to reverse U.S. opposition to a forest biodiversity treaty.

The incident infuriated Reilly and underlined the deep divisions within the Administration over environmental policy. Reilly said Saturday night that the leak was an effort by conservatives in the White House to "undercut" him and the summit. Although he vented his anger in telephone calls to President Bush and Clayton Yeutter, he never considered quitting because "I don't want to give my adversaries the satisfaction."

"People are wondering what the hell is going on in Washington," said Jamsheed Marker, Pakistan's ambassador to the U.N. "The perception of the U.S. is not one of leadership, but that of blocking" the summit's progress.

"It was an obvious effort to undercut the treaty, me personally and the whole summit," Reilly said.

"There needs to be some positive statement by the U.S. before Bush arrives, or he will not receive an enthusiastic reception," said Ros Kelly, Australia's environment minister and top negotiator here. (Michael Weisskopf, Washington Post, A1)

TO PROTECT BUSH, U.N. WILL LIMIT ACCESS TO TALKS

RIO DE JANEIRO -- Fearing demonstrations against President Bush, the U.N. has drawn up plans to close the Earth Summit conference center to representatives of private environmental groups and to sharply reduce credentials for official delegations, U.N. officials said Sunday.

Starting Thursday a new credential system will bar virtually all private sector environmentalists from the center and will limit official missions to four delegates from each country, a U.N. official who attended an emergency security meeting on Friday said.

Sunday, about 150 Americans marched down Copacabana Beach in the first public protest here against the Bush Administration's environmental policies. "George Bush, you are embarrassing us," read one banner raised by American environmentalists.

Some of the Americans here say the Bush-bashing is not justified. Sen. Pressler said Sunday, "I don't think people give the U.S. proper credit on environmental protection."

(James Brooke, New York Times, A5)

BUSH NOT PLANNING TO SEND TROOPS TO HAITI

President Bush says he hopes the economic sanctions imposed against Haiti will be effective and "I'm not thinking about force or troops at this point." Bush made his remarks Sunday at a joint press conference with Prime Minister Major at Camp David.

Asked about a report that leaders from the U.S., the Caribbean and Latin America were considering sending an international peace-keeping force to strife-torn Haiti, Bush said he was still hoping the OAS sanctions would be effective and would lead to the restoration of power of President Jean-Bertrand Aristide.

An Administration official told UPI, "Over the next few days, we will continue to discuss and work with the OAS and these leaders, and utilize the diplomatic and political channels that exist. We are still in the preliminary stages," the official said.

(UPI)

**U.S. TELLING RUSSIA IT MUST DISMANTLE
ITS LARGEST ICBM'S**

In the last few months, the U.S. and Russia have quietly narrowed their differences over how to make additional cuts in their nuclear arsenals, well beyond those agreed to in START.

But the inability to close the remaining gap has led critics of the Bush Administration to say the U.S. is missing an opportunity to obtain radical reductions in the Russian arsenal because the Administration is too wedded to cold-war strategic theories. The Administration's negotiating position has been to put a higher priority on getting rid of Russia's remaining long-range nuclear missiles rather than on getting Russia to get rid of thousands more warheads generally.

"The Administration continues to see only a few trees instead of the forest," said Sen. Biden in a statement. "We have the opportunity to achieve deep cuts in the Russian arsenal if we are willing to make cuts ourselves. Yet the Administration is focused solely on weapons systems where U.S. cuts would be minimal."

(Thomas Friedman, New York Times, A1)

JAPANESE STUDY CALLS U.S. TRADE POLICIES UNFAIR

TOKYO -- Japan, the target of broad U.S. criticism of its trade practices, has lashed back in a report accusing the U.S. of maintaining unfair trading policies and frequently abusing international trade rules.

The government's "Report on Unfair Trade Practices by Major Trading Partners," to be officially released Monday, accuses the U.S. of biased policies in nine of 10 areas, and of repeatedly tilting trade rules for its own advantage.

(Elaine Kurtenbach, Washington Post, A12)

NORTH KOREAN PROPOSAL

SEOUL -- North Korea has offered to stop producing plutonium if the IAEA provides it with alternative technology for nuclear power plants, South Korean news reports said.

State radio, quoting diplomatic sources, said North Korea made the proposal in talks with U.S. officials in Beijing June 1. North Korea acknowledged it had produced a tiny amount of plutonium, but told the U.S. side it would not produce more if the IAEA provided technology and enriched uranium, the sources were quoted as saying.

(Around The World, Washington Post, A13)

NATIONAL NEWS

BUSH PREDICTS ECONOMIC RECOVERY, SAYS HE WON'T SIGN BIODIVERSITY TREATY

CAMP DAVID -- Describing himself as a fighter who does best coming from behind, President Bush predicted Sunday that "economic recovery is at hand" and will lead to his re-election.

Speaking about the U.S. economy at a press conference at Camp David with Prime Minister Major, Bush expressed surprise at the sharp increase in the unemployment rate last week, to 7.5%, but he was optimistic about the second quarter overall.

Bush then launched into a lengthy description of himself as a fighter, itching to get into the ring but willing to wait until the fall campaign. "I do better when I'm fighting," Bush said he told Major. Bush said Major's advice to him on the election was to "just stay with it. It (Major's recent election) was a wonderful victory, and he was not discouraged when polls showed him not winning."

On the biodiversity treaty, Bush said other countries were placing too many open-ended financial demands on the U.S., which does "not have an open pocketbook." (John Mashek, Boston Globe)

BUSH MAY VETO URBAN AID BILL

President Bush appears to be distancing himself from a \$2 billion emergency assistance bill for inner cities, possibly preparing to veto it.

In recent meetings with reporters, Bush didn't mention the urban aid package he proposed in the aftermath of the worst city riots this century.

But while top White House advisers say privately that a veto is highly likely for the urban aid bill, they have taken no public position for fear of political fallout.

Some GOP political strategists are urging Bush to back up his veto with an attack on Congress for being big spenders. Trying to compromise with Democrats, says Haley Barbour, is "like paying a cannibal to eat you last." (Jessica Lee, USA Today, 5A)

**BUSH APPEARS IN DANGER OF LOSING
MUCH CONSERVATIVE SUPPORT TO PEROT**

President Bush is in danger of losing substantial amounts of conservative support to Ross Perot, according to conservative leaders and recent polls. Conservatives, including some who are sympathetic to Bush, say that Perot is gaining ground even among voters who know that Perot's positions on certain issues -- notably his support of abortion rights -- are more liberal than their own.

"My sense is that a certain percentage of social conservatives are gathering around Perot as a finger-in-your-eye protest," said Gary Bauer. "It's not issue-specific. It's that even though he's a billionaire, Perot is more down-to-earth, more the kind of guy you would want to have a drink with than the current Washington establishment."

Paul Weyrich also cited cultural reasons to explain the preference of some conservatives for Perot over Bush. "They feel that he's from an ordinary background, and they never have been comfortable with Bush because they thought he had an elitist mentality," Weyrich said. Perot, he added, was winning support even among ardent foes of abortion. "When I've said to them, 'I thought your major issue was abortion,' they get mad at me and say.... 'We need a leader.'"

Polls taken of primary voters suggest that many rank-and-file conservatives have already begun the trek to Perot. In California, Perot won 41% among conservative Republican primary voters in a hypothetical three-way race with Bush and Bill Clinton. In New Jersey, Perot got 36% among Republican primary voters who call themselves conservative; he won 29% among conservative Republicans in Ohio.

(E.J. Dionne, Washington Post, A10)

BUSH, CLINTON ALLIES HAMMER PEROT AS POLITICAL UNKNOWN

President Bush and Bill Clinton launched indirect attacks on Ross Perot, dispatching political aides and allies to denounce Perot as a dangerous unknown quantity and a political Elmer Gantry.

Vice President Quayle, during a stop in Indianapolis, ridiculed Perot's stance as a Washington outsider, saying the claim would no longer stand up to public scrutiny after Perot last week hired Ed Rollins and Hamilton Jordan to run his campaign.

"I think Ross Perot has made his first major political mistake," Quayle said. "He has now hired two expensive inside-Washington handlers to tell him how to run his campaign. High-priced inside-Washington handlers, Mr. Perot, aren't going to do you a lot of good. Mr. Outside is now going inside."

On ABC's "This Week With David Brinkley" Ron Brown said of Perot, "He's always ducked the tough questions that allow us to do a real assessment. I don't know what he stands for. A lot of what I've heard is frightening. It indicates a real lack of tolerance, almost a kind of Elmer Gantry approach."

Sen. Dole, in an interview on NBC's "Meet The Press," said the President should, for now, continue what he has been doing -- acting presidential and avoiding a direct public confrontation with Perot.

(UPI)

Perot's Power Will Fade, Party Politicians Predict

Top Democrats and Republicans Sunday agreed that Ross Perot's strength in presidential polls cannot last and concluded the three-man field would dwindle to two by November.

"There's a big difference between the polls, exit polls and the like in June, and what people say in November in the voting booth," said Fred Malek on ABC's "This Week With David Brinkley." "And if you don't believe me, you ought to ask President Dukakis or President Mondale."

Ron Brown said any speculation that the real race for the White House will be between Bush and Perot is "Republican wishful thinking." Brown labeled Perot a Republican.

Ed Rollins said Perot would not lead anyone down a blind alley. Asked about Perot's early comment that cutting \$400 billion from the deficit would be easy, Rollins said Perot had re-thought that position. Rollins, however, did not give details about budget plans.

(J. Moss, Washington Times, A4)

**SEN. DOLE DEFENDS PEROT AGAINST
REPUBLICAN CHARGE OF DEMAGOGUERY**

Amid growing signals that Ross Perot's challenge as an independent to the major-party presidential nominees will spread quickly to the 1992 congressional campaigns, Sen. Dole Sunday defended Perot against charges of demagoguery from other top GOP officials.

Dole, in an appearance on NBC's "Meet The Press," rejected Rep. Michel's description of Perot as "a frightening demagogue" and said Perot is a "very patriotic" person who probably would enjoy at least a temporary honeymoon with Congress if he were elected.

Ed Rollins said Perot's campaign would go "district by district" seeking commitments from Republican and Democratic congressional candidates that they would support Perot if he won more votes in their district than President Bush or Clinton.

Dole said Bush should say, "Give me a Republican Congress or elect a Democratic President.... Let's stop this divided government." On one current issue, however, Dole challenged Bush's judgement. He said he hoped Bush would sign a bill ending the ban on government-financed fetal tissue research using material retrieved from abortions.

Polls conducted for Newsweek and Time-CNN released over the weekend showed gains for Perot. The Newsweek poll put Perot 2 percentage points in front; the Time-CNN poll had him ahead by 13 percentage points.

Fred Malek, appearing on ABC's "This Week With David Brinkley," said of Perot, "I don't think he's a conservative, but nobody really knows where he stands."

(David Broder, Washington Post, A10)

IS ROSS PEROT A MAN'S MAN?

The Non-Candidate Has The Largest Gender Gap, Polls Show

Ross Perot appears to have a woman problem. For all his stunning popularity with the American electorate, recent polls suggest that Perot is liked less by women -- who represent 54% of registered voters -- than by his fellow men.

In a typical nationwide poll, conducted in late May by ICR Survey Research Group among 1,003 adults, 40% of the men said they'd vote for Perot if the election were held today, compared with 32% of the women.

"The theory is that women tend to find him a little bit erratic, a little bit unpredictable, a little bit scary," said Torie Clarke. "Chicks don't like that."

"There is something strident and authoritarian and scary about his character that women discern, at a minimum, at a subliminal level," said Mary Matalin, adding that "women have an intuitive sense of a person's character.... And there's something anachronistic about his outlook on women -- maybe it's not quite tangible yet -- in the comments he makes about his female employees, or his suggestion that men hide behind their women's skirts. That comes naturally to him, and it's off-putting to women."

(Lloyd Grove, Washington Post, C1)

LUJAN AIDES' TRIP SET UP WITH POLITICS IN MIND

When Idaho Republican Party leaders were planning their spring fund-raisers several months ago, they decided that Manuel Lujan would be a great draw in a state where the federal government owns 65% of the land.

Lujan agreed to attend, but two weeks before the mid-May trip, as his staff was still trying to find some official business for him in the region, matters in Washington forced Lujan to cancel. Two political appointees, Bureau of Land Management Director Delos Cy Jamison and Bureau of Mines Director T S Ary, were told to stand in; they had only a week to line up some official work....

Last week, Sen. Pryor asked the GAO to investigate the propriety of the trip. "None of the meetings involved pressing or even routinely scheduled, official business," Pryor wrote in a letter to Comptroller General Charles Bowsher. "...Subterfuge was used as the basis for classifying the trip as a 'mixed' official and political trip."

"If the Hill was held to the same standard, there would be a lot of red faces up there," Jamison said. "I held out for a position (in government) that would not be under the Hatch Act. I wanted to be politically active -- and probably will be sent home for it."

(Dana Priest, Washington Post, A1)

HOUSE TO LOOK AT BALANCED BUDGET AMENDMENT

The balanced budget bandwagon rolls onto Capitol Hill this week as the House votes on competing plans for a constitutional amendment outlawing budget deficits.

"We're fed up," President Bush said in a radio address Saturday. "We know it's time for partisan posturing to yield to responsibility to govern. It's time to stop treating our federal Treasury like the corner cash machine."

Congressional officials said the real battle will be between Rep. Stenholm's and Rep. Gephardt's balanced budget amendment proposals. "We're no longer debating within our party whether or not we should have a constitutional amendment. We're now debating what form it should take," Stenholm told reporters.

Gephardt said his amendment "gives the President the authority to tell us in overall terms how much can be spent. It's the ultimate line-item veto and rightly brings the President back into the process."
(J. Moss, Washington Times, A3)

**INVESTIGATORS FIND UNSAFE PRACTICES
BY STRATEGIC PETROLEUM RESERVE**

NEW ORLEANS -- Overseers of the nation's 570 million-barrel emergency supply of crude oil have been accused by the Department of Energy of operating deficient environmental, safety and health programs.

A Department of Energy Report made public Sunday charged officials of the Strategic Petroleum Reserve and Boeing Petroleum Services, a contractor that operates the reserve, routinely ignored federal, state and local environmental and safety laws and regulations.

An enormous backlog of maintenance problems threatens the safety of workers at the reserve's six underground crude oil storage sites in salt domes along the Gulf Coast in Texas and Louisiana and at a pipeline terminal at St. James on the Mississippi River, according to the report.

Secretary Watkins, in a letter to the chief of the department's fossil energy division, said the difficulties "can be attributed to the failure of top management to recognize the implication of problems and take prompt action for their resolution."
(UPI)

STUDY SHOWS DROP IN VIOLENT CRIMES

A Justice Department study out Sunday showed violent crime dropped in urban, suburban and rural areas between 1981 and 1989. The study shows crime dropped 25% in cities, 17% in suburbs, and 10% in rural areas. The study found rural dwellers are least likely to be victims of violent crime. Among victims of aggravated assault, 2.6% of city dwellers used guns to defend themselves, compared with 1.8% in the suburbs and 0.5% in rural areas.

(Nationline, USA Today, 3A)

EDITOR'S NOTE: "Bush And Perot Battle To Be Truer Texan," by Maureen Dowd, appears in the New York Times, page A1.

NETWORK NEWS

(Sunday evening, June 7)

PEROT/PRESIDENT

CBS's Connie Chung: President Bush wasn't able to escape a Sunday or a meeting with a world leader without the name of Ross Perot coming up. And at least one leading Republican is telling the President he better get used to the Perot factor and better do something about it.

CBS's Randall Pinkston: Wrapping up a Camp David meeting with Prime Minister Major on a host of international issues, President Bush acknowledged that domestic politics was also on the agenda. (TV coverage of President Bush driving golf cart with Major.)

(President Bush: "I cannot tell a lie. His name came up.") His name is Ross Perot. He has yet to announce but is already viewed by many top Republican strategists as a bigger threat than Bill Clinton. Today the President was trying to sound upbeat.

(President Bush: "I do better when I'm fighting. I do better when I'm coming from behind.")

But some of the President's supporters are in state of Perot panic. Outspoken conservative congressman Newt Gingrich fired off a wake-up memo to the Bush-Quayle campaign that was leaked to reporters.

(Rep. Gingrich: "I felt that I had to write a memo that said don't focus on Perot as a personality. Recognize that this is a historic outbreak of genuine anger.")

Bush campaign officials said the Perot campaign must be taken seriously but said it's too early for panic despite some polls showing Perot beating Mr. Bush.

(TV coverage of President Bush getting off of Marine One Sunday.)

(Fred Malek: "There's a big difference between casting a poll opinion in June and a vote in November. And if you don't believe that you ought to just ask either president Dukakis or president Mondale.")

The President's supporters are hoping Perot stumbles when the public hears his positions on issues.

(Sen. Dole: "I don't believe they're just going to take general principles that I'm for good government or I want to balance the budget or I want to deal with the deficit. That's not enough. Most people are going to say, 'How you going to do it?'"

But a top Republican strategist who jumped ship to join Perot predicts voters will look beyond issues.

(Ed Rollins: "The critical thing in this election is going to be leadership. And whoever can project leadership and a vision of the future in solving the problems that are facing the country is really going to be the person who is most successful.")

The President hopes an economic turnaround will draw voters back to him by the fall. It has worked in the past for other presidents. But this year, with the likely three-candidate contest, the old rules don't apply. As Mr. Bush admits, it's weird out there.

(CBS-Lead)

ABC's Forest Sawyer: British Prime Minister Major was in Camp David today meeting with President Bush. They did discuss foreign policy, but the overriding concern at the White House today is presidential politics. Major, who won a come-from-behind campaign two months ago, told the President to just stick with it. But with Ross Perot's stealing headlines and leading in some polls, advisers to both the President and to Bill Clinton are, frankly, unsure just what they should do next.

ABC's Ann Compton: Alarm bells were going off within both major parties today to blunt the power of Ross Perot. In the Republican camp, Congressman Gingrich confirmed he sent a warning that the President must confront Congress because voters want action. (**Gingrich:** "They're telling you how dissatisfied they are. And my message to the White House is don't worry about Perot, worry about the American people. If you lead the American people Ross Perot will disappear.")

Today it appeared that the Gingrich memo was never delivered.

(**President Bush:** "I haven't seen the memorandum.")

Democrat Bill Clinton was getting advice from Mario Cuomo to agree with congressional leaders right now on an agenda for a first 100 hundred days in office. Clinton called it a good suggestion.

(**Clinton:** "We've got to do something to break the gridlock in Washington.")

And on "This Week With David Brinkley," Ron Brown insisted only the Democrats can show voters a working partnership.

(**Brown:** "George Bush can't work with the Congress. There's nothing in Ross Perot's background to indicate that he has any chance of working effectively with the legislative branch. Bill Clinton can do that.")

Perot's lieutenants made the round of television's talk shows too, saying their man is not part of the Washington problem.

(**Rollins:** "I think the problem with the political process today is that both ends of Pennsylvania Avenue have the other end as a convenient scapegoat.")

President Bush today reclaimed his 1988 role of underdog.

(**President Bush:** "I do better when I'm fighting. I do better when I'm coming from behind. And I'm also one who remembers four years ago, maybe to this very minute, being 17 points back. So this is a weird year.")

President Bush does appear to be taking the Perot challenge more seriously these days, but he still refuses to get more aggressive either with Perot or with Clinton until closer to election day.

(ABC-Lead)

NBC's Garrick Utley: President Bush was working today in getting advice about his reelection campaign.

NBC's Jim Miklaszewski: Despite increasing concerns from within his own Republican ranks about Ross Perot, President Bush appears to have adapted the Alfred E. Neuman strategy: "What? Me Worry." (**TV coverage** of President Bush driving golf cart with major in it.) In a secluded weekend at Camp David Bush sought a little advice from Prime Minister Major who had just squeaked through a tough reelection battle of his own. Major's advice: stick with it. Some recent polls show, however, Bush now trailing both Ross Perot and Bill Clinton. He appears to relish the role of underdog.

(President Bush: "I do better when I'm fighting. I do better when I'm coming from behind. And I'm also one who remembers four years ago, maybe to this very minute, being 17 points back. So this is a wierd year.")

But many key Republicans and Bush supporters fear that Bush is disengaged -- is not taking the Perot challenge seriously. They worry that Perot has effectively tapped into America's fear and anger. And the White House has no strategy to deal with it. House minority whip Newt Gingrich fired off a memo to the White House urging the President to get more aggressive -- take the issues and Ross Perot head on. Former Republican strategist, now one of Perot's campaign managers, Ed Rollins, offered the White House a little advice.

(Rollins: "It's is a different environment, and if you're prepared to run in the old environment you're not going to do well.")

On the earth's environment, Bush could be facing another political setback. He goes to the environmental conference in Rio this week but says he'll still refuse to sign a biodiversity treaty to save endangered species. Bush says it could cost Americans their jobs.

(President Bush: "So I have nothing to be apologetic for.")

Prime Minister Major, who will sign the treaty, appeared to hint that problems with the treaty could be overcome.

(Major: "I think we'll probably be able to solve them.")

And in Rio today Bush's environmental chief tried to bail his boss out, saying the U.S. would support the treaty's intent.

(William Reilly: "We will support biological diversity in the rest of the world just as though we were a treaty participant.")

Bush is convinced that if Americans understood his position on the environment they would support him. But then that's been the rap against the Bush White House and campaign. They either can't sell the Bush message or don't believe it themselves. (NBC-3)

PRESS CONFERENCE/EASTERN EUROPE

Sawyer: The turmoil in Eastern Europe was much on the minds of President Bush and Prime Minister Major this weekend. The two leaders spoke to reporters at Camp David this afternoon and said that as bad as things are, they are not as bad as they might seem.

ABC's Barrie Dunsmore reports President Bush maintains that in spite of the explosion of ethnic wars and separatists movements, the world is still a safer place than it used to be.

(President Bush: "Nobody said that the emergence of freedom would be easy. What's different is we are not facing one aggressive, international communist force. Prime Minister Major did have a warning for the slovakian separatists. If they divided Czechoslovakia, Major said, they would jeopardize their chances to be part of the E.C. As for the continued carnage in the former Yugoslavia, this past week the U.S. tried and failed to get NATO to consider military intervention. But publicly, neither Bush nor Major raised that option today.

(President Bush: "We're very concerned, and we must be willing and to find a way to help in a humanitarian sense. But we are going to stay with the sanctions and see where we go from the U.S. standpoint.")

Sanctions may work, but for those starving and dying today in Sarajevo, George Bush's new world order is meaningless when old democracies are willing to stand by and watch new ones be crushed.

WEED AND SEED PROGRAM/TRENTON, NEW JERSEY

Utley reports Trenton, N.J., was to be a showcase of Weed and Seed.

NBC's Fred Briggs reports what you hear a lot is that there is too much emphasis on weeding and not enough on seeding.

(William Young, Trenton City councilman: "Job placement, job training. Unless and until we do that, quite frankly, this is just a going through an exercise.")

For drug users, Weed and Seed has penalties, but it lacks provision for:

(Mayor Palmer, Trenton: "Treatment. People need treatment. There are people that are sick and they want to be treated.")

Yet in less than a year the project has raised some hopes, made some streets safer, but it's just a beginning.

(John Bailey, Trenton Weed and Seed project director: "Weed and Seed is not the answer to all the problems. It is a part of the answer to some of the problems.")

What's weeded and seeded must also be cultivated. (NBC-5)

CLINTON

Chung reports Bill Clinton today seemed to be setting a new agenda.

CBS's Jacqueline Adams reports Clinton confirmed that he's taking Gov. Cuomo's advice. He's trying to get congressional support for his reform package now to assure voters he can truly be their agent of change.

(Clinton: "I'm the only person with a proven record of passing sweeping reform through legislature.")

At a meeting with key Democratic governors in Colorado and in the traditional media, Clinton's supporters drove home the theme while sharply attacking the opposition.

(Ron Brown, "Brinkley": "George Bush can't work with the Congress. There's nothing in Ross Perot's background to indicate that he has any chance of working effectively with the legislative branch. Bill Clinton can do that.")

(Gov Romer, Col.: "People are kind of sick and tired of the government they've seen. And Bush has obviously been responsible for a large portion of that.") (CBS-2)

PANAMA

NBC's David Blume says President Bush is not likely to hear the protests of Panamanians like Isabelle Coro [phonetic] [on his trip to Panama]. Coro represents relatives of those killed in the American military strike. She argues that for Panamanians the legacy of Operation Just Cause is hunger, misery, poverty and injustice.

(Coro: It's inadmissible and it's immoral -- a country that respects itself cannot accept that the man who commits genocide on their country enters Panama openly as if nothing happened.")

Coro wants an apology from President Bush. Less Panamanians just want the U.S. to come through with the hundreds of millions of dollars in relief already promised. (NBC-12)

CONGRESSMEN RETIRING

ABC's Cokie Roberts reports the list of deserters grows longer every day as record numbers of lawmakers declare they just can't take the rigors of another campaign to serve in a government where nothing is getting done.

(Rep. McHugh, (D-NY)): "The President and the Congress are unwilling to tell people the truth about the short-term sacrifices that have to be made for the long-term strength of our country.")
(ABC-2)

BOSNIA

Utley: This is what's it's like to be in Sarajevo tonight: 300,000 people are trapped in the city. Food is scarce. Water supplies have been cut. And from the hills around the capital of Bosnia, Serbian artillery barrages continue, aimed at crushing Bosnia's bid for independence from Yugoslavia. At least 30 more people died in the city this weekend. More than 5,000 are believed to have died in Bosnia in the past three months. Sarajevo is a city under siege.
(ABC-3, CBS-4, NBC-Lead)

JESSE HELMS

Utley reports Sen. Jesse Helms last week had open-heart surgery. Today he stopped breathing and was placed on a respirator. Helms is in intensive care. Doctors say he is expected to recover.
(CBS-10, NBC-2)

-End of B-Section-

ABC -- THIS WEEK WITH DAVID BRINKLEY

Moderator: Sam Donaldson. **Panel:** George Will, Barbara Walters.

Guests: Ron Brown, Fred Malek, Ed Rollins.

Guest: Ron Brown.

Brown: ...The American people want change. It's clear...that there's only one candidate who can't possibly be the candidate of change. And that's George Bush. He's the epitome of the status quo. Bill Clinton has a plan for change. George Bush has no plan. Ross Perot evidently has no plan. The American people don't know who he is or what he stands for or what he believes in....

Brown: ...The only way to make it [our system] work in the U.S....is for the Congress and the President to work closely together. George Bush can't work with the Congress. There's nothing in Ross Perot's background to indicate that he has any chance of working effectively with the legislative branch. Bill Clinton can do that....

Will: ...Some people have said what's going on right now is the Clinton-Perot primary to see who emerges as the principle challenger to George Bush. Is that invidious and unfair to state?

Brown: Yeah. I think that's Republican wishful thinking.... That's not the way it is. The latest polls make...the incumbent president the most irrelevant....

Guest: Fred Malek.

Donaldson: ...This last week he [President Bush] held a news conference and the broadcast networks didn't cover it. Doesn't that make him look silly when he says, "I've got a plan, and I want to tell the American people," and no one sees it?...

Malek: The important thing is that the President had a very important message for the future of the American economy. And that was the importance of passing the balanced budget amendment. It's a shame the networks didn't think that was a serious enough topic to want to cover....

Walters: ...One of the biggest criticisms about President Bush is that he doesn't seem to have an ideology.... Can you tell me what the President is passionate about? And a balanced budget doesn't sound too inspirational.

Malek: ...He feels passionate about an economic opportunity for all Americans. He feels that all Americans deserve a chance to get a sound education. He feels deeply and convincingly that we need strong law and order in order to secure our neighborhoods and streets. He believes in fundamental family values. He believes in a national defense capable of securing world peace....

Will: ...Mr. Bush has said he will do whatever it takes to get reelected. If it looks in the next month or so that it would help him get reelected to run with someone other than Mr. Quayle, would he consider that? Do you think it's an absolute closed question?

Malek: I think it's an absolute closed question....

Donaldson: ...Will Sam Skinner remain chief of staff?

Malek: ...They [Skinner and staff] are doing a fine job.... I don't envision any change.

Guest: Ed Rollins.

Donaldson: ...Why can't we just assume that you're a hired gun doing it simply because...you can't stand not to be in the game?

Rollins: ...My motivation is that I've been a student and a teacher and a practitioner of government for most of my life. I think there's a movement in America today that's demanding change. I see Ross Perot as a candidate who can -- obviously, he's not part of a system -- that he can come to Washington and make those changes. He's got a lifelong history of being a leader.

Rollins: ...I think you'll find in the very near future that Mr. Perot is going to get very specific on a lot of issues. The critical thing in this election, I think, is really about leadership. The American public is craving leadership. They don't see it from either Mr Clinton --

Rollins: ...He [Perot] is going to lead them to some sort of an economic stability which is what's first and foremost in...people's mind. I think that people see with the President, who's a very fine man and a very decent man, his interest is in foreign affairs. It's always been foreign affairs and probably will be foreign affairs in the future.

DISCUSSION

On the election, Tom Wicker joins panel:

Will: ...The basic outcome of this election is already known. We're going to have a weak plurality president. Clinton is probably the weakest challenger to an incumbent since John Davis in 1924.... And George Bush is probably the weakest incumbent seeking reelection since Andrew Johnson in 1868.

On the press conference:

Donaldson: ...The networks didn't show up [to the President's news conference].

Will: The networks made a news judgement. And they made, of course, the right one, which is if all he's going to do is come out and reiterate ad nauseam a commitment he's had for a very long time and has been ineffectual at pushing, then why cover it? The networks did the Bush campaign an enormous favor by not putting that manikin, incoherent performance in front of a larger audience than it had anyway.

-more-

On the campaign:

Walters: ...What is the President to do? He outlines an agenda. He tells where he stands on everything. And still he isn't able to capture what I call the passion -- what somebody else calls excitement, what somebody else calls leadership. How do you do that?

Donaldson: George Bush is a technocrat. He's an inside-the-beltway guy. He's not an outsider. And what he should do is rehire James Baker -- come back and start running a campaign in which the beneficial side of that is projected.

Will: ...Earlier this week a senior White House official said, "We don't understand why our message isn't getting out. We've given 40% more speeches on domestic policy than Reagan was giving at this point." It's not quantity. It's quality.

On the election:

Donaldson: ...Who are going to be the top two people in the election?

Wicker: Clinton and Bush.

Walters: ...Perot and Bush.

Will: Clinton and Bush.

Donaldson: I think it's going to be Clinton and Bush also, but I'm betting nothing on it.

###

NBC -- MEET THE PRESS

Moderator: Tim Russert. **Panel:** David Broder, Andrea Mitchell.

Guest: Sen. Dole.

Russert: ...What are you hearing back in Kansas [regarding Perot]?

Dole: I just finished a survey. It's a dead heat between Bush and Perot -- about 34 percentage points a piece. Now, that was taken 10 days ago, and I think Perot is still probably moving up. Clinton seems to be sort of out of it....

Russert: ...Right now, why shouldn't people vote for Ross Perot?

Dole: Right now? Well, it'd be all right right now. But maybe by November when you flesh out the issues, then I think it's going to be a much different race. So I think he's for real. I don't think he's going to go away next week or next month. He's in this race, and I think he's going to be a factor up until the end.

Russert: What's the best rationale for people to re-elect George Bush?

Dole: I think experience, leadership -- you know, these days maybe that's a minus. People seem to think, "We've tried all you politicians." And that's where I think Ross Perot has another advantage. If the media goes after Perot -- it's all right to go after politicians. Don't go after businessmen. And so right now he's in a very good position. But I think President Bush has demonstrated leadership certainly in foreign policy. I think what he [President Bush] ought to be saying is..., "Give me a Republican Congress or elect a Democratic president. Let's stop this divided government. Let's have some accountability in government."...

Russert: ...You will acknowledge there's a perception problem that this President has not been focused on domestic policy?

Dole: ...There is a perception policy (sic?), but having been around here for a while, I think President Bush is more engaged than President Reagan was, for example, in domestic policy. He understands domestic policy. But let's face it, right now it doesn't seem to be getting off the ground. There's no clear message....

Broder: ...Do you know what he wants to accomplish in his second term?

Dole: ...I think in the second term he wants to refocus on the deficit -- how to get the deficit under control. I think that's public enemy number one. We haven't done that in the first term. That's got to be a priority in the second term, and it's probably why he's now pushing hard on the balanced budget amendment, which may or may not work.

Mitchell: ...What would you do to fix the campaign, to fix the message?

Dole: My view is that the President just has to stick with what he's doing. I don't think he takes on Ross Perot at this stage. I think sooner or later he may have to. As I said earlier, I think Ross Perot's going to be around for a while.

Mitchell: ...Should he [Baker] come back? Should he go to the rescue of his friend?

Dole: That's a call the president has to make. I don't know their relationship that well. My view is that Jim Baker can be helpful on the margin, but I think President Bush has to do it himself. This is his race as well as it's Ross Perot's race or Bill Clinton's race.

Russert: ...Should the language in the platform of the Republican Party be changed or altered to include the abortion rights people who happen to be Republicans?

Dole: I think there the president has a real problem because of his changing his position again. My view is it might be like the tax issue. There might be certain shadings you could do as far as abortion for sex selection or birth control or notification.... But I think on the basic question of his position, he shouldn't change it.

Russert: An issue that's been discussed in the Senate is fetal-tissue research. You have voted against the President on that. If he vetoes that bill will you vote to override his veto?

Dole: It's going to be a tough vote. I think the President in this case -- I don't tie this to abortion. To me this is research, science, saving lives. It's a life vote as far as I'm concerned. It's a pro-life vote. But I hope it doesn't come to that. I am the leader. I assume I'd have to vote for the President. I don't want to. I'd rather he sign the bill.

Broder: ...Two aid programs seem to have been forgotten or bogged down: one to help the former Soviet Union, the other to help the cities. Are we going to see any action in Congress on either of those fronts?

Dole: Yes. I think we'll pass initially a package to the cities this next week. The conferees agreed on Friday. It has a few provisions the President doesn't like, but I think that it will pass....

Broder: Is the President going to sign that bill even though it's much larger than what he asked for?

Dole: If he has the discretion to spend it, yes. If they say, "Okay, Mr. President, you don't have to spend it, but you -- we want you to spend it," then I think he should sign it. I don't think we'll have a Soviet aid package until we have an urban aid package.... Yeltsin's going to be here the 16th and 17th of this month. We'd like to have something when he arrives, but it's going to be -- it's very doubtful. ###

CBS -- FACE THE NATION

Moderator: Bob Schieffer.

Guests: Tom Luce, Perot campaign manager; Morton Meyerson, Perot adviser.

Schieffer: ...Who's on the short list for vice president?

Meyerson: We're not disclosing the short list because there is no short list just now. We're concentrating on getting Ross on the ballot. And we're also studying who are possible people to be the vice president....

Schieffer: When are we going to begin to know more about Ross Perot and what his positions are on things?...

Luce: ...I think what the American people want to know is how do you approach solving the problem? How do you turn it into a reality of solving the problem?... That's what the American people want. They don't want another 17-point program.... What's needed today is let's build a consensus, make some choices, and get on and solve the problem....

POLITICAL DISCUSSION

On Perot; joined by John Mashek, Boston Globe; E.J. Dionne, Washington Post:

Dionne: ...I think one of the problems...particularly for President Bush, is that...the Perot vote...looks more like a Republican vote. The rallies look more like Republican rallies. And Perot could be a kind of dagger aimed at the heart of this Republican coalition because I think he's picking up, first and foremost, in addition to his other votes, Republicans who voted for President Bush, President Reagan twice, and also some of those conservative Democrats who did the same.

Meyerson: ...It's just not true that his support comes out of the Republicans. It comes all across the board. Any analysis that you do...shows that Ross is creating interest for people in all -- in both parties, from every walk of life. And nothing that we've seen indicates that it's a narrow band of people.

Mashek: ...There's another reason for Mr. Perot's candidacy, at least if you talk to some of the Bush partisans. That is Ross Perot somehow has a grudge or a vendetta going against President Bush -- whether it's sociological or that he was spurned at one point in the effort to help the POWs. Maybe you gentlemen can explain that.

Luce: ...That's got to be the wildest statement I've ever heard. Nobody would subject themselves to the pain, to the torture, to the amount of energy they'd have to pour into traveling this country and doing what Ross Perot has to do because you're mad at somebody. That makes no sense.

###

THE McLAUGHLIN GROUP

Moderator: John McLaughlin. **Panel:** Fred Barnes, Jack Germond, Morton Kondracke, Christopher Matthews.

On the press conference:

McLaughlin: ...Did George Bush do himself a favor with his primetime press conference?

Barnes: George Bush never misses an opportunity to miss an opportunity. And he had one with this press conference. But what he has to do is attack Ross Perot. Perot is eating his base away of Republicans and Reagan Democrats and independents. And George Bush sits back and thinks -- and his aides tell him it would be undignified to attack.... He's living in "Dukakis Land." The press can't carry this issue. It needs the President -- the candidate to give it some visibility, to have it dominate the campaign, to give it legs, talking about Ross Perot's flip-flopping, talking about Ross Perot's wheeling and dealing. Republicans in particular are looking for some leadership -- some fight from this guy, and they're getting none of it. Remember when Bush began attacking Mike Dukakis in June 1988 -- attacking him on these issues like the flag, Willie Horton. Everybody said it would be undignified for him to do it, but Lee Atwater said, "The only way we raise these issues is if the candidate himself does it." Bush has to do it again.

McLaughlin: ...Richard Nixon said the one thing that Bush should not do is attack Ross Perot. What do you think?

Matthews: Clearly Bush knows that Perot is killing him out there. I was out in California the last two weeks. All these Republicans are all for Perot...enthusiastically.... So he's losing his base: the Silicon Valley -- the high tech type of people, the guys who know what it means to create a job.... He to them is the real Republican candidate. And that's what should scare Bush's socks off.

Germond: On the press conference I thought he [Bush] was very lucky that NBC, CBS and ABC chose not to air it because it was a disaster. He comes out there and is talking about the balanced budget amendment. He's been talking about that for 15 years. On the business of Perot,... don't attack right now for this reason. First of all, he [Bush] has to put a positive spin on his own performance. And he has to have something new to do, new to cite, which he doesn't have. The danger of attacking Perot right now is that the people who are with Ross Perot don't like negative politics, and you don't want to alienate them because they are your people....

McLaughlin: ...Do you agree with Jack Germond that Bush has no issue with the balanced budget amendment?

Kondracke: Absolutely, I think the balanced budget amendment is a total fraud, and it's a desecration of the Constitution....

-more-

McLaughlin: ...I thought there was a level animation [at the press conference]. He was particularly effective also on his treatment of the Rio summit.

Barnes: He didn't have anything new to say.

McLaughlin: But he did the best that he could with what he has. And he showed energy, and he showed also an ability to handle the press.

Barnes: That wasn't the best he had....

Kondracke: ...He [Bush] certainly ought to comment on the issue [attack Perot] -- raise the question and fundamentally attack -- get those negative issues up there.

McLaughlin: ...Who won the week?

Barnes: Perot all the way.

Matthews: Perot is still gaining.

Germond: Perot.

Kondracke: Perot.

McLaughlin: Perot.

###

INSIDE WASHINGTON

Moderator: Gordon Peterson. **Panel:** Charles Krauthammer, Carl Rowan, Nina Totenberg, Tom Oliphant.

On Perot:

Krauthammer: ...What you have in Perot is a moderate Republican. He's pro-choice, but generally speaking, his views on the world and the economy are that of a businessman. And that's why he's so scary to the Bush Administration because in the end if people look at Perot as a real person with real positions, he's going to be very, very much like Bush. And that means he's going to hurt Bush much more than he's going to hurt Clinton.

Oliphant: ...It is interesting that the sources of his appeal in the issues area right now...is his emphasis, much greater than Clinton and Bush, on the condition of the economy and on the budget deficit. And people are not so much concerned about where he comes down on the deficit as that he comes down on it first.

On the press conference:

Peterson: What do you think of the networks saying no [to covering his press conference] to the President?

Oliphant: ...Bush is not somebody who has pressed the primetime advantage in his presidency. And that made the request interesting because it tells you about these people floundering around in the West Wing assuming, "Let's put him on TV in primetime, and we'll get some good exposure." No.

Oliphant: ...When I first heard about it Tuesday and Wednesday I thought it just served as kind of joke and that they really wouldn't go ahead with it because it was so transparent. And what amazed me was that when he went on, it really was that transparent.

Rowan: ...We saw in that press conference that the problem isn't Skinner, the problem isn't the campaign committee. The problem is George Bush, which George Bush does not seem to understand. And if he thinks that he can convince Americans that he's got hold of this economy and is going to bring back some jobs when all he talks about is an amendment to the Constitution to balance the budget, he is out of touch with the world.

Peterson: What is it going to take to pull his campaign together?

Krauthammer: He's going to have to do a little bit better than on this press conference in which he said, "I'm staying in my non-political mode for a little while longer." This is a guy who reads the memos his aides give to him on the air. He says, "Message: I care." He's showing his strategy in public rather than addressing issues. And I think his problem is deep-down that he doesn't have a domestic agenda, and he has to pretend that he does over the next six months. He may succeed, but I think it's transparent that he doesn't.

-more-

Oliphant: ...The problem is they [Bush team] have made their decision to put their hopes on the economy and to...sell the concept of experience. And it isn't selling now.

Totenberg: ...This guy [Bush] doesn't sound like he is really sure he's done a good job.

Rowan: He was asked several other questions about Ross Perot -- none of which he really answered. He is listening to those people still, who tell him, "Just be cool. Ross Perot is going to self destruct." I don't see any signs that Perot is going to self-destruct. He's going to be a force right down to the November vote.

On abortion, family values:

Krauthammer: ...Abortion's a very salient issue. If the Supreme Court issues a ruling which overturns Roe, it's going to be one of the top two issues in the campaign.

Oliphant: I think it goes well beyond that because there's a deeper alienation here: a feeling that the government is not acting in support of families -- helping kids really get educated, helping people have access to affordable health care and housing....

On Rio:

Krauthammer: ...This treaty on protecting species has nothing do with saving species. It has to do with the Third World picking our pockets on the biotechnology industry. And that's the reason that we said no.... Bush is correct to walk out of this one.

###



SCHEDULE OF THE PRESIDENT

Monday, June 8, 1992

8:00 am (30 min)	<u>Personal Staff Time</u>	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 (30 min)	<u>Meeting with Chief of Staff</u>	Oval Office
9:45 am (45 min)	<u>Administrative Time</u>	Oval Office
10:30 am (30 min)	<u>Meeting with Attorney</u> <u>General Barr</u> (Holiday)	Oval Office (TAB A)
11:00 am (15 min)	<u>Personal Staff Time</u>	Oval Office
11:15 am (15 min)	<u>Drop by Meeting with State</u> <u>Legislators</u> (Demarest)	Roosevelt Room (TAB B)
11:30 am (30 min)	<u>Staff Time</u> (Zamaria)	Oval Office
12:00 pm (75 min)	<u>Lunch</u>	Oval Office
1:15 pm (45 min)	<u>Personal Staff Time</u>	Oval Office
2:00 pm (15 min)	<u>Photos with departing</u> <u>USSS Agents</u> (McBride)	Oval Office (TAB C)
2:15 pm (45 min)	<u>Personal Staff Time</u>	Oval Office

UNP 06/05/92
6:00 pm



3:00 pm
(30 min)

Staff Time
(Zamaria)

3:30 pm
(30 min)

Meeting with Secretary Cheney

Oval office

4:00 pm
(30 min)

Administrative Time

Oval Office

4:30 pm
(30 min)

Meeting with Chief of Staff

Oval Office

5:00 pm

Haircut

West Basement

UNP 06/05/92
6:00 pm

THE WHITE HOUSE

WASHINGTON

June 5, 1992

MEETING WITH ATTORNEY GENERAL BARR

DATE: June 8, 1992
LOCATION: The Oval Office
TIME: 10:30 a.m.

FROM: EDE HOLIDAY *grb for*

I. PURPOSE

To meet with the Attorney General to discuss crime issues.

II. BACKGROUND

During your last trip to Los Angeles, you spoke by telephone with the Attorney General regarding crime and drug problems, and suggested a meeting to discuss these issues at length.

III. PARTICIPANTS

The President
Attorney General Barr
Sam Skinner
Clayton Yeutter

IV. PRESS PLAN

White House photographer only.

V. SEQUENCE OF EVENTS

The Attorney General will be escorted into the Oval Office for your meeting and depart at its conclusion.

VI. REMARKS

None required.

THE WHITE HOUSE
WASHINGTON

JUNE 5, 1992

MEETING WITH STATE LEGISLATIVE SUPPORTERS OF A BALANCED BUDGET AMENDMENT

DATE: JUNE 8, 1992
TIME: 11:15 A.M.
LOCATION: THE ROOSEVELT ROOM
THROUGH: DAVID DEMAREST
FROM: BOBBIE KILBERG BK
MARY MCCLURE Mary

I. PURPOSE:

To reinforce your commitment to a Balanced Budget Amendment and to mobilize state legislative support.

II. BACKGROUND:

The Balanced Budget Amendment is expected to reach the House floor next Wednesday. The state legislators with whom you are meeting have been supportive of the concept of a Balanced Budget Amendment since its introduction. Many have been instrumental in passing Balanced Budget Amendment resolutions in their states, calling for a constitutional convention.

The state legislators do not have a specific preference regarding the various proposals in Congress. Their main concern is that any Balanced Budget Amendment contain safeguards to prohibit Congress from transferring additional financial burden of federal programs to the states through unfunded mandates.

This meeting will demonstrate your commitment to Congressional passage of a Balanced Budget Amendment this year. It will also give you an opportunity to express your understanding of the states' concerns that they not be adversely affected.

III. PARTICIPANTS:

The President
Chief of Staff Skinner
Director Darman
Nick Calio
David Demarest
Bobbie Kilberg

Nineteen state legislators who are supportive of the
Balanced Budget Amendment. (Attached)

IV. PRESS:

Open Photo; Writing Pool.

V. SEQUENCE OF EVENTS:

- You arrive in the Roosevelt Room.
- You make brief remarks.
- You participate in discussion.
- You depart the Roosevelt Room.

VI. REMARKS:

Talking points provided by Intergovernmental Affairs.

THE WHITE HOUSE
WASHINGTON

PRESIDENTIAL MEETING WITH STATE LEGISLATIVE ATTENDEES

Monday, June 8, 1992

11:15 a.m.

The Roosevelt Room

Speaker Dan Blue (D) - NORTH CAROLINA - Speaker of the North Carolina House of Representatives.

Speaker Tom Boyd (R) - IDAHO - Speaker of the Idaho House of Representatives.

Former Senator James Clark (D) - MARYLAND - Former State Senate Majority Leader in Maryland. Clark is considered one of the key state legislative founders of the balanced budget amendment movement.

Senator Charles Cook (R) - NEW YORK - State Senator.

Senator John Drummond (D) - SOUTH CAROLINA - State Senator.

Representative Robert Eckles (R) - TEXAS - State Representative representing Texas' Republican caucus.

Senator Hugh Farley (R) - NEW YORK - State Senator. Former NCSL State-Federal Assembly Chairman; Former Council of State Governments (CSG) Chairman.

Representative Gil Gutknecht (IR) - MINNESOTA - State Representative.

Representative David Halbrook (D) - MISSISSIPPI - State Representative.

Representative Ken Harper (R) - KENTUCKY - President, National Republican Legislators Association.

Senator Jeanette Hayner (R) - WASHINGTON - Senate Majority Leader.

Representative James Henshaw (R) - OKLAHOMA - State Representative.

Senator James Neal (R) - DELAWARE - State Senator.

Representative Fred Noye (R) - PENNSYLVANIA - ALEC National Chairman.

Representative John Overington (R) - WEST VIRGINIA - State Representative.

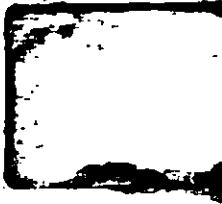
Senator R.T. "Tom" Phillips (R) GEORGIA - Senate Minority Leader.

Senator Robert "Bob" Presley (D) - CALIFORNIA - State Senator.

Representative Tom Ratteree (R) - COLORADO - State Representative.

Senator Raymond Rawson (R) - NEVADA - Deputy Senate Minority Leader.

**CARD FOR OPEN PRESS/BALANCED BUDGET
MEETING/JUNE 8, 1992**



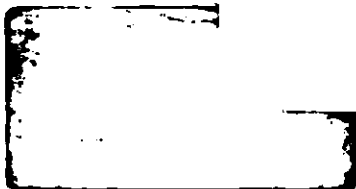
- Welcome, all of you. Let me make this short statement before we "close the doors." 44 states have constitutional provisions for a balanced budget -- and all but one of you come from those 44 states. It's time we brought the fiscal discipline you live with every day to the federal level.

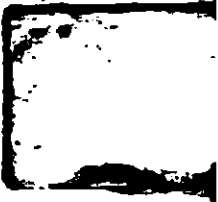
Passing a balanced budget amendment is essential to the long-term economic health of this country. It's time to stop treating our federal treasury like the corner cash machine. We have a moral imperative to act on behalf of future generations.

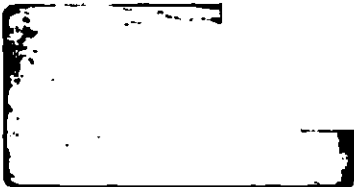


**BALANCED BUDGET AMENDMENT MEETING
ROOSEVELT ROOM / JUNE 8, 1992 / 11:15 a.m.**

- Thank you for coming in today. I wanted to get you all together to talk about the balanced budget Constitutional amendment situation.
- As you know, for years I have asked Congress to pass an amendment requiring a balanced federal budget. It looks like our best shot will come later this week in the House of Representatives when the House debates a series of balanced budget Constitutional amendments.



- 
- You know as well as I do how fed up the American people are with "business as usual" in Washington. Well, this amendment will be an end to that in a hurry. These are extraordinary times demanding extraordinary solutions, and that's why our country needs this amendment.
 - Today, our national debt is a staggering \$4 trillion. Interest payments consume nearly 15 percent of the federal budget. The National Taxpayers Union estimates debt interest payments will cost taxpayers \$295 billion this year. That means 62 cents out of every income tax dollar pays interest on the national debt.
- 

- The federal deficit exists because government spends too much -- not because it taxes too little.
 - As state legislators, you are vital to making the balanced budget amendment a reality. Many of you have led the fight calling for a constitutional convention to require a federal amendment.
 - I understand your concern that a balanced budget amendment might be used by Congress to try to pass more unfunded mandates onto the states. As you know, I oppose unfunded mandates, and will work to ensure that this approach is not taken.
- 

- 
- I'm sure there is some disagreement in this room about which approach is the best. I've said before and I'll say again that I prefer what's called the "tax limitation approach" - the one introduced by Representative Joe Barton and Senator Bob Kasten.
 - But I want to also say that after all these different amendments are offered, let's make sure we all pull together and unite behind the amendment that stands the best chance of passing. At this point looks like the Stenholm amendment.
- 

- This is the best chance we've ever had to pass a responsible Constitutional amendment and I hope we do what we need to do before next week to make sure we can get two-thirds of the House and Senate to send this to the States for ratification.
- 

DOOR

DOOR

Dick Darman

Rep. John Overington
(R-WV)

Sen. Ray Rawson
(R-NY)

Rep. Gil Gutknecht
(IR-MN)

Sen. Bob Presley
(D-CA)

Sen. John Drummond
(D-SC)

Sen. Tom Phillips
(R-GA)

Sen. Charles Cook
(R-NY)

Sen. Jeanette Hayner
(R-WA)

Sen. Ken Harper
(R-KY)

Sen. Hugh Farley
(R-NY)

The President

James Clark
(Former MD Sen.)

Rep. Robert Eckles
(R-TX)

Speaker Tom Boyd
(R-ID)

Rep. Fred Noye
(R-PA)

Rep. Jim Henshaw
(R-OK)

Rep. David Halbrook
(D-MS)

Speaker Dan Blue
(D-NC)

Rep. Tom Ratteree
(R-CO)

Sen. Jim Neal
(R-DE)

Sam Skinner

The Roosevelt Room

DOOR

DOOR

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01. Memo	From Rose Zamaria, Re: Photo Opportunity with [Secret Service Agent]. (1 pp.)	06/04/92	(b)(7)(c), (b)(7)(e), (b)(7)(f)	

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Monday, June 8, 1992 [1]

Date Closed:	9/9/2019	OA/ID Number:	90686-004
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
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(b)(9) Release would disclose geological or geophysical information concerning wells

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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]

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02. Memo	From Rose Zamaria, Re: Photo Opportunity with [Secret Service Agent]. (1 pp.)	06/04/92	(b)(7)(c), (b)(7)(e), (b)(7)(f)	

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Monday, June 8, 1992 [1]

Date Closed: 9/9/2019 **OA/ID Number:** 90686-004

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

Appeal Case #:

Re-review Case #:

Appeal Disposition:

P-2/P-5 Review Case #:

Disposition Date:

AR Case #:

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Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03. Memo	From Rose Zamaria, Re: Photo Opportunity with [Secret Service Agent]. (1 pp.)	06/04/92	(b)(7)(c), (b)(7)(e), (b)(7)(f)	

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Monday, June 8, 1992 [1]

Date Closed: 9/9/2019

OA/ID Number: 90686-004

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

Appeal Case #:

Re-review Case #:

Appeal Disposition:

P-2/P-5 Review Case #:

Disposition Date:

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(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
04. Memo	From Rose Zamaria, Re: Photo Opportunity with [Secret Service Agent]. (1 pp.)	06/04/92	(b)(7)(c), (b)(7)(e), (b)(7)(f)	

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Monday, June 8, 1992 [1]

Date Closed: 9/9/2019 **OA/ID Number:** 90686-004

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

Appeal Case #:

Re-review Case #:

Appeal Disposition:

P-2/P-5 Review Case #:

Disposition Date:

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MR Case #:

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Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
05. Memo	From Rose Zamaria, Re: Photo Opportunity with [Secret Service Agent]. (1 pp.)	06/04/92	(b)(7)(c), (b)(7)(e), (b)(7)(f)	

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Monday, June 8, 1992 [1]

Date Closed: 9/9/2019	OA/ID Number: 90686-004
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) - 15 U.S.C. 552(b)

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Presidential Records Act - 144 U.S.C. 2204(a)

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Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
06. Memo	From Rose Zamaria, Re: Photo Opportunity with [Secret Service Agent]. (1 pp.)	06/04/92	(b)(7)(c), (b)(7)(e), (b)(7)(f)	

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Monday, June 8, 1992 [1]

Date Closed: 9/9/2019 **OA/ID Number:** 90686-004

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:

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RESTRICTION CODES

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*filed
Rush 7/8*

June 8, 1992

Nick Calio.

I took a call from Joe McDade 7.15 AM today.

I was worried he might bring up his problems. He did not. He simply was expressing his frustrations with the Democrats on the emergency bill--aid to cities etc.

He didn't ask for anything.

"the Dems have ruined the urban aid package"!!

Mc Dade will file urban aid package today with our numbers .etc etc etc

GB

4

cc: Dick Darman

BUSH LIBRARY PHOTOCOPY - George Bush Handwriting

FROM THE PRESIDENT

Presidential Phone Calls



DATE: 6-8

TIME: 7¹⁵
Incoming/outgoing

WITH: Joe McDade

SUBJECT: I

road map what is fair with
Perot - take you back to Penn

Larry O'Brien - Milton Schapp -
Milton now in to buy it.

will come thru w/ some
campaign as Perot - Schapp
destroyed

FOLLOW UP: _____

II File Cont report Tuesday
take up urban aid package -
Dems ruin urban aid
package - Lautenberg - highway money
Dems will coalesce - "so bad"
I'll file bill today - with your numbers

you are on side of
angels with this -

NB - his troubles never came up
He's my sympathizer !

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

daily 6/8

4032

THE WHITE HOUSE
WASHINGTON

22 JUN 5 12:51

June 5, 1992

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: BRENT SCOWCROFT 

SUBJECT: Poland Strategy

Purpose

To launch our strategy to use your Warsaw visit as a way of restoring momentum to Polish reform and obtaining greater G-7 support for Poland.

Background

The vivid political symbolism of your July 5 visit to Warsaw can be enhanced by several related substantive results:

- IMF agreement that Polish reform is back on track.
- New G-7 commitments to help Poland get through this most challenging phase of its transformation to a free enterprise economy. (One strong possibility is to allow Poland to begin to draw on \$1B currency stabilization fund for other uses, provided Poland can satisfy the IMF; our \$200M portion of that fund has already been "spent," so it will cost us nothing to let the Poles use it.)
- Concrete results from our investment "swat team," in the form of at least one major new U.S. deal and Polish passage of critical legislation.

As always, American leadership in fashioning a Western package will be essential. We are well-positioned to take advantage of the Vice President's efforts to get more Japanese help for Eastern Europe, and you will want to seek new support from John Major, Helmut Kohl and others. The case is compelling: Poland is the test case for successful transformation; failure or paralysis would destroy the credibility of reformers everywhere.

As a first step, we propose that you send the letter at Tab A to Lech Walesa, outlining what we hope he can deliver by the time of the visit. We will apprise the Poles of what we expect to bring once we obtain some commitments. The letter is a response to Walesa recent incoming at Tab B.

DECLASSIFIED

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

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

Declassify on: OADR

cc: Vice President
Chief of Staff

~~CONFIDENTIAL~~

2

RECOMMENDATION

That you sign the attached letter to Lech Walesa at Tab A.

Approve _____

Disapprove _____

Attachment

Tab A Letter to Lech Walesa

Tab B Incoming from Lech Walesa

CONFIDENTIAL

~~CONFIDENTIAL~~

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
07. Letter	President George Bush to President Lech Walesa [originally closed as 02]. (2 pp.)	n.d.	(b)(1)	

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Monday, June 8, 1992 [1]

Date Closed: 9/9/2019	OA/ID Number: 90686-004
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RESTRICTION CODES

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Unofficial translation

Warsaw, May 21, 1992

Dear Mr. President,

I thank you for your letter of April 28th, 1992, containing your wishes on the occasion of Poland's National Day-the anniversary of the adoption of the Constitution of May 3rd, 1791.

Your recognition, and emphasis of Poland's achievements, on the difficult road towards democracy and a market economy are of great importance to us, especially in the present difficult period.

With great pleasure I will greet you in Warsaw on July 5th of this year. I am certain that the ceremonial transfer of Ignacy Jan Paderewski's remains from Arlington Cemetery to the Warsaw Cathedral will become an important symbol of the bonds linking our Nations and Countries.

I look forward to our meeting in the Belweder. I hope that in the course of that meeting we will be able to discuss the specific results of the American economic and investment mission in Poland.

Once again I thank you for your wishes, and for your personal involvement in resolving Poland's problems.

Sincerely,
/-/ Lech Walesa

His Excellency George Bush
President of the United States of America
Washington, DC

Urządzenie Polakiej

Warszawa, dnia 81 maja 1992 roku

Szanowny Panie Przewodniczo!

Dziękuję bardzo za Pański list z 20 kwietnia 1992
r. Wyrażam nadzieję, że Pański wniosek - rozprawy uchwalenia
konstytucji z maja 1991 roku.

Pański wniosek o podjęcie uchwały o dokonaniu Polak
na terenie, do którego to gminy należy mają dla nas
dużo wagi, zwłaszcza w obecnym, trudnym okresie.

Z radością powitam Pana w Warszawie w dniu 6 lipca.
Wszystko, co Pański wniosek przynosi, jest dla nas
bardzo ważnym elementem w tym trudnym okresie.

Oczekuję nowego spotkania w Warszawie. Mam nadzieję,
że w tym czasie będzie Pan mógł omówić niektóre rezultaty pracy
amerykańskiej w tym trudnym okresie.

Wierzę, że dzięki Pańskim wysiłkom Polska osiągnie
wzrost gospodarczy i rozwój polityki.

Z poważaniem

Lech Wałęsa

Lech Wałęsa
Prezydent Stanów Zjednoczonych Ameryki
Washington

daily



June 8, 1992

To: Phil Brady cc C of S

Re: Gary Bauer memo on line item veto of Corp Pub Brdcasting Bill.

Please have reply prepared.

GB

4

BUSH LIBRARY PHOTOCOPY - George Bush Handwriting

FROM THE PRESIDENT



June 4, 1992

TO: THE PRESIDENT

FROM: GARY L. BAUER *GLB*
President

RE: Line-Item Veto the Corporation for Public Broadcasting Reauthorization

Mr. President, you are getting a lot of unsolicited advice lately. I hesitate to add to your burden. None-the-less, it strikes me that you have a good opportunity before you.

S. 1504, the three-year reauthorization bill for public broadcasting activities, passed the Senate yesterday after all amendments to reduce the \$1.1 billion authorization level were defeated. As passed, the bill includes a 50 percent increase in authorized funding levels, with the authorized amount rising from \$355 million in FY 1994 to \$444 million in FY 1996.

You have stated your intention to veto this legislation on the basis of its gross costs. Your Administration has also indicated it is looking for legislation that would present an opportunity to test the viability of a line-item veto. Mr. President, now is the time and S. 1504 is the bill.

This bill is wildly out of budget-bounds. It contains huge increases in each year's authorization level for activities that are arguably outside the proper scope of government. Any one or any combination of the three-year authorization levels could be the target of a line-item veto. You will not be presented with a more compelling opportunity from a budgetary and policy standpoint. The reasons:

- The 50 percent increase in authorized funding under the bill is reckless. Even if media pundits suggest that you are "picking on Big Bird," every American will understand why this increase is way out of line.
- CPB funding benefits an entrenched, bipartisan (but dominantly left-wing) Washington constituency. No funding for food stamps, school lunches, small business assistance, health research or any other activity affecting the poor or the "little guy" is at stake. Howls of pain will come only from quarters that few Americans identify with -- from the publicly funded penthouse, not Peoria.

- An ordinary veto will not do here. It may be overridden. It has all the negatives of taking on "popular" programming, but none of the positives of framing a new issue: your authority to block outrageously wasteful spending at a time of soaring deficits and lack of Congressional will to resist the narrowest of special interests.
- Even if you lose (via a Court challenge), you win. Americans obviously desire a strong Executive and fiscal control. You are likely to soon be denied the balanced budget amendment you seek. It is a good issue, but it will fade. A line-item veto of S. 1504 will keep that issue alive and may even help the amendment. If the Courts deny you line-item veto power, you can go to the people to pressure Congress to grant it. If Congress will not give you the line-item, the pressure to pass a balanced budget amendment is redoubled. If they will give you neither, you campaign as the candidate for change -- for a new Congressional leadership that has the will to limit spending.
- Your staff has not unanimously supported Presidential line-item veto authority under the law. If there is doubt, the debate must somehow be joined. If you act to join it, leading even doubtful aides on your own staff, the public will rush to your support. 43 Governors will also immediately understand your action. Your Party will rally as well.

Mr. President, if CPB can win a 50 percent increase with a deficit of \$400 million and a national debt in the trillions, spending will never be controlled. It is time for another line in the sand.

1ST DOCUMENT of Level 1 printed in FULL format.

FULL TEXT OF BILLS

102ND CONGRESS; 1ST SESSION
IN THE SENATE OF THE UNITED STATES
AS REPORTED IN THE SENATE

S. 1504

1991 S. 1504

SYNOPSIS:

A BILL

To authorize appropriations for public broadcasting, and for other purposes.

DATE OF INTRODUCTION: JULY 19, 1991

DATE OF VERSION: NOVEMBER 20, 1991 -- VERSION: 2

SPONSOR(S):

Mr. INOUE (for himself, Mr. HOLLINGS, Mr. STEVENS, Mr. BENTSEN, Mr. KERRY, Mr. BURNS, Mr. GORE, and Mr. BREAUX) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

TEXT:

Reported by Mr. HOLLINGS, with an amendment

Strike out all after the enacting clause and insert the part printed in italic

A BILL

To authorize appropriations for public broadcasting, and for other purposes.

* Be it enacted by the Senate and House of Representatives of the United*
*States of America in Congress assembled, *

**

SHORT TITLE

SECTION 1. This Act may be cited as the "Public Telecommunications Act of 1991".

PUBLIC TELECOMMUNICATIONS FACILITIES AUTHORIZATION

SEC. 2. Section 391 of the Communications Act of 1934 (47 U.S.C. 391) is amended-

(1) by striking "and" after "1990"; and

(2) by inserting "\$ 42,000,000 for fiscal year 1992, \$ 42,000,000 for fiscal year 1993, and \$ 42,000,000 for fiscal year 1994," immediately after "1991,".

CONGRESSIONAL DECLARATIONS OF POLICY

SEC. 3. (a) Section 396(a) of the Communications Act of 1934 (47 U.S.C. 396(a)) is amended-

(1) by striking "and" at the end of paragraph (7);

(2) by redesignating paragraph (8) as paragraph (10); and

1991 S. 1504 NOVEMBER 20, 1991 -- VERSION: 2

(3) by inserting immediately after paragraph (7) the following new paragraphs:

"(8) public television and radio stations constitute valuable local community resources for utilizing electronic media to address national concerns and solve local problems through community programs and outreach programs;

"(9) it is in the public interest for the Federal Government to ensure that all citizens of the United States have access to public communications services through all appropriate available telecommunications distribution technologies; and".

BOARD OF DIRECTORS

SEC. 4. (a)(1) Section 396(c)(1) of the Communications Act of 1934 (47 U.S.C. 396(c)(1)) is amended-

(A) by striking "10" and inserting in lieu thereof "9"; and

(B) by striking "6" and inserting in lieu thereof "5".

(2) Section 396(c)(2) of the Communications Act of 1934 (47 U.S.C. 396(c)(2)) is amended by striking "10" and inserting in lieu thereof "9".

(b) Section 396(a)(5) of the Communications Act of 1934 (47 U.S.C. 396(a)(5)) is amended to read as follows:

"(5) The term of office of each member of the Board appointed by the President shall be 6 years, except as provided in section 4(c) of the Public Telecommunications Act of 1991. Any member appointed to fill a vacancy occurring prior to the expiration of the term for which such member's predecessor was appointed shall be appointed for the remainder of such term. No member of the Board shall be eligible to serve in excess of 2 consecutive full terms.".

(c)(1) An office, as referred to in this subsection, is an office as a member of the Board of Directors of the Corporation for Public Broadcasting.

(2) With respect to the three offices whose terms are prescribed by law to expire on March 26, 1992, the term for each such office immediately after that date shall expire on April 1, 1998.

(3) With respect to the two offices whose terms are prescribed by law to expire on March 1, 1994, the term for each of such offices immediately after that date shall expire on April 1, 2000.

(4) With respect to the five offices whose terms are prescribed by law to expire on March 26, 1996-

(A) one such office, as selected by the President, shall be abolished on March 26, 1996;

(B) the term immediately after March 26, 1996, for another such office, as designated by the President, shall expire on April 1, 2000; and

(C) the term for each of the remaining three such offices immediately after March 26, 1996, shall expire on April 1, 2002.

CORPORATION FOR PUBLIC BROADCASTING AUTHORIZATION

SEC. 5. Section 396(k)(1)(C) of the Communications Act of 1934 (47 U.S.C. 396(k)(1)(C)) is amended-

(1) by striking "and 1993" and inserting in lieu thereof "1993, 1994, 1995, and 1996";

(2) by striking "and" after "fiscal year 1992,"; and

(3) by inserting ", \$ 355,000,000 for fiscal year 1994, \$ 401,000,000 for fiscal year 1995, and ~~\$ 444,000,000 for fiscal year 1996~~" immediately after "fiscal year 1993".

REPEAL

1991 S. 1504 NOVEMBER 20, 1991 -- VERSION: 2

SEC. 6. Paragraph (4) of section 396(1) of the Communications Act of 1934 (47 U.S.C. 396(1)) is repealed
EFFECTIVE DATE

SEC. 7. Section 4(a) shall take effect on March 26, 1996. All other provisions of this Act are effective on its date of enactment.

*SHORT TITLE

* SECTION 1. This Act may be cited as the "Public Telecommunications Act
*of 1991".

*PUBLIC TELECOMMUNICATIONS FACILITIES AUTHORIZATION

* SEC. 2. Section 391 of the Communications Act of 1934 (47 U.S.C. 391)
*is amended-

(1) by striking "and" after "1990,"; and

(2) by inserting "\$ 42,000,000 for fiscal year 1992, \$ 42,000,000
for fiscal year 1993, and \$ 42,000,000 for fiscal year 1994,"
immediately after "1991,".

*CONGRESSIONAL DECLARATIONS OF POLICY

* SEC. 3. Section 396(a) of the Communications Act of 1934 (47 U.S.C.
*396(a)) is amended-

(1) by striking "and" at the end of paragraph (7);

(2) by redesignating paragraph (8) as paragraph (10); and

(3) by inserting immediately after paragraph (7) the following new
paragraphs:

"(8) public television and radio stations constitute valuable
local community resources for utilizing electronic media to address
national concerns and solve local problems through community
programs and outreach programs;

"(9) it is in the public interest for the Federal Government to
ensure that all citizens of the United States have access to public
telecommunications services through all appropriate available
telecommunications distribution technologies; and".

*BOARD OF DIRECTORS

* SEC. 4. (a) REDUCTION IN NUMBER OF MEMBERS.-(1) Section 396(c)(1) of
*the Communications Act of 1934 (47 U.S.C. 396(c)(1)) is amended-

(A) by striking "10" and inserting in lieu thereof "9"; and

(B) by striking "6" and inserting in lieu thereof "5".

(2) Section 396(c)(2) of the Communications Act of 1934 (47 U.S.C.
*396(c)(2)) is amended by striking "10" and inserting in lieu thereof
*"9".

1991 S. 1504 NOVEMBER 20, 1991 -- VERSION: 2

*
* (b) TERM OF OFFICE.--Section 396(c)(5) of the Communications Act of
* 1934 (47 U.S.C. 396(c)(5)) is amended to read as follows:
*
* "(5) The term of office of each member of the Board appointed by the
* President shall be 6 years, except as provided in section 4(c) of the
* Public Telecommunications Act of 1991. Any member whose term has expired
* may serve until such member's successor has taken office. Any member
* appointed to fill a vacancy occurring prior to the expiration of the
* term for which such member's predecessor was appointed shall be
* appointed for the remainder of such term. No member of the Board shall
* be eligible to serve in excess of 2 consecutive full terms."
*
* (c) TRANSITION RULES.--(1) With respect to the three offices whose
* terms are prescribed by law to expire on March 26, 1992, the term for
* each such office immediately after that date shall expire on March 26,
* 1998.
*
* (2) With respect to the two offices whose terms are prescribed by law
* to expire on March 1, 1994, the term for each of such offices
* immediately after that date shall expire on March 26, 2000.
*
* (3) With respect to the five offices whose terms are prescribed by law
* to expire on March 26, 1996--
*
* (A) one such office, as selected by the President, shall be
* abolished on March 26, 1996;
*
* (B) the term immediately after March 26, 1996, for another such
* office, as designated by the President, shall expire on March 26,
* 2000; and
*
* (C) the term for each of the remaining three such offices
* immediately after March 26, 1996, shall expire on March 26, 2002.
*
* (4) As used in this subsection, the term "office" means an office as a
* member of the Board of Directors of the Corporation for Public
* Broadcasting.
*
* *CORPORATION FOR PUBLIC BROADCASTING AUTHORIZATION
* SEC. 5. Section 396(k)(1)(C) of the Communications Act of 1934 (47
* U.S.C. 396(k)(1)(C)) is amended--
* (1) by striking "and 1993" and inserting in lieu thereof "1993,
* 1994, 1995, and 1996";
* (2) by striking "and" after "fiscal year 1992,"; and
* (3) by inserting ", \$ 310,000,000 for fiscal year 1994,
* \$ 375,000,000 for fiscal year 1995, and \$ 425,000,000 for fiscal year
* 1996" immediately after "fiscal year 1993".
* *REPEAL
* SEC. 6. Paragraph (4) of section 396(l) of the Communications Act of
* 1934 (47 U.S.C. 396(l)) is repealed.
* *ELIMINATION OF REQUIREMENT FOR COMMUNITY ADVISORY BOARDS
* SEC. 7. (a) ELIMINATION OF REQUIREMENT.--Section 396(k) of the
* Communications Act of 1934 (47 U.S.C. 396(k)) is amended by striking
* paragraph (8).

1991 S. 1504 NOVEMBER 20, 1991 -- VERSION: 2

* (b) CONFORMING AMENDMENTS.-Section 396(k) of the Communications Act of *
*1934 (47 U.S.C. 396(k)), as amended by subsection (a) of this section, *
*is further amended-

* (1) by redesignating paragraphs (9) and (10) as paragraphs (8) and *
* (9), respectively; and

* (2) in paragraph (9), as so redesignated, by striking "(8), and *
* (9)" and inserting in lieu thereof "and (8)".

*CONTENTS OF ANNUAL REPORT

* SEC. 8. Section 396(i)(1) of the Communications Act of 1934 (47 U.S.C. *
*396(i)(1)) is amended-

* (1) by striking "and" at the end of subparagraph (B);

* (2) by redesignating subparagraph (C) as subparagraph (D); and

* (3) by inserting immediately after subparagraph (B) the following *
* new subparagraph:

* "(C) a listing of each organization that receives a grant from the *
* Corporation to produce programming, the name of the producer of any *
* programming produced under each such grant, the title or description *
* of any program so produced, and the amount of each such grant;".

*GRANT DISTRIBUTION CRITERIA

* SEC. 9. Section 396(k)(6)(B) of the Communications Act of 1934 (47 *
*U.S.C. 396(k)(6)(B)) is amended by inserting "(which the Corporation *
*shall review periodically in consultation with public radio and *
*television licensees or permittees, or their designated *
*representatives)" immediately after "eligibility criteria".

*AUDIT REQUIREMENT FOR PUBLIC TELECOMMUNICATIONS ENTITIES

* SEC. 10. (a) ALTERNATIVE TO AUDIT FOR CERTAIN ENTITIES.-Section *
*396(l)(3)(B)(ii) of the Communications Act of 1934 (47 U.S.C. *
*396(l)(3)(B)(ii)) is amended-

* (1) by designating the existing text as subclause (I);

* (2) by striking "and" at the end of subclause (I), as so *
* redesignated, and inserting in lieu thereof "or"; and

* (3) by adding at the end the following new subclause:

* "(II) to submit a financial statement in lieu of the audit *
* required by subclause (I) if the Corporation determines that the *
* cost burden of such audit on such entity is excessive in light of *
* the financial condition of such entity; and".

* (b) FREQUENCY OF AUDIT.-Section 396(l)(3)(B) of the Communications Act *
*of 1934 (47 U.S.C. 396(l)(3)(B)) is amended-

* (1) in clause (ii) by striking "biannual" and inserting in lieu *
* thereof "biennial"; and

* (2) in clause (iii) by striking "biannually" and inserting in lieu *
* thereof "biennially".

*COMPENSATION OF OFFICERS

* SEC. 11. Section 396(e)(1) of the Communications Act of 1934 (47 *
*U.S.C. 396(e)(1)) is amended by striking the fourth sentence and *
*inserting in lieu the following: "No officer of the Corporation, other *
*than the Chairman or a Vice Chairman, may receive any salary or other *
*compensation (except for compensation for services on boards of *
*directors of other organizations that do not receive funds from the *
*Corporation, committees on such boards, and similar activities) from any *
*sources other than the Corporation for services rendered during the *
*period of his or her employment by the Corporation. Service by any *
*officer on boards of directors of other organizations shall be subject *
*to annual advance approval by the Board and subject to the provisions of *
*the Corporation's Statement of Ethical Conduct.".

1991 S. 1504 NOVEMBER 20, 1991 -- VERSION: 2

*EFFECTIVE DATE *

* SEC. 12. Section 4(a) shall take effect on March 26, 1996. All other *
*provisions of this Act are effective on its date of enactment. *

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BILL TRACKING REPORT

102nd Congress
1st Session

U. S. Senate

S 1504

1991 S. 1504

PUBLIC TELECOMMUNICATIONS ACT OF 1991

DATE-INTRO: July 19, 1991

LAST-ACTION-DATE: June 2, 1992

FINAL STATUS: Pending

SPONSOR: Senator Daniel K. Inouye D-HI

TOTAL-COSPONSORS: 8 Cosponsors: 6 Democrats / 2 Republicans

SYNOPSIS: A bill to authorize appropriations for public broadcasting, and for other purposes.

ACTIONS: Committee Referrals:

07/19/91 Senate Commerce, Science and Transportation Committee

Legislative Chronology:

1st Session Activity:

07/19/91 137 Cong Rec S 10495 Referred to the Senate Commerce, Science and Transportation Committee
07/19/91 137 Cong Rec S 10506 Remarks by Sen. Inouye
07/19/91 137 Cong Rec S 10507 Remarks by Sen. Hollings
07/23/91 137 Cong Rec D 949 Senate Subcommittee on Communications concluded hearings
07/30/91 137 Cong Rec S 11376 Cosponsors added
08/02/91 137 Cong Rec S 12313 Cosponsors added
10/03/91 137 Cong Rec D 1203 Senate Commerce, Science, and Transportation Committee ordered favorably reported, with an amendment in the nature of a substitute
11/19/91 137 Cong Rec S 17042 Reported in the Senate, with an amendment in the nature of a substitute (S. Rept. No. 102-221)

2nd Session Activity:

03/03/92 138 Cong Rec S 2642 Senate began consideration of the motion to proceed to consideration of the bill, with a committee amendment in the nature of a substitute

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03/03/92 138 Cong Rec S 2644 Senate agreed to close further debate on the motion to proceed to consideration of the bill, by a recorded vote of 87 yeas and 7 nays (D 51-0, R 36-7) (Vote No. 36) -- three-fifths of those Senators duly chosen and sworn having voted in the affirmative

03/03/92 138 Cong Rec S 2772 Senate reached a unanimous-consent time-agreement providing for further consideration of the motion to proceed to consideration of the bill, with a vote to occur on the motion to proceed

03/03/92 138 Cong Rec S 2772 Senate will continue consideration of the motion to proceed to consideration of the bill on Wednesday, March 4

03/04/92 138 Cong Rec S 2810 Senate continued consideration of the bill, with a committee amendment in the nature of a substitute

03/04/92 138 Cong Rec S 2815 By unanimous-consent in the Senate, the motion to proceed to consideration of the bill was withdrawn

05/20/92 138 Cong Rec S 7045 Cosponsors added

05/21/92 138 Cong Rec S 7164 Senate reached a unanimous-consent time-agreement providing for the consideration of the bill and certain amendments to be proposed thereto, on Tuesday, June 2, 1992

06/02/92 138 Cong Rec S 7303 Senate began consideration of the bill, with a committee amendment in the nature of a substitute, taking action on amendments proposed thereto

06/02/92 138 Cong Rec S 7306 Senate adopted Inouye Amendment No. 1858, in the nature of a substitute, by voice vote

06/02/92 138 Cong Rec S 7308 Byrd Amendment No. 1859, to require the Federal Communications Commission to promulgate regulations to prohibit the broadcasting of indecent programming, pending in the Senate

06/02/92 138 Cong Rec S 7329 Senate adopted Inouye Amendment No. 1860, to make certain changes concerning the Board of the Corporation for Public Broadcasting and to make certain information available for public inspection, by voice vote

06/02/92 138 Cong Rec S 7335 Senate adopted Inouye (for Bingaman) Amendment No. 1861, to require the Corporation for Public Broadcasting to report to the Congress as to the most effective way to establish and implement a ready-to-learn public television channel to encourage the development of programming aimed at the educational needs and interests of preschool children, by voice vote

06/02/92 138 Cong Rec S 7336 Senate adopted Pressler/Grassley Amendment No. 1862, to require the Corporation for Public Broadcasting to report to the

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Congress as to the most effective way to encourage distance learning through the use of existing Corporation facilities, by voice vote

06/02/92 138 Cong Rec S 7341 Senate adopted Inouye Amendment No. 1863, to promote programming objectivity and balance, by voice vote

06/02/92 138 Cong Rec S 7344 Senate adopted McConnell Amendment No. 1864, to require disclosure of Federal funding of public television programs, by voice vote

06/02/92 138 Cong Rec S 7347 Senate reached a unanimous-consent time-agreement providing for further consideration of the bill and certain amendments to be proposed thereto, on Wednesday, June 3, 1992

06/02/92 138 Cong Rec S 7363 Inouye (and Stevens) Amendment No. 1858, submitted

06/02/92 138 Cong Rec S 7365 Byrd Amendment No. 1859, submitted

06/02/92 138 Cong Rec S 7365 Inouye Amendment No. 1860, submitted

06/02/92 138 Cong Rec S 7365 Bingaman (and others) Amendment No. 1861, submitted

06/02/92 138 Cong Rec S 7366 Pressler (and Grassley) Amendment No. 1862, submitted

06/02/92 138 Cong Rec S 7366 Inouye Amendment No. 1863, submitted

06/02/92 138 Cong Rec S 7366 McConnell Amendment No. 1864, submitted

BILL-DIGEST: (from the CONGRESSIONAL RESEARCH SERVICE)

1119/91 (Reported to Senate with amendment, S. Rept. 102-221) Public Telecommunications Act of 1991 Amends the Communications Act of 1934 to authorize appropriations for the public telecommunications facilities program for FY 1992 through 1994 and for the Corporation for Public Broadcasting (CPB) for FY 1994 through 1996. Reduces from ten to nine the number of CPB board members, lengthens the terms of each member from five to six years, and staggers the terms of the members. Permits a public telecommunications entity receiving CPB funding to submit financial statements in lieu of required biennial (currently, biannual) audits if the CPB determines that the cost burden of audits is excessive in light of the entity's financial condition. Makes a prohibition on the receipt of compensation from other sources by CPB officers inapplicable to compensation for services on boards of directors of other organizations that do not receive CPB funds. Subjects service on such boards to annual advance approval by the CPB board.

CRS Index Terms:

Communications; Auditing; Authorization; Corporation directors--Salaries; Financial statements; Government corporations; Public broadcasting; Public radio; Public television; Telecommunication industry; Television and children

CO-SPONSORS:

Original Cosponsors:

Hollings D-SC
Kerry D-MA

Stevens R-AK
Burns R-MT

Bentsen D-TX

daily 6/8

THE WHITE HOUSE
WASHINGTON

June 5, 1992

2 JUN 5 P6:27

MEMORANDUM FOR THE PRESIDENT

FROM: NICHOLAS E. CALIO *NEC*
SUBJECT: Weekly Legislative Report

Key Activity, June 1-5

- 4*
- o **Corporation for Public Broadcasting.** On Wednesday, the Senate passed the CPB Authorization bill, 84-11. No veto was threatened prior to the vote, but our Statement of Administration Policy did identify three improvements needed to overcome Administration opposition to the bill. The Senate adopted two of the three improvements. The third issue involves spending levels, the bill having authorized \$100 million more than the Administration requested. (Note that the bill establishes only the authorization level; actual appropriations to CPB have tended to fall below the authorized level.)

We do not expect that your senior advisors would recommend a veto of either the Senate or House versions of the CPB bill. Timing of conference is uncertain.

- o **NIH Reauthorization.** On Thursday, the Senate passed, 85-12, the NIH conference report, which would overturn the moratorium on federal funding of research using fetal tissue from induced abortions. The conference report passed the House on May 28, 260-148, short of the two-thirds needed to override your veto.
- o **DOD Authorization.** The House approved, 198-168, the FY 1993 Defense Authorization bill.

There were some major floor victories on the bill, including defeats of attempts to cut B-2 and SDI funding below the level of the Committee bill. However, several objectionable amendments were adopted, including: an amendment by Representative Les AuCoin (D-OR) permitting the use of DOD medical facilities to conduct elective abortions; and an amendment by Representative Mike Kopetski (D-OR) to impose a one-year moratorium on U.S. nuclear testing.

Secretary Cheney believes that much of the objectionable language can be addressed in conference. The Senate is unlikely to act on their version of an FY 1993 Defense Authorization bill before July.

Expected Key Activity, June 8-12

- o **Balanced Budget.** Debate and votes on balanced budget amendment proposals are currently scheduled to begin in the House Wednesday and conclude Thursday. We are working the issue extremely hard, but our confirmed vote total is still below two-thirds.

The Democratic Leadership is going all out to prevent the Stenholm proposal from achieving the needed two-thirds. On Tuesday, the Leadership will bring up legislation (not a constitutional amendment) requiring the President to submit a balanced budget. We do not expect the legislation to pass, but it could siphon some votes from a constitutional amendment by providing "cover" to undecided Democrats.

The timing of a Senate vote remains uncertain; the week of June 15 is possible, although the following week appears more likely.

- o **Urban assistance.** On Tuesday afternoon, we will resume meetings with congressional leadership on urban assistance legislation. Discussions to date have moved slowly, although there has been some progress. Majority Leader Gephardt believes we can get a deal if we package enterprise zones and a "jobs" provision.
- o **Supplemental appropriations.** Friday afternoon, the conferees on the emergency supplemental appropriations bill agreed on a package that includes almost all of the \$1.45 billion in unrequested, Senate-passed urban spending measures, as well as the \$500 million in Administration-supported disaster assistance for Los Angeles and Chicago. Your senior advisors would recommend veto. Vote on the conference report could occur by mid-week in the House.
- o **Striker Replacement.** Next week, the Senate will consider the Striker Replacement bill, which prohibits employers from permanently replacing workers during strikes over economic demands. Secretary Martin will reiterate a senior advisors' veto threat. In April, you received a letter from 35 Senators committing to support a veto.

Attachment A: Other Significant Congressional Activity
Attachment B: Summary of Selected Congressional Mail

Other Significant Congressional Activity

Week of June 1

- o **Energy.** Both Houses have now passed versions of your National Energy Strategy with which the Administration is prepared to work in conference. Conference may, however, be delayed because the version that passed the House last week (which includes revenue measures) has been referred to the Senate Finance Committee, creating the likelihood of both further committee and further floor action in the Senate.
- o **Revenue sharing.** On Wednesday, the House Government Operations Committee defeated a \$5.5 billion revenue sharing bill proposed by Chairman John Conyers (D-MI). Ranking Minority Member Frank Horton (R-NY) took the lead for the Administration, as six Democrats joined all Republicans in producing a tie vote that killed the bill.
- o **Securities regulation.** In response to the Salomon Brothers bond-trading scandal, the House Energy & Commerce Committee approved, by voice vote, a measure allowing the Securities and Exchange Commission broader authority to regulate the \$2.3 trillion market for U.S. Government securities.
- o **Iraq.** On Tuesday, the House Judiciary Committee held a hearing on whether to request appointment of an independent counsel to investigate the Administration's pre-invasion policy and actions toward Iraq. Another hearing is possible this month. Democrats may, however, obviate further hearings with a request to the Attorney General, requiring only the signature of a majority of Committee Democrats, that would trigger a formal Justice investigation of the need for an independent counsel.

Week of June 8

- o **Unemployment compensation.** On Tuesday, the House is scheduled to take up the Democrats' \$6 billion bill to extend unemployment benefits. Your senior advisors would recommend a veto.

- o **ADAMHA.** After being recommitted to conference by the House, language was added to the conference report on the Alcohol, Drug Abuse and Mental Health Reauthorization Act to prohibit funds from being used for clean-needle programs. The Administration now supports the conference report, which is expected to pass the Senate Tuesday.
- o **Freedom Support Act.** The Senate Foreign Relations Committee has reported its version of your Freedom Support Act, aid to the former Soviet republics. The House Foreign Affairs Committee is scheduled to mark up its version on Wednesday. Neither House has indicated when there might be floor action, but action now appears highly unlikely before President Yeltsin's visit on June 16.
- o **Nomination.** The Senate will vote on Ed Carnes to be a U.S. Circuit Judge in Alabama. We are working with Senator Howell Heflin (D-AL) to ensure a favorable outcome.

Presidential Log of Selected Congressional Mail

Week of May 29, 1992 - June 4, 1992

<u>Member</u>	<u>Subject</u>	<u>Comments</u>
Rep. Henry Gonzalez (D-TX) #330450	Expresses concern about a State Department memorandum in his possession "indicating that you had to waive conflict of interest rules for eleven cabinet officers...so they could participate in the formulation of the U.S. government response to the Iraqi invasion of Kuwait." Requests a report on the names of the individuals who received the waiver, whether the individuals are still covered under the waiver, the nature of the conflicts of interest waived for each individual, and an explanation of why Congress was not promptly informed of the waiver.	
Sen. Tom Daschle (D-SD) Also signed by Rep. Dorgan #331527	Report that "six months after enactment of Public Law 102-190, the FY 1992-93 National Defense Authorization Act...you have not acted on Section 1046 of the law, which requires you to initiate negotiations with our allies to achieve equitable defense burden-sharing agreements within twelve months." Believe "with a budget deficit of around \$475 billion...and growing pressure to balance the budget within five years, we can ill afford to delay action on burden sharing."	
Rep. Charles Schumer (D-NY) Also signed by Congressmen Green, Kostmayer, Wolpe, Stark and Markey #330855	Express "strong concern about the reported misuse of previous U.S. exports of bomb-grade (highly enriched) uranium, which if true would undermine the U.S. non-proliferation policy and present a potential threat to U.S. national security." "Urge you to look into this matter immediately, and...at a minimum...halt the approval of export licenses for special nuclear material to members of EURATOM until this matter is satisfactorily resolved."	
Rep. Arlen Specter (R-PA) Also signed by 39 others including Bentsen, D'Amato, Rockefeller, Rudman and Glenn #331922	Remind you that "in fiscal year 1990, 1991, and 1992 Defense Authorization and Appropriations bills, Congress continued strong support and funding for the V-22 tiltrotor aircraft...(and) the Department of Defense has refused to obligate the funds appropriated for the program." Urge you to "begin working with the Congress on continuing the V-22 and tiltrotor technology, for sound military reasons, for sound transportation reasons, and for sound economic reasons."	

Rose

THE WHITE HOUSE
WASHINGTON

2 JUN 5 P4:11

RECOMMENDED TELEPHONE CALLS BY THE PRESIDENT

TO: Congressman Rick Boucher (D-VA) ✓

DATE: June 5, 1992

RECOMMENDED BY: Nicholas E. Calio *NEC*

PURPOSE: To persuade Congressman Boucher to support the Stenholm (D-TX) Balanced Budget Constitutional Amendment.

BACKGROUND: The House is scheduled to begin consideration of the various balanced budget Constitutional amendments on Wednesday. Recorded votes are expected on Thursday.

Congressman Boucher is genuinely undecided about whether to support the Stenholm amendment. In general, he is reluctant to amend the Constitution but understands the need to impose some fiscal discipline in the current system. Congressman Boucher's commitment to support the Stenholm amendment is vital in achieving the two-thirds margin needed to pass.

KEY POINTS: -- I'm calling to ask for your help in passing the Stenholm balanced budget amendment. I know you have some reservations about amending the Constitution. I can understand that. Normally, I'm not a big fan of amending the Constitution either.

-- But a couple of things outweigh that concern. First, the current system is out of control. And this is not a partisan thing. We all bear some of the blame for that, just as we all bear the responsibility for getting it back under control.

- But the other factor to take into consideration is what we're doing to future generations. What about those who have no voice in this debate: our grandchildren and great-children? Who's protecting their Constitutional rights?
- They're the ones who have to live with the consequences of our continuing to pile up hundreds of billions of dollars of debt, year in and year out. We are borrowing against their future and that has got to stop.
- I am now more convinced than ever that the time has come to move a balanced budget amendment forward. Can I count on your help?

DATE OF
SUBMISSION:

June 5, 1992

ACTION:

CAMP DAVID

R2

Ray Price

What did I
write to him.

--- Monday --- June 8, 1992 ---

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--- THE DAILY BRIEFING ON AMERICAN POLITICS ---

Updated Each Morning At 11:50

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282 North Washington Street, Falls Church, VA (703) 237-5130

TOMORROW -- ON "TODAY"

Clinton to take calls for an hour on NBC morning talk. Will return to formula Friday night -- also NBC -- for half-hour live Q&A. (#7)

RUNNING MATES: Clinton takes high-profile, high-risk tack of embracing Dem Hill leaders for 100-day gridlock-busting. (#7)

VEEP MILL SPITS: PEROT-KEMP???

RUMOR DU WEEKEND: Some say Rollins, supply-sider Wanniski in Perot camp means maybe ...

MEANWHILE: Gov. Weicker (I-CT) gives firm no, Schwarzkopf said not interested. (#4)

SUMMER TUBE WATCH: Perot TV testimony to 6/30 Senate POW hearings could be defining moment. GOP, Dems sharpening knives? (#6)

"OUTTA THE HOUSE" UPDATE NO. 71
Bennett (D-FL) quits. (#14)

12TH NIGHTMARE IN THE HOUSE

CA survey reinforces Rollins strategy; House rules stall; Cook's key 16 races (#11)

NC: HELMS STABILIZES (#15)

SPOTLIGHT

A WEEK TO FORGET

In order:

"Bring back Baker"
Rollins changes boss
Network no-shows
"incoherent" conference
Budget Amendment "fraud"
economy words vs. stats
leaking on Reilly
Rio hurts int'l reputation
Nixon OK's Perot
Gingrich says "look out"
return of the Wimp word

And two polls (#17, #18)
showed the Bush free-fall
continuing: NEWSWEEK TIME
Bush 33% 24%
Clinton 25% 24%
Perot 35% 37%

TIME says Bush unfavorables
higher than Clinton's. BUT
NEWSWEEK says 70% need to
know more about Perot --
and many insiders still
think he's fad who'll fade.
Bush #1-2; Predictions #10
Polls #17-18; TV #19

===== QUOTE OF THE DAY =====

"Maybe it would be better if he'd pick one or two,
rather than a whole list."

-- Barbara Walters to Bush manager Fred Malek, following Malek's
response on what "moves" Bush, "Brinkley," ABC, 6/7.

THE APN BULLETIN BOARD

FROM TODAY'S GREENWIRE: Summit moving forward -- without U.S input ...
FROM TODAY'S DAILY REPORT CARD: NC schools, businesses and a community college unite to prepare students for workforce.
FROM TODAY'S ABORTION REPORT: Day 5 of pro-life MA demonstration. Hand grenade found at "peaceful" KS rally.
FROM TODAY'S HEALTH LINE: WH's Skinner promises NJ Medicaid refund; HCFA says not so fast; WH charged w/"politicking."

HOTLINE/DATABASE INDEX

WHITE HOUSE '92

BUSH: The Not-Ready-For-Prime-Time President. (#1)
BUSH: Campaign pains. (#2)
BUSH AND ENVIRONMENT: Tough crowd awaits "Uncle Grubby." (#3)
PEROT: Not to be superstitious -- but keep June 27 open. (#4)
THE PEROT TEAM: Just don't call them handlers. (#5)
PEROT AND POW/MIA: Stage set for hearing appearance. (#6)
CLINTON: 100 days of plan on the wall, 100 days of plan. (#7)
BROWN: Jacques and Jerry go to Rio. (#8)
THINKING THREE-WAY: Love Newts, lost swingers, war plans. (#9)
PREDICTIONS: "This thing is totally up for grabs." (#10)
12TH NIGHTMARE: Campaigns are getting ready; is the House? (#11)

SENATE WATCH

CO: Heath bars ballot crunch; submits petitions. (#12)
CT: Dodd v. "What's-their-names." (#13)

ON THE HOUSE

FL 03: Bennett lifts "Out of House" list to 71. (#14)

HOTSPOTS

NC: Helms condition stabilizes after scare. (#15)
VA: Robb report, convention, "Dump Goldman" dumped. (#16)

POLL UPDATE

TIME/CNN: Perot 37%, Clinton 24%, Bush 24%. (#17)
NEWSWEEK: Perot 35%, Bush 33%, Clinton 25%. (#18)

TV MONITOR (#19)

? ? ? ? OVERLOOKED ? ? ? ?

Might the Democratic Party House majority be threatened if enough of its House candidates take a party loyalty pledge to back Clinton -- regardless of how their Districts vote?
(See "12th Nightmare" #11)

*1 BUSH: THE NOT-READY-FOR-PRIME-TIME PRESIDENT

News about the 8 year high in unemployment released after Bush's TV address gave way to headers like "Surprise jump in jobless rate a blow to Bush" (CHICAGO TRIBUNE, 6/6); "Jobs scarcer, despite Bush optimism (N.Y. POST, 6/6); "Gloomy May figures rebut Bush's claim of solid recovery" (MIAMI HERALD, 6/6). N.Y. POST's Broderick compares Bush's statements in his 6/4 press conference on the "recovering" economy to the unemployment figures, noting the WH "always gets the figures before the public." GOP strategist John Sears: "My guess is they were afraid to give the president the bad news so they let him go on and make a fool of himself" (6/6). Bush chair Bob Teeter: "It has never been a matter of faith that the economy alone would determine the president's reelection" (W. POST, 6/7). U.S. NEWS' David Gergen: "To let him go out and say the economy is turning around in that fashion suggests, ... somebody out there is asleep at the switch, and they are not running a good campaign" ("MacNeil/Lehrer," PBS, 6/5).

WEEKEND TALK-JOCKS: W.S. JOURNAL's Al Hunt: "The Thursday night news conference was not one of Bush's finest hours." Mona Charen: "Both Bush and Clinton have the same problem, which is they have to respond to Perot because he is the front runner now, but they cannot do it on Perot's terms. That was Bush's mistake in that press conference -- this is Perot's issue. ... Bush is sort of trying to leap on that bandwagon, he should have found another thing to talk about." Mark Shields: "Bush was singing a tune written by Ross Perot" ("Capital Gang," CNN, 6/6). David Gergen: "There is no doubt that George Bush held that press conference ... because of Ross Perot. There is no doubt ... why Bill Clinton went on 'Arsenio Hall,' because of Ross Perot." ("M/L," PBS, 6/5). George Will: "The networks did the Bush campaign an enormous favor by not putting that manic and incoherent performance in front of a larger audience than it had anyway." Tom Wicker: "The networks did right in re-asserting their principles, that the President cannot simply command the networks anytime he wants to." Will: "The networks now yawn, when the president says 'I'm going to address the nation'" ("Brinkley," ABC, 6/7). Fred Barnes: "George Bush never misses an opportunity to miss an opportunity ... what he has to do is attack Ross Perot. ... his aides tell him it will be undignified to attack Ross Perot, let the press take care of it -- he's living in Dukakis-Land." Jack Germond: "He was very lucky that NBC, ABC, CBS chose not to air it ... talking about a balanced budget, he's been talking about that for fifteen years" ("Group," 6/5). Roger Ailes: "The press isn't interested in issues -- they're interested in an issueless billionaire and a saxophone player" (CBS, 6/6). BOSTON GLOBE's Tom Oliphant: "That tells you about the people floundering around in the West Wing of the White House ... I didn't think they would go ahead with [the press conference] because it was so transparent and what amazed me, it really was transparent" ("Inside Washington," 6/6).

*2 BUSH: CAMPAIGN PAINS

KNIGHT-RIDDER's Warren, Boyd & Hess write, "There is growing frustration, anguish and even some panic" in Bush's "inner circle. ... Dissension among Bush staffers is evident as campaign and [WH] officials emerge from one of their four daily staff

meetings to tell reporters in private that somebody besides themselves is goofing up." One WH official: "If someone doesn't light a fire under Bush, we're all going to be at the unemployment office this fall." Senior WH official: "We have no message and that's Bush's fault. We have no strategy and that's [Chief campaign strategist Bob] Teeter's fault. We have no execution and that's [WH CoS Sam] Skinner's fault." Retiring Rep. Vin Weber (R-MN): "There is very deep concern that the whole ticket could be hurt by this." GOP analyst Kevin Phillips: "He's almost the worst type of president you can imagine for a time when the system has come unglued, when there is a need for innovative leadership" (PHILA. INQUIRER, 6/6). One Bush campaign veteran said the Mosbacher/Teeter/Malek campaign team "is as bland and unadventuresome as 'IBM salesmen.'" One "frustrated" GOP "insider" who "complained that simple campaign operations continue to be botched": "There's nobody [in the campaign] who has a sense of what it's like on the other side. When Mosbacher comes to [CA] he just talks to his rich friends." N.Y. TIMES' Wines writes, as "polls show that voters are apparently sick of finger pointing and are looking instead for leadership," Bush "is trying a somewhat different tack. He is saying nice things about Congress, hoping it will pass some of his legislation" (6/6). U.S. NEWS' Walsh writes, "No president in the modern era has so energetically reached out to citizens from all walks of life." Bush regularly meets with "50 or 60 intimates and informal advisers outside government ... The mystery is why, with all that input from outsiders, Bush still has such trouble connecting with the public at large" (6/15 issue). One senior campaign official: "A lot of the blame for our current 28 percent approval rating has got to rest in the Oval Office" (Page, NEWSDAY, 6/8).

SHAKES, RATTLES AND ROWS: TIME's Michael Duffy writes, "With Perot's A-Team in place there are also growing signs of further shake-ups at both the White House" and the campaign, "where most of the squad is regarded as decidedly second-string." One senior Admin. official "who just days earlier had denied published rumors of James Baker's return now openly predicts [Baker] will take a 'leave of absence' from his Cabinet post to replace the ineffectual Robert Mosbacher as campaign chairman. Such a move would be timed to follow the party's Houston convention in August -- unless Bush's fortunes turn up by then." Baker "would provide something Bush has lacked since" Sununu left: "a high-level bad cop who can keep the troops in line and sometimes read the riot act to Bush himself" (6/15 issue). HOUSTON CHRONICLE's McDonald cites one WH official who said Baker stepping in would be "unlikely": "The president wants to go at it alone this time." But a "very good possibility" is one of Baker's top aides moving into the WH (6/6). CNN's Ralph Begleiter: "There is something to the rumors ... Baker is paying close attention to the campaign, but not so close that he is in anyway neglecting his job as Secretary of State" (6/5). Malek said he didn't "envision any change" in the campaign or at the WH: "Baker has indicated he wishes to stay [at State], and the president has indicated his full confidence in the ... team" ("Brinkley," ABC, 6/7). CBS' Bob Schieffer reported Perot's strong showing in 6/2 exit polls "sent the Washington rumor mills rolling." Over scenes of Bush with Baker, an interview with DoD Sec. Dick Cheney, the Rollins/Jordan press conference and Roger Ailes entering the White House: "Was a major shake-up in the campaign in the works? When Ed Rollins jumped ship to run Perot's campaign, it seemed to only undermine that Mr. Bush's

campaign might be in trouble." Ailes told CBS he wasn't rejoining the campaign: "We basically had a social evening and didn't talk much politics" (CBS, 6/6). TIME's version of the campaign team "Bushies daydream about": Campaign chair -- "Mosbacher is better at fund raising. Look for Jim Baker to take the whip hand after the convention." Sec/State -- Cheney or Powell. WH CoS -- "dream replacements: Cheney or Powell." Media -- Ailes (6/15 issue). ABC's Sam Donaldson also suggested Bush "re-hire" Baker (6/7). Sen. Bob Dole (R-KS): "My view is that Jim Baker can be helpful on the margins, but I think George Bush has to do it himself" ("Meet the Press," NBC, 6/7). WASH. POST's Devroy reports Skinner has been circulating names of those who might move to the WH: Hollis McLaughlin, deputy to Treas. Sec. Brady; VP Quayle CoS Wm Kristol; undersec. of State/Baker adviser Robert Zoellick; OMB deputy dir. Robert Grady (6/7).

STAY TUNED: W. TIMES' Bedard reports the Bush campaign "has drafted a strategy" to put Bush and Quayle "before the voters without the filter of the news media." Bush would appear on TV shows like "20/20" and "60 Minutes" -- "and possibly even 'Donahue'" -- as well as news shows and C-SPAN. Quayle is also planning to hit the airwaves on "wholesome" sitcoms like "Major Dad" where he did a cameo a few years ago. The TV strategy "would be without precedent" as "no other president has gone off the types of shows" Bush is considering, according to WH officials. WH aides "admitted the strategy is unconventional, but in their desperation to catch up with" Perot, they "are willing to try anything." One Bush aide: "No Arsenio or Oprah." Another admin. official: "We like Barbara Walters" (6/7).

THE W-WORD: Ex-N.Y. TIMES' Tom Wicker: "We are seeing the wimp, the one we thought we were going to see in 1988." ABC's Barbara Walters: "We didn't see a wimp a year ago. Something happened in this last year" ("Brinkley," ABC, 6/7). NBC's Jim Miklaszewski: "Bush appears to have adopted the Alfred E. Neuman strategy, 'What, me worry?'" Bush: "I do better when I'm fighting. I do better when I'm coming from behind" (NBC, 6/7). Bush, at press meeting with British PM John Major, on Perot: "I cannot tell a lie, his name came up" (CBS, 6/7).

OOPS: Bush-Quayle spokesperson Torie Clarke sent an apology note to Buchanan for her 6/4 comment that Buchanan must "grovel on broken glass with his mouth open and tongue hanging out" to address the GOP convention (see HOTLINE 6/4). The note said the remark "was in bad taste and totally inappropriate," but that it was a joke told to the reporter off the record (mult., 6/5-7).

MAKING A LIST: Malek, pressed by Barbara Walters on a 2nd Bush term: "Here's what he feels passionate about. He feels passionate about an economic opportunity for all Americans. He feels passionate that all Americans deserve the chance to get a sound education. He feels deeply and convincingly that we need strong law and order in order to secure our neighborhoods and streets. He believes in fundamental family values. He believes in a national defense capable of securing world peace." Walters: "Maybe it would be better if he'd pick one or two rather than a whole list." Malek: "You asked me what he believed in" ("Brinkley," ABC, 6/7). Dole, asked about Bush's "perception problem" on domestic policy: "Let's face it, right now it doesn't seem to be getting off the ground, there's no clear message. Maybe there are too many themes, maybe they should have one or two or three issues and say, okay, this is what we're going to talk about between now and November. But again I'm not here to tell the president what to do" ("Meet," NBC, 6/7).

QUAYLE WATCHING: NEW REPUBLIC's Fred Barnes contrasts the political instincts of Bush and Quayle: "If a Pledge of Allegiance of Willie Horton issue comes along in 1992, the new Bush coterie will probably shy away from using it. Quayle won't" (6/22 issue). W.S. JOURNAL's Harwood writes, "Alarmed at the drift in the president's campaign," Quayle "has publicly and privately assumed an increasingly assertive role. He has emerged, basically by default, as more capable of driving the political debate than anyone else on the president's team -- including Mr. Bush himself." His performance "has all but silenced the once-widespread speculation that [Bush] might dump him" from the ticket. But one Quayle associate "worries the idea might be revived by frustrated Bush aides seeking a 'long ball' -- Gen. Colin Powell, for example -- to shore up the president's standing this summer" (6/8). W.S. JOURNAL's McQueen notes Quayle is presently reading the "Autobiography of Malcolm X" (6/8).

ALSO: L.A. TIMES' Jehl looks at the corporate obligations of Bush campaign officials (6/7). Skinner is profiled in two Sunday magazine cover stories. W. POST's Marjorie Williams writes he is "smart enough to make it in Washington and he's certainly tough enough. But he may not be cynical enough to succeed in George Bush's White House" (6/7 issue); CHICAGO TRIBUNE's Timothy McNulty writes, "People are wondering if the man known as 'Sam the Hammer' for his tough prosecutions in Chicago is suited for this kind of work." One Bush confidante: "He may be too nice" (6/7 issue). NEWSWEEK reports SPY magazine has a "lengthy but not especially convincing cover story" about "at least three" alleged Bush extramarital affairs before he became president (6/15). Morton Kondracke: "The balanced budget amendment is a total fraud, it's a desecration to the constitution -- much as the Perot candidacy is a sort of cavalier attitude to the constitution" ("Group," 6/6).

*3 BUSH/ENVIRONMENT: TOUGH CROWD AWAITS "UNCLE GRUBBY"

As EPA chief Wm Reilly "faced an aggressive global press corps. that could hardly hurl its pointed questions fast enough" TIME's Alexander writes, "the shots aimed at [Reilly] are just a preview of what awaits" Bush in Rio. The Brazilian press has dubbed Bush "Uncle Grubby" and called the U.S. a "party pooper" for refusing to sign the biodiversity treaty and watering down the climate-changing pact (6/15 issue). A rejected "appeal" by Reilly to find a "last-minute 'fix'" that would "allow" the U.S. to sign the biodiversity treaty "left Reilly holed up in his hotel room ... trying to avoid a crush of reporters" after his request was leaked to the press. U.S. sources trace the leak to VP Dan Quayle's Competitiveness Council which was "outspoken against the treaty" (Robinson/Weisskopf, W. POST, 6/6). The "snub was only the latest in defeats that Reilly has suffered in battles with top" WH officials "who prize economic growth over conservation" (TIME, 6/15 issue). Bush "had put his own twist on the adage, 'Think globally, act unilaterally'" (Begley, NEWSWEEK, 6/15 issue). S.F. EXAMINER's Kay writes Bush "is the villain of the year at the Earth Summit. He stands almost alone among world leaders in refusing to accept the summit's premise. ... Bush symbolizes the consummate capitalist, living a luxurious lifestyle while the poor underdeveloped nations eat up their natural resources to survive." In the "official newspaper of the Earth Summit," Canadian journalist Jim MacNeill wrote, "Pandering to his right wing, which is still wedded to the defunct idea that the environment is the enemy of the economy and isolated from the

real world, he said no to targets, no to timetables and no to everything else that would have made the (global warming) treaty worthwhile" (6/6). Bush, appearing with British PM John Major, who is planning to sign the treaty: "I have nothing to be apologetic for" (L.A. TIMES, 6/8).

RIO TV: Mark Shields: "Quayle's operation at the Competitive Council has gone bare knuckles out, they've embarrassed Bill Reilly ... I don't honestly know how he can hang on." Bob Novak: "This whole thing down in Rio is a metaphor of what is wrong with the Bush administration. ... He ought to fire Bill Reilly. ... Reilly has been a viper at his breast for four years" ("Capital Gang," CNN, 6/6). NBC's Jim Miklaszewski: "Bush's environmental chief tried to bail his boss out." Reilly: "We will support biological diversity in the rest of the world, just as though we were a treaty participant." Miklaszewski: "Bush's convinced that if Americans understood his position on the environment, they'd support him. But then that's been the rap against the Bush White House and campaign. They either can't sell the Bush message, or don't believe it themselves" (NBC, 6/7). CBS' Doug Tunnell reported Reilly "insisted that he would not resign." Sen. Al Gore (D-TN): "It's unfortunate that the principle environmental spokesman in this administration has once again been overruled. I think it's doubly unfortunate that this time it took place when the entire world was watching" (6/6).

*4 PEROT: NOT TO BE SUPERSTITIOUS -- BUT KEEP JUNE 27 OPEN
AP reports Perot "has approached ABC and NBC about buying half an hour on prime time on June 27, according to people at both networks. There has been speculation that he will formally announce his candidacy on that day, which is his 62nd birthday." Perot spokesperson James Squires "said the campaign was just 'shopping'" (L.A. TIMES, 6/7).

THE SPECIFICS THING: Perot campaign chair Tom Luce, on when Perot will get specific on issues: "Issues is the word that we use that really defines the political game. What we really ought to be talking about is problems and solutions" ("Face the Nation," CBS, 6/7). Barbara Walters to Perot co-manager Ed Rollins: "As soon as [Perot] becomes specific, he's in trouble. Is that going to be your strategy?" Rollins: "It's certainly not the total strategy. I think the bottom line is you've got to talk about the areas you're going to address and your formula for addressing them. ... The critical thing in this election ... is really leadership. The American public is craving leadership" ("Brinkley," ABC, 6/7). W.S. JOURNAL's Alan Murray examines Perot's push for "tough U.S. trade policies." Perot statements to the L.A. TIMES "suggest his view of free trade may stretch the usual definition of the term" (6/8). Perot, on reducing Japanese imports: "You're going to see the clock stop. You could never unload the ships to this country -- just could never unload the ships" (L.A. TIMES, 6/5).

MAKING BELIEVERS: U.S. NEWS' David Gergen writes, "Perot is streaking across the political skies so rapidly now that he is more likely to win outright -- or crash and burn long before November. He's just too hot to stand still. ... In less than 10 weeks, a man who has no party and no political experience has made this a race that's his to lose. Both the other candidates are now copying him in both style and substance" (6/15 issue). Sen. Bob Dole (R-KS): "When [Perot] starts down the list of abortion and gun control, balanced budget and line-item veto, death penalty -- then you get into hard stuff after that. Then I

think some of the seats will be vacant at the next meeting." But Dole added, "I think he's for real, don't misunderstand me; I don't think he's going to go away next week or next month. He's in this race and I think he's going to be a factor up until the end." W. POST's David Broder said of CA's Perot phenomenon: "This is not a concocted media event. These are real people, they are about as excited and turned on as anything I've seen" ("Meet the Press," NBC, 6/7). U.S. NEWS' Mort Zuckerman writes Perot "is Revolution -- giving voice and form to a revolution in the whole way we conduct our affairs. Perot has done nothing less than restore the individual to the center of American democracy" (6/15 issue). AP reports several local candidates may be tying themselves to Perot: Larry Brady (R) announces this week whether he'll run for NH Senate as an independent; GA House candidate Ray Miller (R) endorsed Perot; Rep. Chet Atkins (D-MA) signed a Perot petition; former IN county Dem chair Craig Hartman is considering a run for Rep. Jill Long's (D) seat "as a Perot man" (PHILA. INQUIRER, 6/8).

VEEP WATCH: On "McLaughlin's One on One," Gov. Lowell Weicker (I-CT): "I have absolutely no thought at all of vice presidential bids or being [VP]. I've got all I can handle in [CT], I don't have to go routing around for trouble in the other 49 states. ... I would decline any offer of a vice presidency, whether it came from" Clinton, Bush or Perot (6/7). BUFFALO NEWS' Doug Turner reports supply-side economist Jude Wanniski, described as a "key" adviser to HUD Sec. Jack Kemp, has joined the Perot campaign and said "that Perot should make" Kemp his running-mate. "Although he has not discussed the matter with either Perot or Kemp, Wanniski believes Perot will offer Kemp the chance to be his running mate and that Kemp will seriously consider it." Wanniski said the "Kemp team is moving to Perot," and calls '88 Kemp financial backer Theodore Forstmann "another convert." A Kemp spokesperson maintained Kemp supports Bush and is "actively campaigning for his reelection" (6/7). Evans & Novak report Rollins "will attempt to place" Kemp on the ticket. "If Kemp had to decide today, he would say no. But at the end of the summer ... the answer could conceivably be yes" (W. POST, 6/8). TIME reports JCS chair Colin Powell has been on the Perot "short list" but the "greatest efforts" have gone toward trying to "woo" Gen. Norman Schwarzkopf. But Schwarzkopf, "who reportedly has turned down Perot at least twice, regards [him] with dismay as a loose cannon" (6/15 issue).

PRESIDENT LOMAN? NEWSWEEK's Fineman & Carroll profile Perot's biography: "Horatio Alger, Navy Man, Risk Taker, Patriot, Boy Scout, Mr. Smith: Perot is all these mythic characters. But also not quite any of them. His career is a trail of earnest pluck as well as rank opportunism, of genuine humanitarianism as well as self-promotion, of plain talk as well as half-truths" (6/15 issue). Dem media man Michael Sheehan: "The way he sells himself ... it's half-way between Alka-Seltzer and Drano. In his speeches he establishes the problem, talks about the consequences and promises fast-acting relief. It's almost like a classic 1960s ad campaign" (Balto. SUN, 6/7).

VENDETTA? NEWSWEEK's Clift & Carroll examine the history of enmity between Perot and Bush. The Perot line that he wouldn't "have to prove [his] manhood by sending anybody to war," set off a "seismic reaction" in the WH. One Bush campaign aide: "The president is ready to deck him. Where does this guy get off" (6/15 issue). Asked of Bush campaign charges that Perot's candidacy stems from a "grudge or a vendetta" against Bush, Perot

adviser Mort Meyerson: "That's got to be the wildest statement I've ever heard. Nobody would subject themselves to the pain, to the torture or to the amount of energy you have to pour into traveling this country and doing what Ross has to do because you're mad at somebody" ("Face the Nation," CBS, 6/7). N.Y. TIMES' Maureen Dowd pits Bush vs. Perot with a "Tale of the Tape, Texas Style." Subhead: "Who is Quickest on the Drawl?" (6/8).

PARTY LINE: Dole disputed House Minority Leader Bob Michel's (R-IL) characterization of Perot as a "demagogue": "That hasn't been my experience. ... I don't know him to be that at all." Dole called Perot a "very patriotic person" and noted Perot pledged \$500,000 to the Dole Foundation for work on disability issues ("Meet the Press," NBC, 6/7). W. POST's David Broder characterizes Dole's comment as "defend[ing] Perot against charges of demagoguery from other top GOP officials" (6/8).

GOOMBAS IN HIGH PLACES: U.S. NEWS' Gergen reports Mario Cuomo was an "accidental force" in getting Perot to run. Through mutual friend Felix Rohatyn, the two "started chatting by phone" after a Cuomo speech to business execs. Realizing they had similar ideas on the economy, Cuomo suggested Perot take his ideas to CNN's "Larry King" show (6/15 issue). Cuomo to the N.Y. POST: "Don't blame me" (Dicker, 6/8).

PEROT-TO-TYPING: N.Y. TIMES' Michael Kelly examines the genesis of the "electronic town hall" idea (6/6). HOTLINE sources report only 100 turned out for a Perot rally in Fargo, ND (6/7). Columnist Paul Greenberg, noting the comparisons to the Peter Sellers character in "Being There," Chauncey Gardner: "Remember that Chauncey was a fraud only to other frauds; he communicated well enough with the rest of us" (CHICAGO TRIBUNE, 6/5). N.Y. DAILY NEWS' Lombardi reports the Perot camp has hired NY state Sen. Martin Connor (D) as state campaign counsel. Connor is described as an "expert" on NY's "technicality-laden election law" (6/6). KNIGHT-RIDDER's Huckshorn & Boyd imagine a Perot presidency (PHILA. INQUIRER, N.Y. DAILY NEWS, 6/7); as does NEWSWEEK's Alter & Carroll. NEWSWEEK's Morgenthau "fills in the blanks" on Perot on the issues (6/15 issue). Operation Rescue's Randall Terry called Perot a "wolf in sheep's clothing," and vowed his pro-life group would "hound" Perot's campaign (N.Y. DAILY NEWS, 6/6). Evans & Novak report Rollins wants a "come-one, come-all" Perot convention, perhaps at the Rose Bowl -- a potential crowd of 200,000 (N.Y. POST, 6/6). NEWSWEEK reports one Perot friend suggested David Wolper, documentary film-maker and '84 Olympics choreographer, advise the campaign. "The idea was rejected" (6/15 issue). Sidney Blumenthal reports, after a Perot meeting with Jesse Jackson described by one Jackson aide as "magnificent," Perot's "anti-gay comment made it impossible for the leader of the Rainbow Coalition to play with him" (NEW REPUBLIC, 6/22 issue). USA TODAY's Dan Dorfman reports a '69 SEC probe into possible manipulation of EDS shares during a hostile takeover bid. At the time, Perot's investment banker Kenneth Langone cited bad legal advice. Perot and Langone were both cleared of any wrongdoing (6/8). NBC's Lisa Myers reported that abortion may be an issue for Perot, "one-in-four Perot supporters favor making abortion illegal." Pro-lifers believe that Perot supporters are "unaware of his abortion rights stance" (6/5). L.A. TIMES reports Perot, who called VP Quayle's criticisms of Murphy Brown "goofy," referred to "Doogie Howser, M.D." in a 9/26/91 meeting with the TIMES editorial board. Perot on the episode where Doogie loses his virginity: "Some 15-year old girl that's been thinking about it hadn't done it yet. 'Hell,

Doogie's girl did it. It must be all right.' You and I didn't see that kind of stuff growing up" (6/6). W. POST's Lloyd Grove examines Perot's gender gap, "now a fissure." Bush spokesperson Torie Clarke: "The theory is that women tend to find him a little bit erratic, a little bit unpredictable, a little bit scary. Chicks don't like that" (6/8). WA petition gatherers report 160 mini conventions are planned throughout the state for 6/28 for people to sign (SEATTLE POST-INTELLIGENCER, 6/8). Perot meets with U.S. Conf. of Mayors pres. Ray Flynn and several other mayors today to discuss urban policy (W. POST, 6/8).

***5 THE PEROT TEAM: JUST DON'T CALL THEM HANDLERS**

Perot co-managers Ed Rollins and Hamilton Jordan offer side-by-side W. POST op-eds explaining their decisions to join the campaign. Rollins: "I firmly believe that America today is at a crossroads. ... We need to shake off our national paralysis. ... In the final analysis, some may think that I have betrayed my party and its principles. They are wrong. I am instead saying goodbye to politics as usual, and I'm proud to be a Republican for Perot." Jordan: "I believe simply the possibilities of a Perot presidency are more promising and compelling than the certainties of a Clinton or Bush presidency. ... To underestimate him as a candidate or as a possible president is to underestimate the American people" (6/7). Rollins also appeared on ABC's "Brinkley": "There's a movement in America today that's demanding change. I see Ross Perot as a candidate who can obviously ... come to Washington and make those changes. He's got a lifelong history of being a leader" (6/7).

CREATING A STIR: Bush advisers "are doing their best to discredit the man they consider a turncoat. They pointedly mention a five-page peacemaking letter Rollins wrote to the president this spring after Rollins' wife joined the White House staff. In it, Rollins tried to make amends for past criticisms of Bush and his family and pledged his full support in the future. Senior advisers now paint Rollins as an overrated has-been." One GOP strategist: "This is what you get when you spend most of your time trying to punish wayward Republicans instead of fighting Democrats" (U.S. NEWS, 6/15 issue). TIME's Michael Duffy, also citing the Rollins note to Bush: "Bush and his aides took [Rollins' move] as a sign of betrayal. By turns shocked and furious, they vowed that Rollins had ruined his future in the [GOP] and accused him of caring about little more than money and revenge. Once they simmered down, a harsher reality set in: Perot had signed up a pair of veteran strategists who had helped win the White House three times in five tries and were now joining forces to try it again." Rollins and Jordan's "biggest challenge will be to erect a nationwide organization without upsetting the enormous volunteer corps that got the Perot balloon off the ground." But Duffy, noting the bi-partisan team approach "sounds better in theory than in practice," adds that neither of the two has known Perot for very long, and "Rollins' penchant for candidly criticizing his own clients will eventually put Perot's legendary thin skin to the test" (6/15 issue). George Will: "Out there in the Republic's vastness, voters must have been bemused by the fuss the national media made over Jordan and Rollins. It was as though baseball writers ... got all lathered up about a team hiring a new baseball coach" (NEWSWEEK, 6/15 issue). NEWSWEEK examines a past Rollins' effort -- Linda

Chavez's '86 challenge to Sen. Barbara Mikulski (D-MD) -- and reports Chavez denied Rollins' advice to hire a private investigator to probe Mikulski's private life. "A proposal by Rollins' firm for a TV ad featuring an image of a closet -- a veiled and unsubstantiated reference to Mikulski's sexuality -- was also turned down by the Chavez campaign" (6/15 issue). Chris Matthews writes for Rollins, "it's a matter of beliefs. He has them. George Bush doesn't" (W. TIMES, 6/7).

TV: Mark Shields: "What it conveys, more than anything else, is that our two parties have become very, very hollow institutions." Tom Harkin, on whether Perot is an outsider even with the hiring: "There is no one who has been more on the inside than Ross Perot, going clear back to the Nixon era" ("Capital Gang," CNN, 6/6). Jack Germond, on Rollins and Jordan: "It was a smart move ... they're smart guys and know how to do things." Chris Matthews: "Rollins is against the Republican party because it's going back to it's Whig roots, it's country club roots, and given up on guys like him ... he's a working class, labor oriented Democrat from California and he's the very guy Bush doesn't like" ("Group," 6/6).

THE OLD HANDS: Perot campaign chair Tom Luce and senior adviser Mort Meyerson appeared on CBS' "Face the Nation." Luce, on "attack politics": "[Perot's] into unifying the country, not dividing the country. He is saying I don't want people voting for me who hate. He is saying we're a melting pot, we need to come together. Let's be with the Republicans when they're right, let's be with the Democrats when they're right." BOSTON GLOBE's John Mashek claimed the Perot crowds "all appear to be white faces" and asked what appeal Perot had to blacks and Hispanics. Luce cited a "zip code analysis" done of TX petition signers which showed a "demographic and ethnic mix exactly as to the population of the state of Texas" (CBS, 6/7).

*6 PEROT AND POW/MIA: STAGE SET FOR HEARING APPEARANCE

Perot is "expected to be asked ... to confront assertions by Vietnamese officials that he discussed going into business with the Hanoi government" between '87-'90 when he testifies in 6/30 hearings before the SEnate POW/MIA subcmte. Vietnamese officials said in '90 they sent Perot a letter asking him to be their nation's "American agent in rounding up investors for the day when the U.S. embargo is lifted." A Perot spokesman said the Vietnamese contract "was not personal business for profit, but was to serve as an intermediary between a country that wanted to get its business rolling." Perot spokesperson James Squires calls the alleged contract "nonsensical" because of Vietnam's communist economy: "It's the last place you'd look for investment" (Mintz, W. POST, 6/6). Dem sources "have suggested" that GOP cmte members "may use the hearings to bash Perot" while GOP sources said "they expect to see" subcmte chair Sen. John Kerry (D-MA) "aggressively question" him. One GOP cmte source: "Kerry's intent is to trash Perot as a candidate." Kerry: "I don't have the slightest clue where that story came from and have nothing to say on it. Perot has been supportive of our efforts" (Miga, BOSTON HERALD, 6/6). NEWSWEEK's Joe Klein theorizes the day of the hearings -- June 30th -- may be the day Perot's "prairie fire ... eventually burns itself out." Perot's POW/MIA record "has been a tangled commingling of idealism and weirdness. It may be one of the clear windows into the soul of the man" (6/15 issue).

*7 CLINTON: 100 DAYS OF PLAN ON THE WALL, 100 DAYS OF PLAN ...

"In a bold new initiative that his own campaign concedes may be risky," Clinton is "quietly consulting" with Dem congressional leaders to draft a detailed "100-day legislative agenda" that he would submit to Congress as president (Chen/Tumulty, L.A. TIMES). Though the strategy "may well cede the outsider's mantle" to Perot, the proposal did allow Clinton to say, "We've got to do something to break the gridlock in Washington. This country needs action. It needs real action." Clinton spokesperson Dee Myers: "There's always an element of risk anytime you get specific about change. But the idea is to show that if Gov. Clinton was elected, he would have a mandate." L.A. TIMES notes their poll last month showing Clinton followed Perot and Bush (32%/21%/17%) on who could best accomplish change (6/8). Most reports note Clinton discussed the 100-day agenda proposal with congressional leaders in April but echo USA TODAY's report that Gov. Mario Cuomo (D-NY) "is giving it new momentum, telling audiences the Clinton-Congress partnership is the only way to sell [Dems] as an alternative in the fall." The risk: "promising voters Clinton is tied to a Congress that's in more trouble with voters than he is" (6/8). N.Y. TIMES' Ifill reports Clinton, Cuomo and Dem leaders "appear to have joined forces in an effort to save [Clinton] from becoming politically insignificant." Ifill adds that while Cuomo said Clinton adopted the strategy "at his urging," Clinton, his aides and party leaders "resisted giving Mr. Cuomo full credit" (6/8). WASH. POST's Broder says while some Dems cautioned Clinton to "keep his distance" from Congress, Cuomo "apparently prevailed with the argument that neither Bush nor Perot could plausibly claim the same majority support in Congress for their programs" (6/8). The likely content: "Many of the domestic initiatives of Clinton's campaign platform," including reforms of health care, tax codes, campaign finance, handgun control, college loans and apprenticeships. Bush spokeswoman Torie Clarke: "People tend to hold the [Dem] controlled Congress in great contempt right now, and if Bill Clinton thinks that's the way to change America, he's dead wrong" (L.A. TIMES, 6/8).

GET YOUR FREE ADVICE HERE: U.S. NEWS' Donald Baer, warning of campaign paralysis, says Clinton "keeps falling victim to the policy maven's need" for programmatic proposals, "missing the chance to inspire and challenge the voters" (6/15). NEWSWEEK's Alter, under the header "Clinton in the Twilight Zone": "He needs to figure out how to reintroduce himself to an American public that still doesn't know much about him -- and doesn't much like what it does know," by a disciplined focus on three or four major issues and speaking "in slower, human terms, not 78-rpm policy-speak." Alter concludes, "in politics the only way to pierce the public consciousness is to create conflict. If [Clinton] doesn't start antagonizing someone (say, George Bush), he won't break through, no matter how many town meetings he holds" (6/15).

VEEP WATCH: Evans & Novak report, "Prominent [CA Dems] are advising that the party's only chance to carry the state for president is a Clinton-Brown ticket" -- CA Treasurer Kathleen Brown, Jerry's sister (N.Y. POST, 6/6). TIME terms the selection "probably a month away" (Walter Shapiro, 6/15 issue); Germond & Witcover focus on Clinton's choice, noting some campaign advisors advise Clinton to announce his choice early so the convention media coverage will focus entirely on Clinton (Balto. SUN, 6/6). PHILA. INQUIRER's Polman and Enda profile Sen. Bill Bradley (D-

NJ), who "is becoming the conscience of a nation in a volatile election year," noting "his defiance of politics-as-usual has raised his stock" in the VeepStakes (6/8); TIME's Walter Shapiro says Bradley is off the list, having "convinced Clinton that he genuinely does not want the job" (6/15 issue). S.F. EXAMINER reports Jesse Jackson is in Oakland to mediate negotiations between striking workers and a private hospital (6/7).

CONVENTION WISDOM: N.Y. DAILY NEWS reports "The militant anti-abortion organization" Operation Rescue has vowed to stage daily protest rallies at next month's Dem convention (Frank Lombardi, 6/6). NEWSWEEK reports Dems, to make their convention "at least remotely interesting," will "showcase 'real people': an unemployed steelworker, a person who is HIV-positive, an author" (6/15 issue).

"AMERICA SPEAKS" UPDATE: Clinton's televised "town meeting," slotted for 8:00-8:30pm EST this Friday on NBC, will feature Clinton taking questions from undecided voters in Pittsburgh, PA (Clinton release, 6/6). Clinton will take viewer calls on NBC's "Today" tomorrow (NBC, 6/8). ARKANSAS DEMOCRAT-GAZETTE's Fullerton reports Clinton is the first presidential candidate to buy national TV time for a town meeting; Clinton used a similar approach for primaries in NH, PA and CA (6/7). BOSTON GLOBE's Oliphant notes top Clinton aides say they want to buy up to four 30-minute blocks this month. Oliphant terms such forums "wonderful," "superb," and "a direct challenge to journalism to get its antiquated, negativist act together" (6/7).

TV REAX: Bob Novak on Clinton's "Larry King" performance: "He sounded like Jack Kemp more than he did Arsenio Hall." Mark Shields: "Bill Clinton has bottomed out and George Bush hasn't, that's the difference between them" ("Capital Gang," CNN, 6/6). David Gergen: "The difference in the gap between Arsenio Hall and going and talking to someone like John Major to me is so dramatic, it suggests that he doesn't have a handle on what it takes to be President" ("MacNeil/Lehrer," 6/5). Tom Wicker called the "Arsenio" appearance "undignified. ... The association with jazz music, the dark shades, and the 'Arsenio Hall' show, I don't think that is an asset in running for the presidency" ("Brinkley," ABC, 6/7). Fred Barnes: "Perot is eating George Bush, bringing Bush down, so that's helping Clinton." Morton Kondracke: "Clinton cannot move too soon [from] this 34% strategy, where he only relies on the blacks, because he will offend all the whites by being too close to Jesse Jackson" ("Group," 6/6). Dem pollster Harrison Hickman: "The good news for Bill Clinton is that with a third party candidate in the race he doesn't have to worry about winning 50% of the vote ... so he could see this as a liberating experience" (NBC, 6/6).

STAFF CHAFF: N.Y. TIMES' Richard Berke profiles Clinton national chair Mickey Kantor (6/7); N.Y. DAILY NEWS' Earl Caldwell examines Ron Brown (6/8); MS. MAGAZINE's Letty Cottin Pogrebin op-eds on Hillary Clinton (N.Y. TIMES, 6/8); Sidney Blumenthal notes the efforts of David Mixner, "the most prominent gay political consultant in L.A." (NEW REPUBLIC, 6/22 issue).

\$\$\$: Sunday's BOSTON GLOBE reports Clinton's campaign "is straining to stretch limited dollars to cover exploding expenses" between now and the convention, though Clinton aide Dee Dee Myers said, "We will have enough to keep the plane in the air" (6/7). ARKANSAS DEMOCRAT-GAZETTE covers Clinton's record-setting per-capita fundraising from Arkansas residents (6/7).

CLOSE CALL: The N.Y. DAILY NEWS personality column, citing the NATIONAL ENQUIRER, reports today that Gennifer Flowers has

backed out of a \$1 million deal with Penthouse magazine to pose nude. "Flowers evidently balked because as part of the deal, she would have had to release 51 more minutes of the telephone conversations she taped with Clinton. The tapes would have been played on a national 900 number for all the world to hear" (Richard Johnson, 6/8). WASH. POST notes similar Flowers waffling on a Donahue appearance (6/8).

*8 BROWN: JACQUES AND JERRY GO TO RIO

Jerry Brown "brought California's far-sighted 1970s environmentalism to the Earth Summit, packing in a global audience who came to hear a U.S. politician who practiced what he preaches." Brown talked up his initiatives as CA Gov., including windmill and solar energy, forestry reform, and a ban on nuclear power plants, saying, "And they call it flaky and moonbeam." He also raised his campaign theme about corruption, saying "It's easy to talk about environmentalism, but when you get there, you find a lot of greed standing in the way. Corruption is at the heart of the rape of the environment, and it's alive all over the world" (Kay, S.F. EXAMINER, 6/7). N.Y. DAILY NEWS' Hester & Kovalski report Brown "plans to crash at a homeless shelter" during his stay at the Dem Convention. "Brown's decision to stay at the shelter is ironic, given that the homeless are expected to be kept away from the 'zone of security' surrounding Madison Square Garden (6/8).

*9 THINKING THREE-WAY: LOVE NEWTS, LOST SWINGERS AND WAR PLANS

W. POST's Devroy reports on a memo circulated to the WH and the Bush campaign by House Min. Whip Newt Gingrich (R-GA), calling on Bush and aides to "wake up to the realities of 1992 campaign." Gingrich in the note: "We had better start dealing with ... how unique this year is, how frightened and angry the American people are, and how deeply the American people believe the current situation ... justifies the radical gamble of a third candidate." Gingrich cited a potential Perot "ceiling" of 45%,

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THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20508

May 28, 1992

MEMORANDUM FOR THE PRESIDENT

FROM: Carla A. Hills *CAH*
SUBJECT: Uruguay Round Status Report

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6-8

Jim Baker, Ed Madigan, and I had a good meeting yesterday with EC Vice President Frans Andriessen to follow up on your meeting last month with President Delors. The key issue was how the EC's agreement last week to reform its Common Agricultural Policy (CAP) can be used to achieve progress in the Uruguay Round. CAP reform addressed only the EC's internal support measures for agriculture, whereas the Uruguay Round encompasses the additional issues of export subsidies and market access.

Andriessen did not come with a concrete proposal. His initial position was that the EC could not do more than CAP reform and that we must be satisfied with the expected consequences that reform will have on export subsidies, with no guarantee. Our day-long discussions led to the following results.

- Internal Supports. Andriessen agreed to consider a commitment to achieve a 15-to-20-percent overall cut in internal supports by the end of six years, with flexibility as to when those cuts would occur and as to how the overall cut would be distributed among farm programs. Such a commitment would give our farmers a level playing field at the end of the six-year transition.
- Export Subsidies. Andriessen stated that he had no mandate to negotiate anything other than Delors' 18-percent offer given you. However, he agreed to "take back" the idea of cutting tonnage subsidized for export by 20 percent, provided there was flexibility on allocating the cut within commodity groups. We rejected the 20-percent figure as unacceptably below the Dunkel text figure of 24 percent, and rejected flexibility on allocating the cuts because it opens the door to abuse. We explored the possibility of increasing the time for implementation, which may offer some promise ultimately. Members of Andriessen's delegation hinted that there is support within the EC for going beyond Delors' offer, and Andriessen needed to have a low figure rejected by us. Time will tell.

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By MC ISARA, Date 7/16/02

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- Market Access. We pressed hard for the EC to reconsider its insistence on shielding imports of bananas from the requirement to convert all non-tariff barriers into tariffs. We are concerned that any exception to the rule on "tariffication" would open an escape route for other countries (such as rice for Japan and dairy, poultry and eggs for Canada) and lead to a clamor here for multiple exemptions. I believe we persuaded Andriessen that there are ways to provide preferential access for bananas from former colonies without disturbing the tariffication principle.
- Peace Clause. We gave Andriessen a paper designed to deal with EC concerns that their post-Uruguay Round policies might still be attacked even if they abided by the agreement. They reacted positively to our paper.

Andriessen agreed to get back to us, possibly in the last half of June, with reactions on each of our suggestions. Both sides agreed that a break-through is essential before the July 6-8 Economic Summit in Munich.

Andriessen and I met separately on the range of other Uruguay Round issues -- market access, services, intellectual property, subsidies and dumping. We agreed that these issues must not lag far behind agriculture. However, it is clear that movement that is politically very difficult will be needed on both sides to find solutions.

Finally, we were disappointed that Andriessen came with no specific suggestions for resolving the oilseeds dispute. The GATT has twice found the EC at fault for denying U.S. exporters a guarantee of duty-free access to the EC market. While Andriessen promised a proposal by mid-June, we told him that the U.S. now must go ahead with the procedural step of inviting public comment on a list of commodities for possible retaliation. We had delayed that step for several weeks at the request of President Delors.

cc: Jim Baker
Ed Madigan
Brent Scowcroft
Clayton Yeutter

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Harry —
The President
of the United States of America
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STATEMENT OF
THE HONORABLE LAWRENCE S. EAGLEBURGER
DEPUTY SECRETARY OF STATE
BEFORE
THE HOUSE COMMITTEE ON BANKING,
FINANCE AND URBAN AFFAIRS
MAY 21, 1992

Larry
Outstanding
CPB
6-8-92

Mr. Chairman and Members of the Committee:

I plan this morning to do my best to set the record straight on the U.S. Government's policy toward Iraq during the latter half of the 1980s and in 1990, and to place in context the role of the Commodity Credit Corporation (CCC) program. I intend to make clear that the Administration followed a prudent policy toward Iraq at the time -- including the management of the CCC program -- even though we, and other governments, were ultimately unable to restrain Saddam Hussein.

In explaining U.S. policy, I also plan to address many of the factual and legal misstatements currently being put forth by Members of this Committee. Quite frankly, the selective disclosure -- out of context -- of classified documents has led -- knowingly or otherwise -- to distortions of the record, half truths, and outright falsehoods, all combined into spurious

conspiracy theories and charges of a "cover up." For those interested in the truth, let me make the following ten points:

- First, the Agriculture Department's Office of the Inspector General, which has investigated Iraq's conduct with regard to the Commodity Credit Corporation (CCC) program and is participating in the U.S. Attorney's investigation of BNL-Atlanta, has not, to date, established diversion to third countries of commodities sold to Iraq.
- Second, those same investigations have not, to date, established that Iraq misused the CCC program to purchase military weapons.
- Third, neither the criminal indictment handed down in Atlanta in February 1991, nor the May 1992 plea agreement of a U.S. exporter to Iraq, contain evidence of or allegations that CCC-guaranteed commodities for Iraq were diverted to other countries or used for military purposes.
- Fourth, approximately 90 percent of the \$5 billion in credit guarantees extended to Iraq between 1983 and 1990 for the purchase of U.S. agricultural exports was provided prior to Fiscal Year 1990 and received broad support among Members of Congress and by American farmers and commodity groups.
- Fifth, CCC extended only one tranche of \$500 million in credit guarantees to Iraq in Fiscal Year 1990. Of this \$500 million, over 20 percent of it did not become effective because of the Gulf War. Moreover, the remaining \$392 million represents an official liability of the Government of Iraq. U.N. Security Council Resolution 687 provides that Iraq's repudiation of its foreign debts is null and void, and demands that Iraq adhere to all of its obligations. The Administration intends to assert claims against Iraq for any amounts that the U.S. Government is required to pay on CCC guarantees.
- Sixth, shortly after the U.S. Attorney's office in Atlanta initiated its investigation of Banca Nazionale del Lavoro (BNL), Agriculture reached an agreement with BNL that BNL would not participate in the CCC program for Fiscal Year 1990. Accordingly, BNL was not assigned

any of the \$392 million in CCC credit guarantees extended for agricultural exports to Iraq in Fiscal Year 1990, and will not receive one cent in U.S. taxpayer money for the payment of claims against those guarantees.

- Seventh, during the period that the CCC extended the \$392 million in credit guarantees, Iraq actually made hard currency payments of approximately \$847 million. Thus, despite concerns about Iraq's creditworthiness, there was a net reduction in CCC's exposure of about \$455 million.
- Eighth, the October 13, 1989 memorandum, to which Members of this Committee have repeatedly referred in making certain charges, merely speculates about allegations on Iraq's use of CCC guarantees. Most of the allegations in that memorandum have not, to date, been established.
- Ninth, the suggestion that the Administration has sought to "cover up" its policy toward Iraq is simply not true. Few U.S. government policies have been so carefully and so extensively examined by the Congress and by the media as this one. To this Committee alone, the State Department has provided over 4,000 pages of documents at a cost of over \$100,000 in employee hours. Other agencies have provided large quantities of documents as well.
- Finally, the State Department has been prepared to turn over additional documents. However, in light of the knowing and unauthorized disclosure of classified materials by Members of this Committee, the Administration determined last week, in accordance with its obligations under Executive Order 12356, not to permit further release of documents until it receives appropriate assurances from this Committee regarding the storage and protection of such materials. Failing such assurances from the Chairman, the Administration is prepared to make available appropriate documents to the Speaker of the House or to members or committees that he might designate.

I will now turn to a discussion of U.S. policy toward Iraq, the role of the CCC program, and the specific questions posed by this Committee.

I. U.S. Policy Toward Iraq

During Iraq's eight-year conflict with Iran, there was broad bipartisan consensus in this country that an Iraqi defeat at the hands of an extremist Iran would be disastrous for our interests in the region. Many of our allies, as well as the Gulf states themselves, shared this view. Although U.S. policy on the war was neutral, there was a subtle leaning toward Iraq, in public statements as well as in selected other actions, but without any provision of weapons or weapons systems to Iraqi government.

With the end of the Iran-Iraq War in the summer of 1988, and by the time President Bush took office, Iraq had emerged as the preeminent military power in the Persian Gulf. The Administration promptly undertook an extensive review of U.S. policy in that region, including U.S. policy toward Iraq. The key issue was whether U.S. interests in the Persian Gulf remained vital in view of the changed strategic environment there, and, if so, whether the existing investment of American power and diplomatic influence in the region reflected that importance. We concluded that access to Persian Gulf oil and the security of key friendly states in the area were, in fact, vital to U.S. national security, and that we were committed to defending those interests, hopefully with the support and participation of our friends in the region, Western allies, and Japan.

With regard to Iraq, the Administration recognized the difficulty of developing a clear cut policy. On the one hand, it appeared that Iraq had made a conscious decision to moderate its behavior since we had normalized relations in 1984. Iraq had, for example, reduced its support for terrorist groups and had, in fact, expelled the Abu Nidal Organization from its soil. Moreover, Iraq possessed significant oil reserves, was a major oil producer, and was increasing its supply of oil to this country. Post-war Iraq also appeared seriously interested in economic reconstruction and in expanding commercial ties with the West.

On the other hand, we fully recognized that there were still important issues that stood in the way of close relations. These included Iraq's human rights abuses, its chemical weapons program, our suspicions that Iraq might be developing biological and nuclear weapons, Iraq's efforts to build long-range missiles, and its involvement in Lebanon. Still, Iraqi membership in the Arab Cooperation Council, alongside close American friends such as Egypt and Jordan, appeared to offer the prospect of moderating Iraqi behavior. We also hoped that Iraq could play a helpful role -- or at least not play an unhelpful role -- in the Middle East peace process.

Recognizing these competing concerns, the Administration considered three major options in dealing with a post-war Iraq. First, we could expand our relations and try to embrace the Iraqis. Second, we could maintain our slow and steady course, seeking to probe, test, and encourage the Iraqis while being wary of their intentions. Or third, we could seek to isolate the Iraqis by punishing them for behavior we did not condone.

Given the unpredictability of Saddam's behavior and the uncertainty about his regional aspirations, we rejected the first option of expanding relations rapidly. We also recognized that we could not effectively isolate Iraq by acting unilaterally and that there would be no support from either our European allies or our friends in the Arab world for confrontation with Iraq. The third option, therefore, offered us little leverage over Iraqi behavior while potentially undercutting our broader interests in the Persian Gulf. We thus determined that these broader interests -- including continued access to the region's oil, stability of friendly area states, and deterrence of Soviet intervention and influence -- required a policy that sought, if possible, to engage Iraq and to offer the Iraqis a mix of incentives and disincentives, but without any illusions.

In adopting this policy, we decided to make clear to the Iraqi leadership that any use of chemical or biological weapons, or violations of IAEA nuclear safeguards, would lead to economic and political sanctions, for which we would seek the broadest possible support from our allies and friends. We also agreed that Iraq's human rights record and its meddling in internal affairs of others would continue to weigh heavily on our policy. At the same time, we would encourage Iraq to play a constructive role in the peace process, and we agreed to support the efforts of American companies to participate in Iraq's economic reconstruction and in the development of its energy sector.

In short, the Administration concluded that the evolution of normal relations with Iraq -- something that would require more constructive Iraqi behavior in a number of areas -- was in the U.S. national interest. Toward this end, we determined that it was worth trying to build on our successful diplomatic cooperation with Iraq during its war with Iran, and attempting to develop a modest economic relationship. However, our policy also included maintaining a capable military presence nearby, providing arms and other support to friendly states in the region, and expanding our dialogue with the Soviet Union.

For a period of time, we saw some movement by Iraq in the right direction on several matters. For example, Kurds

were allowed to farm again and they received compensation for seized property; Iraq agreed to pay personal injury claims relating to the crew of the USS Stark; FAA advice on airport security was welcomed by Baghdad airport; a first ever DEA visit to Iraq led to agreement to cooperate against narcotics trafficking; and we had opened a new cultural center in Baghdad that was successfully reaching out to ordinary Iraqis. Moreover, at a time when Iraq was forcing other Western creditors to accept bilateral debt rescheduling, it continued to repay U.S.-guaranteed loans.

Soon, however, a number of Iraqi statements and actions demonstrated that Iraq was not prepared to adopt a more responsible approach to relations with its neighbors or ourselves. As a result, we began to adjust even our modest efforts downwards. We heavily criticized Iraq's human rights record before the U.N. Human Rights Commission and in the State Department's Human Rights Country Report. We also expelled an Iraqi U.N. diplomat for involvement in a murder plot. In March 1990, U.S. Customs, working with the British, successfully interdicted an attempt to smuggle capacitors with possible missile and nuclear applications into Iraq. We also consulted with the British about the confiscation of materials for Iraq's development of the so-called "super gun." And we continued against Iraq a strict policy of denial for sales of weapons and

weapons systems, and intensified our efforts with other countries to tighten existing export controls, focusing on proliferation concerns.

What little remained of the U.S.-Iraqi relationship came to an abrupt end with Iraq's brutal invasion and occupation of Kuwait in August 1990. As it turned out, the fact that the United States had followed a measured policy toward Iraq rather than having sought unilaterally to isolate the Iraqis proved to be a critical factor in our ability to assemble a coalition -- which included Arab countries -- to expel Saddam from Kuwait and, ultimately, to devastate his military capabilities.

II. The CCC Program for Iraq

The Commodity Credit Corporation (CCC) of the Department of Agriculture had first made available credit guarantees in connection with export sales to Iraq in 1983, shortly before we resumed diplomatic relations with the Iraqis in 1984. As Under Secretary Crowder will explain in greater detail, the CCC program is designed to assist U.S. agricultural exporters and producers by developing foreign markets for U.S. commodities. It is, in the first instance, an export promotion and market development program. The CCC guarantee covers the risk of non-payment by a foreign bank under a letter of credit opened to finance the purchase of U.S. agricultural exports. Iraq was

one of more than 40 countries participating in this program, which served to provide benefits for over 80 different types of U.S. agricultural commodities.

In many respects, our trade balance with Iraq during the latter half of the 1980s was governed by the level of U.S.-guaranteed financing available to Iraq. As U.S. imports of Iraqi oil rapidly expanded toward an estimated \$2.5 billion by 1990, the CCC program helped lessen a growing trade deficit with Iraq. Throughout the period in question and despite its economic difficulties, Iraq maintained a record of consistently and fully meeting financial obligations incurred under the CCC program.

Iraq requested \$1.03 billion in CCC credit guarantees for Fiscal Year 1990. As the Administration began to consider this request, it learned that the U.S. Attorney in Atlanta was investigating the Atlanta branch of Banca Nazionale del Lavoro (BNL) for allegedly conducting a clandestine "greybook" loan operation to Iraq. While much of the money involved in the loan operation was not directly related to the CCC program, the Agriculture Department found that approximately \$720 million of BNL-Atlanta's loan portfolio consisted of assigned obligations that were backed by CCC export credit guarantees. Accordingly, as Under Secretary Crowder will explain, investigators with Agriculture's Office of the Inspector General began assisting the U.S. Attorney's investigation in early September 1989.

The Administration took the BNL allegations seriously, even though at the time no wrongdoing on the part of Iraq had been established. Because of the allegations, the Administration initially postponed any decision on Iraq's request for CCC guarantees for Fiscal Year 1990. Moreover, in Secretary Baker's October 6 meeting with then Iraqi Foreign Minister Tariq Aziz, the Secretary raised the BNL issue, emphasizing the importance of Iraqi cooperation with this investigation, and seeking assurances from the Government of Iraq that it would assist in the investigation. Aziz gave these assurances and Iraq did cooperate when a team from the Departments of Agriculture and State travelled to Baghdad several months later.

In November 1989, the National Advisory Council on International Monetary and Financial Policies (NAC) met at a senior level to consider Iraq's CCC request. As Deputy Secretary Robson will describe further, there was a full exchange on all relevant points regarding the CCC program for Iraq. The Deputy Secretary of Agriculture specifically reported that the BNL investigation had only resulted, to date, in allegations of violations. He further reported that Agriculture's Office of the Inspector General had stated in writing that there was no evidentiary basis for withholding approval of new CCC guarantees for Iraq.

In addition to discussion of the BNL investigation, representatives at the NAC meeting also discussed Iraq's creditworthiness, the importance of Iraq as an agricultural export market, and the Administration's efforts to manage the bilateral relationship in a way that might moderate Iraqi behavior. I might note as well that at this time Members of Congress, along with various agricultural trade interests, were urging the Administration to provide the full amount of credit guarantees requested by Iraq.

After a careful balancing of the risks and benefits, the NAC supported the Agriculture Department's recommendation to establish a tiered approach to the CCC program rather than to grant Iraq's request outright. Under this approach, Agriculture decided to extend a first tranche of \$500 million in credit guarantees, with additional guarantees for the year to depend on the results of Agriculture's own administrative review as well as the investigations by its Office of the Inspector General and the U.S. Attorney in Atlanta. The Administration indicated to the Iraqis that the CCC program would be terminated if abuses were discovered.

The Agriculture Department continued to monitor the BNL investigation and consistently received word from the Office of the Inspector General that there was no reason to recommend

that the CCC program not go forward. At the same time, however, Agriculture's own administrative review of Iraq's CCC program indicated a pattern of unexpectedly high prices for certain commodities. Accordingly, by February 1990, without investigations yet completed, the Administration deferred a decision on the second tranche of \$500 million of credit guarantees for Iraq.

During this time, the State Department cooperated with the Justice Department in the Atlanta investigation. This is reflected in correspondence between the two Departments in March 1990, in which the State Department offered to work with Justice attorneys to develop a plan to interview Iraqi officials in connection with the BNL investigation.

The State Department also facilitated Agriculture's administrative review of the CCC program for Iraq. In mid-April 1990, a delegation from Agriculture, with a representative from the State Department's Office of Legal Adviser, travelled to Baghdad for approximately four days to meet with the Iraqis and to review their records regarding CCC-guaranteed purchases. The officials were granted extensive access to Iraq's records relating to these purchases. Agriculture issued a report in May on the results of this visit. The report did, in fact, find violations by Iraq of CCC program requirements.

Accordingly, as Under Secretary Crowder will describe, he asked his Inspector General for a complete investigation of Iraqi commodity sales. While that investigation is ongoing, it is my understanding that it has not, to date, established diversion to third countries of commodities sold to Iraq, or misuse of the CCC program by Iraq to purchase military weapons. This is in contrast to the speculation contained in a memorandum of October 13, 1989, which Members of this Committee and others have frequently cited as fact to support allegations against the Administration of wrongdoing and a "cover up."

After the Agriculture Department had released its report, the Administration chose not to proceed with the second tranche of CCC credit guarantees for Iraq. Indeed, the Administration never granted any further credit guarantees to Iraq beyond those announced in November 1989.

When the United States imposed sanctions against Iraq in August 1990, there were approximately \$1.9 billion in outstanding credit guarantees. Of course, the major portion of those obligations had accumulated during the 1980s. In that regard, it is worth noting that all sanctions legislation against Iraq that the Congress had proposed in the first half of 1990, except for the Inouye-Kasten bill, exempted the CCC program from whatever sanctions might be imposed.

It should also be noted that, of the \$500 million in CCC credit guarantees authorized for Fiscal Year 1990, only about \$392 million actually became effective prior to the imposition of sanctions. Moreover, during the same period, Iraq actually made hard currency payments under the CCC program of approximately \$847 million. Thus, despite concerns about Iraq's creditworthiness, there was a net reduction in CCC's exposure of about \$455 million. In light of the affirmation in U.N. Security Council Resolution 687 of Iraq's continued liability for outstanding debts, as well as our own freezing of Iraqi assets, we should expect that CCC claims against Iraq will eventually be settled.

III. The Committee's Questions

Within this context, let me turn to the Committee's questions on the Fiscal Year 1990 CCC program. As noted above, the State Department, acting in accordance with Administration policy, viewed the CCC program as one of the positive elements in our effort to develop a constructive bilateral relationship with Iraq. The State Department believed in November 1989 that continuation of CCC-supported trade offered the possibility of expanding and improving that bilateral relationship. This would hopefully have had the additional benefit of moderating Iraq's conduct in areas of concern to us, such as human rights. By April 1990, however, the State Department no longer supported additional CCC credit guarantees for Iraq.

On the issue of creditworthiness, the State Department viewed Iraq's record of repayment of CCC obligations as excellent, even though there were minor delays from time to time. Indeed, during the period in question, Iraq actually made payments to CCC of more than twice the amount it received in new guarantees.

As for the BNL scandal, that issue, of course, had considerable influence on the course of events. It contributed to the initial delay in considering Iraq's request for \$1.03 billion in CCC credit guarantees. It led Secretary Baker to request of Foreign Minister Aziz that Iraq cooperate in the investigation. And it contributed to the decision to apply a tiered approach to Iraq's CCC request, granting only a first tranche of \$500 million while the investigation proceeded.

Finally, the Administration remained highly critical of Iraq's human rights record, even though consideration of that record did not specifically affect the State Department's views on the CCC program.

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Mr. Chairman, that is the end of my remarks in response to the questions that you posed. However, I feel compelled in

conclusion to comment on the nature of this inquiry. As I prepared for this hearing, I could not but reflect on how the conduct of our government has changed since I began my career with the State Department more than 30 years ago. We now seem to work in an environment of distrust rather than trust, of confrontation rather than cooperation, of accusation rather than fair inquiry. What has been done by the selective disclosure -- out of context -- of classified documents, by the distortions of truth, and by the raising of innuendoes where no facts exist to support them is to make exceedingly difficult our ability to engage in the deliberative process necessary to formulate policy. No longer can responsible officials voice differences of opinion, provide candid advice to their superiors, or engage in open discussion and debate on an issue without the constant worry that at some point in the future someone will seek to condemn and vilify them for having done no more than perform their duties honestly and to the best of their abilities. I submit that such a situation is in no one's interest and is a disservice to the good governance of this nation.

daily 6/8



Mr President

Three items to read

1) A. A. Bank follows - up

2) WSJ article on Bank
lending, May 20

3) Finance Times article
on letters

(see)

The FT article is exactly what we have

27 been saying for over a year. Since the
German ~~antidote~~ antidote is to raise
interest rates to levels that are choking
off growth in Europe, the U.S. has an
interest that is important. It affects our
exports and is responsible for slow down
of GATT.

Now that the papers have picked up
the U.S. line (which they used to put down
as an attempt to give up the world
economy) we can be less vocal
ourselves. NFB

for
your
re-election

FINANCIAL TIMES

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Wednesday May 20 1992

New realism in Germany

GERMANY has stepped back from the abyss. In a little over 24 hours following Monday's wage settlement, the spectre of damaging strikes in the engineering industry and renewed unrest in the public sector has disappeared. The prospect of a year or more of industrial stability and falling inflation in the western lander are good. ~~But the threat of crisis has not been eradicated: the struggle over how to spread the burden of unification has only been prolonged.~~

The sudden outbreak of peace in the engineering industry demonstrates how premature were the plethora of obituaries for Germany's consensus-seeking decision-making. The extent of the compromise, and the speed with which the building workers have fallen into line, demonstrates how much both unions and employers wanted to avoid a confrontation.

Little wonder the west German political establishment has breathed a deep sigh of relief. The wage agreements, while high by German standards, do not spell danger for industrial competitiveness; and the fact that the unions appear to have accepted the need for wage restraint should be enough to remove the threat of higher interest rates.

~~Yet the cancer remains. Prospects in the west may have improved, but the plight of the eastern lander continues to deteriorate. Output per head has collapsed, capital investment is depressingly low, and the official unemployment rate has risen to 18 per cent. Adding on the hidden unemployed on various schemes increases the proportion of the potential work force without jobs to 40 per cent. What economic activity is occurring in the east remains largely dependent on transfers from west German taxpayers. Net transfers are expected to rise to 81 per cent of east German output this year.~~

Wage conversion

The root of Germany's economic and social problems is the pace at which wages in the east and west are converging. Parity in the engineering industry is timetable for 1996. But east German productivity is only a third of west German levels. No wonder eastern industry is unprofitable and the pace of industrial privatisation so slow.

These wage convergence deals should be rethought; but the ease with which skilled workers can migrate mean that wages will still converge faster than productivity. ~~Unemployment in the east will stay high for some time. One way or another the west German government will have to subsidise east-ern living standards.~~

Inefficient industries

Yet the government is currently impeding rather than speeding the transformation. The most inefficient industries should be allowed to close, but instead they receive the lions share of subsidies from the Treasury. Rather than paying people to do nothing, government should instead subsidise employment in the private sector. The subsidies should be temporary; but by closing the gap between east German wages and productivity, they would encourage the growth of private industry, rather than public idleness.

~~Yet whether the transfers subsidise employment or unemployment, the flow will continue for years. The cost of these transfers was inevitably going to place great strains on the social consensus in the west. But these strains have been magnified by the unwillingness of the government to demand of the west German people the necessary sacrifices.~~

~~The pain is not over. Despite last year's tax increases, public borrowing continues to grow at an unsustainable pace. The government's commitment not to increase taxes further already looks unrealistic. If it plans to stick to its pledge to bring borrowing under control, then government will have to cut spending. The candidates for cuts are numerous: subsidies in agriculture, coal and steel; and local government spending. Government at federal and land level must specify where the axe will fall.~~

The bravery of Mr Kohl's embrace of unification in 1990 has been matched by the poverty of his subsequent policy actions. But the events of the last few months should have taught him and his colleagues the error of their ways. It is time for Mr Kohl to come clean. If the coalition government fails to act decisively, there will be more confrontation and, quite possibly, a new government in 1994.

← Tough to do
Politically

← The
Germans told
us originally
that it would
take 7-3 years

← Easy for
journalists to
say; tough
to do.



THE SECRETARY OF THE TREASURY
WASHINGTON

May 20, 1992

MEMORANDUM FOR THE PRESIDENT

FROM: NICHOLAS F. BRADY *NFB*
SUBJECT: Follow-up on Banking Regulators in Los Angeles

We have followed-up the complaints you received from three people in Los Angeles about policies of the federal banking regulators. Two of the cases involve the FDIC, who agreed to take steps immediately to address these issues. The last case involved more general concerns about the need for greater federal assistance to help funnel capital to the inner city.

1. David Lizzaraga, President & CEO, TELACU. Mr. Lizzaraga complained that the FDIC had changed the underwriting standards that apply to TELACU's insured depository institution, Community Thrift and Loan. He said this had discouraged some of the profitable but less traditional types of lending to inner city customers. He requested Treasury to arrange a meeting with high level FDIC officials, which we did. The FDIC may have a different view of the facts of the case, but senior officials agreed to fly down a top field officer from their San Francisco office to meet with Mr. Lizzaraga. We told Mr. Lizzaraga to contact us if he felt the need to have additional meetings in Washington. He seemed pleased with our efforts.
2. Mary Anne Casillas-Chalker. She is evidently a self-made millionaire in the insurance brokerage business who sits on the board of directors of the Bank of Los Angeles. She complained that the FDIC had criticized the bank for purchasing 12 loans from an inner city bank, even though all but one of the loans was performing. Again, the concern was that such a policy would discourage capital from flowing into the city. We called the President of the bank directly to confirm the situation. He maintained that the FDIC had generally done a fine job with his bank, but agreed that the policy with respect to the inner city loans could discourage new purchases of such loans. We asked the FDIC to look into the matter, and they have agreed to do so in consultation with the bank CEO. Ms. Chalker also raised the question of the government issuing a new kind of tax-free bond to finance inner city investment. Treasury will respond to this request separately by letter.

3. Herman Gallegos. He did not complain about specific regulatory practices that applied to his bank. Instead, his concern was that banks simply could not profitably provide the types of credit most needed in the inner city. He cited as an example the need for loans to businesses that need less than \$50,000 -- the so-called "micro-loans" for street vendors, very small businesses, etc. He claimed it was too expensive for banks to undertake this kind of activity because of all the paperwork and processing involved. He also thought it would be useful to establish some kind of federal agency to screen the credit-worthiness of small loan customers and send the good ones to the banks for loans. This would reduce the processing costs and therefore allow banks to make more of these kinds of loans. We thanked him for expressing these concerns.

You should also know that Treasury has formed a task force of the banking regulators here in Washington to address the Los Angeles situation. This task force recently issued a statement to the Los Angeles banking community declaring that regulators would show more flexibility in the classification of loans to borrowers experiencing temporary problems because of the disturbances. This statement was well-received. The task force will follow up with additional specific recommendations.

Optimistic Lenders

Banks See Early Signs That Business Demand For Loans Is Reviving

They Say Many Companies
Appear More Confident;
Some Are Awash in Cash.

But U.S. Regions Vary a Lot

By FRED R. BLEAKLEY

Staff Reporter of THE WALL STREET JOURNAL

With so many deadbeats out there, Paul Reiner has become choosier about taking on customers, and he says those that do pay are taking longer. But the president of Oakland Nursery in Columbus, Ohio, sees its landscaping business picking up. So, he is tapping Huntington National Bank for more credit to finance receivables.

At Furman Lumber Inc. in Billerica, Mass., President Barry Kronick found that after two weak years, a rebound in sales "sort of came all at once. We didn't do anything different." The lumber wholesaler is increasing a credit line at Bank of Boston to \$50 million from \$42 million.

With sales turning up in more and more parts of the country, many companies are feeling more confident about borrowing. And that, bankers say, suggests that in coming months business leaders will finally start to rebound.

Optimistic Tone

"From talking to customers and seeing the business that's in the pipeline, I sense things will be better in the third and fourth quarters," says Edgar Morseman Jr., chief lending officer at Norwest Bank in Minneapolis.

The Federal Reserve's drive to lower interest rates has had little to do with the newfound optimism, some bankers say. They contend that although low rates give a bit of a psychological lift, a far greater catalyst for borrowing right now is a revival of growth in companies' sales. Not everybody agrees, of course.

In any event, the Fed's policy-making Open Market Committee met yesterday amid expectations that the still-sluggish economy and uneven growth in the money supply might prompt it to trigger another

cut in the rates the Fed controls. By lowering the Fed funds rate — the rate banks charge each other on overnight loans — the Fed makes it cheaper for banks to lend money. In addition, the Federal Reserve Board might take the more symbolic step of lowering its discount rate, which is what the Fed charges on loans to banks and savings institutions. Either move would be aimed at spurring lending by making it cheaper for borrowers.

Prime Rate High

But banks, anxious to increase their own profits and strengthen their balance sheets, haven't done all they can to encourage borrowing. Although the Fed funds rate is at a 20-year low, the prime rate — the base rate on business loans — remains at 6.5% at most big banks. That's "too high," says David Wyss, research director of DRI/McGraw Hill. Unlike many bankers, he believes that "a prime rate of 5.5% would make a real difference in stimulating the economy."

Without some more help, the current hopes could turn out to be a replay of last year just before the air went out of the recovery balloon. But this time around, many bankers say what they have seen in recent weeks is encouraging their belief that a mild recovery is sustainable.

Just back from visiting subsidiary banks in Tennessee, Iowa, Oklahoma and Missouri, Andrew Craig, chairman of Boatmen's Bancshares in St. Louis, says small and medium-sized business customers "say they read that the economy is bad, but their businesses are doing well." Many of the customers he met are suppliers to capital-goods companies, and he believes that their optimism bodes well for plant and equipment spending.

Declining Loan Totals

Commercial and industrial loans at the nation's banks have a way to go before they have truly revived, of course. They have declined this year to \$607 billion from \$620 billion at Jan. 1. One reason: In the first four months, nonfinancial companies raised \$62 billion from bond sales and \$24 billion in the stock market, both records, according to IDD Information Services. Much of the proceeds has been used to pay off bank debt.

And even though at this point following the 1981-82 recession commercial loans were rising sharply, bank lending isn't likely to take off anytime soon. Many banks remain stingy with credit because they don't have the capital, under new regulations, to support a big increase in assets. Moreover, most companies don't need loans just yet. Some are determined to whittle down heavy debts left over from the 1980s or simply remain cautious. Others "weren't spending money during the recession, so they have cash coming out their ears," Mr. Wyss notes.

In addition, loan demand is slow because not many companies are borrowing heavily to fill their warehouses to meet demand. "This recession has brought much better control of inventory," says Richard Boyle, vice chairman of Chase Manhattan Corp. One reason Allied-Signal Inc. isn't tapping its banks for loans, for example, is that its cash flow — net income plus depreciation — has improved. About \$100 million of that is due primarily to inventory reductions facilitated by better production forecasting and inventory-control systems.

But although no surge in bank loans

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seems in prospect, loans aren't going off the banks' books at anything like last year's fast pace. And "there's a much better picture emerging if you look at the regions of the country rather than the aggregate," says Robert DiClemente, senior economist at Salomon Brothers.

As the economy starts to come off a bottom, he notes, more and more Federal Reserve districts will show improvement or at least flat loan growth. A spot check of several Fed districts backs him up.

At the Dallas Fed, Robert Clair, senior economist, says bankers over the past two weeks have been telling him "they are seeing some improvement even though it is not yet on the books." The renewed interest is coming from small and medium-sized companies rather than large corporate borrowers, which typically turn to the commercial-paper market. (Nonfinancial commercial paper — corporate IOUs — has increased \$23 billion so far this year to about \$147 billion.)

Bankers in Little Rock, Memphis, Louisville and St. Louis recently told the St. Louis Fed that business borrowing turned around from a slight month-to-month decline in January and February to a 1.9% increase from the end of February to the end of April, according to Michelle Clark, an economist at the bank. She adds that Boatmen's, Mercantile Bancorporation and Commerce Bancshares reported an average 6.6% increase from the end of February to the end of April.

West Coast Weak

The West Coast, however, remains weak "across the board in commercial loans," says Gary Zimmerman, a San Francisco Fed economist. And Southeastern banks reporting to the Atlanta Fed report "no clear uptrend." Pending, says Frank King, associate research director, although they are telling him businesspeople "are more confident than they were at the beginning of the year."

That's what James Bell, senior vice president of National City Corp. in Cleveland, is finding as well. "After the middle of last year, capital expansions, efficiency improvements and acquisitions were put on hold," he recalls. Lately, though, "people are regaining their confidence and making those investments." And his bank's middle-market corporate-loan business "is comfortably ahead of plans for this year."

In New York, Chemical Banking Corp. is seeing a pickup in business from the garment industry. "Six months ago, people were really down; now, they're feeling pretty good about the fall," says Frank Lourenso, executive vice president. "I can't say there's a stampede of people wanting loans, but there's more activity across the board." Although Chemical is the only large bank with a 6.25% prime rate, the quarter-point advantage hasn't been the swing factor, Mr. Lourenso adds. It's more a case of customers believing that their business has bottomed out

Robert Mahoney, senior vice president of Bank of Boston, also gives little credit to lower interest rates for a steady pickup over the past three months. Stronger retail sales are helping, and an increase in home buying in New England is spurring borrowing by lighting, landscaping, linoleum, furniture and lumber companies, he says. "It's the first normal spring we've had since 1989," he says.

On Monday, Bank of Boston announced ambitious plans to put up to \$3 billion in new business loans on its books. To date, though, the pickup in business has come not so much from aggressive marketing as the fact that "our clients are more stable and sound," Mr. Mahoney says.

Banks Stronger

Helping make loans easier to get is the banks' own improved health and what Stephen Paneyko, senior lending officer of UJB Financial Corp. in Princeton, N.J., calls a "more realistic" attitude among bank regulators. Their rigid approach to regulation helped cause the recent credit crunch, some bankers say.

Although the crunch hasn't ended, especially for real-estate developers whose projects are often crucial in an economic recovery, more banks are taking chances they had shunned last year. "I've heard from my operating people over the last 30 days that the banks are back in the marketplace," says Albert Gamper Jr., chief executive of C.I.T. Group, a nationwide commercial finance company.

Companies that were kept on a short leash last year are also getting more leeway. Fetco International was "a little strained for funds during the recession," even though sales were rising, says Michael Wieland, chief operating officer. This year, with its picture-frame importing business continuing to grow rapidly, the Buxtonfield, Mass., company's needs will be met by Bank of Boston, he says.

Similarly, a Goldman, Sachs & Co. survey in late March found that among large corporations responding, the percentage saying they still were experiencing tight money fell to 39% from 56% six months earlier.

The survey also showed a 5% increase in bank borrowing was expected in the second half of this year, says Robert Albertson, Goldman's banking analyst. He adds that Federal Reserve loan figures are "misleading" because they count only loans on the books. Many big loans are sold off to insurance companies, foreign banks and other institutional buyers; the U.S. banks collect commitment fees but then don't have to carry the loans.

Big Securities Portfolios

But many banks could easily fund loan growth and keep it on their books, too. H. Erich Heinemann, chief economist of Ladenburg, Thalmann & Co., notes that since the beginning of last year, banks have added \$120 billion in Treasury securities to their portfolios in lieu of loans. And Mr. Clair says that banks in the Dallas

Fed district could fund \$33 billion of new loans by simply selling such securities. They wouldn't have to raise certificate-of-deposit rates to attract lendable funds.

To increase their profits, bankers have been happy to pay as little as they could for deposits on the theory that what they keep they can invest at higher yields in Treasury securities or select loans. While yields on six-month CDs have fallen to about 3.79% nationally from 9.27% three years ago, rates on unsecured personal loans have barely budged, and credit-card rates have risen, according to Bank Rate Monitor of North Palm Beach, Fla.

"Banks have no motivation to bid up deposit rates because consumers and businesses are not queuing up for loans," says Robert Heady, the firm's president. Michael Murray, executive vice president of Continental Bank Corp., of Chicago, adds, "Banks have plenty of money to lend." But he doesn't expect robust loan demand until long-term Treasury bond rates decline from about 8% to 7.5% so home building and auto sales will spur the economy.

Mr. Mahoney of Bank of Boston isn't waiting. Speaking of his business customers, he says, "The incremental sales we rooted for are now happening." But he adds, "As an industry, we may have to take one more gulp" and be willing to lend "before earnings come in."

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Wednesday May 20 1992

New realism in Germany

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← Tough to do
Politically

daily
6/8

THE WHITE HOUSE
WASHINGTON

Date: May 20, 1992
2 MAY 20 AIO : 6

TO: THE PRESIDENT

FROM: CLAYTON YEUTTER
Counsellor to the President for
Domestic Policy

Mr. President, you asked how the spotted owl announcements played in the press.

Mixed reviews in this part of the country, as you might expect. We did get reasonably well balanced coverage from the TV networks, less balance (i.e., more pro-owl commentary) from the liberal print media.

As we had hoped, the press in Washington and Oregon did tilt our way. I'll attach a couple of the articles, both of which have great headlines.



Administration puts Congress on spot with alternate owl plans

By ROBERTA ULRICH
and KATHIE DURBIN

of The Oregonian staff

WASHINGTON — The Interior Department announced two plans for the spotted owl Thursday, one to comply with the Endangered Species Act mandate to restore owl numbers, and the other designed to reduce job losses and increase congressional discomfort.

The second plan would require congressional action because it does not comply with the Endangered Species Act. Lujan said it would be up to Congress to choose between leaving 17,000 jobs and saving 1,000 pairs of owls.

The recovery plan announced in Portland would ban timber cutting on 5.4 million acres in Oregon, Washington and California outside wilderness and national parks.

The department said it would result in the loss of 32,100 jobs in Oregon, Washington and California from the level predicted under forest plans in place last December. That level already has been affected by the Forest Service's new environmental impact statement, court injunctions against logging and lower demand for wood as a result of the recession.

The alternate, announced in Washington by Interior Secretary Manuel Lujan Jr., would reduce the area protected from logging to 2.8 million acres. Lujan said it would cut job losses by 1996 to 14,990. The department based its figures on 15

jobs per million board feet of timber cut.

The recovery plan would support an estimated 2,300 pairs of owls. The alternate, which Lujan calls a preservation plan, would support 1,300 pairs. Scientists said the alternate would provide only slightly more than a 50 percent chance of stabilizing the owl population in the Oregon Cascades and 50 percent in the Klamath Mountains in Northern California, the areas afforded the most protection in that plan. Elsewhere the scientists rated the likelihood that owl populations would stabilize as medium low to very low.

The scientists said it was unlikely the owl would become extinct within the next 100 years under the alternate plan but that the plan would probably establish conditions that would eventually lead to extinction.

Both plans deal with the owl and its habitat, not with the broader issues of forest management for a diversity of species, preservation of old growth and protection of watersheds. The Endangered Species Act requires a recovery plan for each species listed as threatened or endangered.

The recovery plan meets that requirement, but its release was delayed while the alternate plan was developed. Lujan ordered the alternate plan in February after declaring that job losses resulting from the recovery plan would be too high.

The public will have 60 days to comment on the recovery plan and the Interior Department plans to

take 60 days more to complete the final version, making its effective date about mid-September.

Congress could enact the alternate plan any time. Rep. Bob Smith, R-Ore., said he will sponsor it in the House and expects to introduce it next week.

The recovery plan designates 195 conservation areas for the owl scattered along the Cascade Range in Oregon, Washington and California, on Washington's Olympic Peninsula, along the Oregon Coast Range and in the Klamath Mountains of Southern Oregon and Northern California. Logging would be prohibited in the designated conservation areas and some restrictive forest management guidelines would be imposed on an additional 410,000 acres adjacent to the designated tracts.

The goal of the recovery plan is to increase owl numbers to a level where the bird can be removed from the list of threatened species, where it was placed in June 1990.

The alternate plan, designed only to stabilize the owl numbers, reduces the number of designated conservation areas to 75, eliminating them from nonwilderness and park lands north of Interstate 90 in the Washington Cascades, Oregon Coast Range and the Olympic Peninsula. Outside those designated areas forest management agencies will be directed to use forest thinning and new forestry practices. The alternate also calls for captive breeding of owls.

Bush takes offensive on spotted-owl debate

Lujan says plan would move some birds, save jobs

by David Schaefer
Times Washington bureau

WASHINGTON — The Bush administration and the Republican senators from Washington and Oregon hoped today to regain the upper hand in the battle over timber and spotted owls, a battle that has divided the states' residents.

In the most important and most political of three developments today, Interior Secretary Manuel Lujan officially unveiled administration and Republican strategy for resolving environmental and economic interests tugging at the fate of the northern spotted owl, which has been declared threatened under the Endangered Species Act.

Lujan proposed that the owl be captured in certain areas and relocated to existing parks and preserves and that the harvest of ancient trees proceed. It would be up to Congress to make that recommendation real by amending the act itself.

Meanwhile, the so-called "God Squad" of government officials who can approve exemptions to the Endangered Species Act was poised to vote on whether 64 timber sales on Bureau of Land Management forests in Oregon should be allowed to go forward despite their impact on spotted-owl habitat.



Manuel Lujan



Spotted owl

And in Portland today, the U.S. Fish and Wildlife Service was to announce a plan for the recovery of the owl in Western Washington and Western Oregon, a plan that follows the existing rules laid out by the act.

With the announcement today, Lujan is suggesting that some provisions of the Endangered Species Act be waived on the Olympic Peninsula, the Oregon Coastal Range, and parts of the North Cascades.

His proposal would not protect the owl in those three areas. When owls are found, they would be captured and moved to wilderness areas or national parks. Timber harvesting would be allowed to go forward.

Lujan conceded that his scheme would mean the owl would not recover for centuries in some areas, but he denied that his strategy would cause extinction of the species, according to congressional staff members who were briefed this morning by the Interior Department.

Opponents point out that the act requires something more than mere preservation: It requires that the government foster recovery to

Please see **OWL** on A 2

Lujan claims proposal would save jobs

OWL

continued from Page 1

levels that mean the species is no longer threatened with extinction.

Lujan said the Fish and Wildlife Service plan, which is required by law to abide by all provisions of the Endangered Species Act, would mean the loss of more than 30,000 jobs in the Northwest — too high a price to pay for the full recovery of the owl.

While that proposal reportedly would put 6 million acres off-limits to timber harvesting, Lujan would reserve about 4 million and, he estimates, cut the expected job losses in half.

Lujan contends his plan would mean the loss of as little as 10 percent to 20 percent of the estimated 3,000 pairs of owls, to save 15,000 timber jobs.

More than half of any job losses would be in Oregon because most of the timber harvested there is on public land, said a spokeswoman for Sen. Bob Packwood, R-Ore.

The owl is regarded by biologists as a measure of the health of the ancient-forest ecosystem. Action so far by government agencies and the courts has stalled cutting of old growth and intensified the debate.

Today's developments set the stage for the debate and decision to move to Congress, where the issue has been bandied about by various committees.

Lujan's announcement is politically loaded. It is designed:

- To show how the Bush administration can balance jobs and protection of the environment.

- To demonstrate, four days before the Oregon primary election, that Packwood is influential with the administration on Northwest issues.

- And to counter the more pro-environment

position of House Democrats.

In the House, bills being considered by both the Interior and Agriculture committees would provide higher levels of protection for the spotted owl than the administration would.

With the administration proposal, the Republicans hope to put the Democrats on the defensive by demonstrating to the home folks that Republicans are willing to go to bat to save their jobs.

However, Rich Nabiger, chief timber adviser to Washington Gov. Booth Gardner, said he thinks a compromise is likely between the Lujan plan and a bill proposed by Rep. Peter DeFazio, D-Ore.

DeFazio would protect the owl down the crest of the Cascades in Washington and Oregon, while allowing the forests on the Olympic Coast and Oregon Coast to be managed with experimental techniques that might find a way for owls and loggers to co-exist.

However, a Democratic congressional staff member warned that Lujan's plan clearly won't be approved by Congress and could encourage Republicans not to compromise.

Environmentalists said they will take action in court to stop Lujan from violating the Endangered Species Act, which they consider the last safety net for the health of the remaining old-growth forests.

Yesterday, Washington and Oregon senators testified before a Senate environment subcommittee charged with reauthorizing the Endangered Species Act.

"Every timber sale now is subject to appeal," added Sen. Slade Gorton, R-Wash. "Human values have clearly and simply been ignored."

But Sen. Brock Adams of Washington, the only Democrat in the group, said the act is being used as a "scapegoat" for years of overharvesting. The only change in the act that should be contemplated, he said, is to protect whole ecosystems instead of individual species.

THE PRESIDENT HAS SEEN

UNCLASSIFIED
THE WHITE HOUSE

WASHINGTON

May 14, 1992

2 MAY 15 P1:10

MEMORANDUM FOR THE PRESIDENT

FROM: CLAYTON YEUTTER

SUBJECT: SPOTTED OWL

✓ A quick report on spotted owl. We finally got a 5-2 vote in the "God Squad," with Bill Reilly joining the Oregon representative (an appointee of the Democratic Governor) in dissenting. I was able to corral the fifth vote (Dr. Knauss, who heads NOAA in Commerce) only 25 minutes before the meeting began! The result was that the God Squad approved the sale of timber from 13 tracts of land out of the 44 that were under consideration for exemption from the Endangered Species Act. That's not a lot of timber, but it puts us on the side of jobs, while also indicating that we carefully considered the jobs/owls trade-off in all 44 sales. It likewise evidences a willingness to use the God Squad for this purpose, which is symbolically important to the Pacific Northwest. In other words, that decision should play well. Bill Reilly's no vote was not helpful (though it proved to be irrelevant); nor was his campaign to persuade other God Squad members to vote against the Lujan recommendation. Bill was correct in asserting that Interior didn't handle this very well, but I still believe he should have been supportive.

✓ Sec. Lujan also announced his Recovery Plan for the entire Washington/Oregon area, which was required by law and which would cost an estimated 32,000 jobs. That will not sit well with anyone except for the environmental groups, which is why he simultaneously announced his Preservation Plan.

The Preservation Plan will reduce the estimated job loss by about 17,000 while also preserving the owl, though at a lower population level than the Recovery Plan.

✓ Since the Preservation Plan violates the Endangered Species Act, it cannot be implemented without legislation. Sen. Gorton announced today his intention to introduce the necessary legislation, and Cong. Bob Smith will probably follow his lead in the House. This plan should be greeted with considerable enthusiasm in the Northwest even though it will still cost about 15,000 jobs. Sen. Packwood will seek to amend the legislation to further reduce the job loss, but there is little likelihood of that effort succeeding.

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-2-

You and Sec. Lujan will both receive considerable praise for your effort to sensibly balance economic and environmental interests in submission of the Preservation Plan, though Congressional passage is problematical.

We'll know tomorrow how this plays in the national press, as well as in Washington and Oregon. All in all, I think we've handled it well, and every Republican Member of Congress from that part of the country (plus a number of Democrats) is grateful for your leadership. It should lay the groundwork for a successful visit later in the year.

cc: Secretary Skinner

UNCLASSIFIED

A2 Paso to speech notes This is ^{daily} 6/8
excellent — clear, concise, strong

GB
6-8

June 1, 1992
Lamar Alexander

If we can put a missile down a smokestack on the other side of the world--

If our astronauts can capture a spaceship by hand and attach it to a space platform --

then, we can surely create the best schools in the world for our children and grandchildren. There is nothing more important for America to do.

We have set a direction--with the six national education goals.
All the governors. The first in our nation's history.

We have a bi-partisan strategy to reach the goals. America 2000--
Most states. 1200 communities. Tune in June 23 and watch for yourself our monthly satellite town meeting involving 400 communities.

We are putting new federal money into tried and true programs that help us reach those goals--the largest increases ever for Head Start and for federal grants to help families pay for college. The education department received more new federal money in my new budget than any other department.

But most important we are helping to cause a revolution in our schools, and in our attitudes toward education in the classroom and outside the classroom.

The country's on board but Congress is still at the station.

We need a new generation of start-from-scratch, break-the-mold schools. We need to help communities create 50,000 New American Schools. I've asked Congress for a half billion dollars to jumpstart the first 500. Congress says no.

We need to help educators create new world-class standards in math, science, english, history, geography, the arts and other important subjects and we need to create a new voluntary national examination system so we can tell how our kids and schools are doing. Congress says slow down.

We need to get the federal government off the teachers' backs, give them and their schools more flexibility in how they spend federal education dollars. Congress has a fit over this idea.

And we must give middle and low income families more of the same choices of schools that rich families already have. I have proposed the beginnings of a state GI Bill for Children--\$1000 scholarships for middle and lower income children to spend at any lawfully operated school their parents believe best meets their needs. One half billion dollars in new federal money to families that would go to schools that help children who need the most help, that would give opportunities to children that they do not now have, and that would give parents the muscle to change all of our schools--to make them the best schools in the world.

Congress says, "No.No. No."

Congress and I are worlds apart on this. So let's take this to the American people. Let them elect a President. Let them elect a Congress. And then let us get on with making revolutionary changes in American education which is the first step to helping all of our children have a share in the American Dream by the year 2000.

daily 6/8

THE WHITE HOUSE
WASHINGTON

2 JUN 5 P4:11

RECOMMENDED TELEPHONE CALLS BY THE PRESIDENT

TO: Congressman Harley Staggers (D-WV)

DATE: June 5, 1992

RECOMMENDED BY: Nicholas E. Calio *NEC*

PURPOSE: To persuade Congressman Staggers to support the Stenholm (D-TX) Balanced Budget Constitutional Amendment.

BACKGROUND: The House is scheduled to begin consideration of the various balanced budget Constitutional amendments on Wednesday. Recorded votes are expected on Thursday.

Congressman Staggers is genuinely undecided about whether to support the Stenholm amendment. In general, he is reluctant to amend the Constitution but understands the need to impose some fiscal discipline in the current system. Congressman Staggers' commitment to support the Stenholm amendment is vital in achieving the two-thirds margin needed to pass.

KEY POINTS: -- I'm calling to ask for your help in passing the Stenholm balanced budget amendment. I know you have some reservations about amending the Constitution. I can understand that. Normally, I'm not a big fan of amending the Constitution either.

-- But a couple of things outweigh that concern. First, the current system is out of control. And this is not a partisan thing. We all bear some of the blame for that, just as we all bear the responsibility for getting it back under control.

6-8-92

not in - en route

*110 prayerful consideration
will let each House decide NOW Before I vote
guess = who knows??*

- But the other factor to take into consideration is what we're doing to future generations. What about those who have no voice in this debate: our grandchildren and great-children? Who's protecting their Constitutional rights?
- They're the ones who have to live with the consequences of our continuing to pile up hundreds of billions of dollars of debt, year in and year out. We are borrowing against their future and that has got to stop.
- I am now more convinced than ever that the time has come to move a balanced budget amendment forward. Can I count on your help?

DATE OF
SUBMISSION:

June 5, 1992

ACTION:

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
08. Handwritten Note	Re: Presidential Phone Call with Prime Minister Antall [double-sided] [originally closed as 04]. (2 pp.)	6/8/92	(b)(1)	

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Monday, June 8, 1992 [1]

Date Closed: 9/9/2019	OA/ID Number: 90686-004
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]

DOOR

DOOR

Dick Darman

Rep. John Overington
(R-WV)

Sen. Ray Rawson
(R-NY)

Rep. Gil Gutknecht
(R-MN)

Sen. Bob Presley
(D-CA)

Sen. John Drummond
(D-SC)

Sen. Tom Phillips
(R-GA)

Sen. Charles Cook
(R-NY)

Sen. Jeanette Hayner
(R-WA)

Sen. Ken Harper
(R-KY)

Sen. Hugh Farley
(R-NY)

☒ The President

James Clark
(Former MD Sen.)

Rep. Robert Eckles
(R-TX)

Speaker Tom Boyd
(R-ID)

Rep. Fred Noye
(R-PA)

Rep. Jim Henshaw
(R-OK)

Rep. David Halbrook
(D-MS)

Speaker Dan Blue
(D-NC)

Rep. Tom Ratteree
(R-CO)

Sen. Jim Neal
(R-DE)

Sam Skinner

The Roosevelt Room

DOOR

DOOR

THE WHITE HOUSE
WASHINGTON

Mr. President

I've been working
with ^{John} Warner on being the
Republican sponsor of
this program - We
really hope it might
end up in the bi-partisan
package after L.A. -

Mitchell & Dale
are talking about it -

This unpublished
Op-Ed I wrote with
Wofford explains it in
4 pages - If you have a

reaction - please
let me know -
Many of the
well known professors
both Democrat & Rep
have felt against new
approaches -

La. Bush

"WORKING OUR WAY OUT OF THE URBAN CRISIS"

by Senators David Boren and Harris Wofford

In the wake of the Los Angeles violence, there are some signs that our political leaders may be willing to stop playing the politics of fixing blame and start fixing problems. It's time to put into place policies that work instead of wasting time and money on those that don't.

While more resources will have to be invested, the solution is clearly not as simple as increased funding for existing welfare and job training programs. Enterprise zones and home ownership programs have their place, but they are not enough by themselves. What is most needed is a change in thinking and a new approach that looks at what has worked in the past.

If we are going to solve the urban crisis in this country, we need to work our way out of it -- literally. In the 1930s America addressed an economic and social crisis with a straightforward, action-oriented approach: the Works Progress Administration and Civilian Conservation Corps. What worked for F.D.R. was work -- not the dole, not welfare, but work, both in the WPA and the CCC.

During the eight years the WPA was in existence in the late thirties and early forties, 8 million WPA workers built more than 650,000 miles of roads, highways and sidewalks, 125,000 public buildings including 39,000 schools, 124,000 bridges, 8,000 parks and 18,000 playgrounds. They wrote hundreds of books and created countless artistic works. They served over one billion meals to hungry school children and sewed over 382 million garments for those in need. All of this required an investment of about 90 billion dollars in today's terms.

By comparison, what has our welfare system created in the last eight years? At a cost of over 900 billion dollars spent on all public assistance, we have managed to produce little more than subsistence-level payments to an increasingly hopeless and alienated segment of American society. By simply handing them

checks, the system robs them of a sense of being a part of the communities where they live and of any motivation to achieve. There is nothing worse for a person's sense of self-esteem than to have no reason to get out of bed in the morning and no useful work to perform.

A young high school dropout involved in Philadelphia's Youth Service Corps understood that with productive work, he not only helped his community, he also helped himself: "I got tired of people coming to do good against me, trying to help me all the time. This Corps asked me to do the helping. Now, I'm making a difference."

We now understand that personal responsibility and self-esteem can't simply be taught, they have to be earned. It is a scandal that we sit by while another generation of inner-city young people drop out of school and into the streets, joblessness, drugs and the dependency systems of welfare or prison. A society with children who need care, roads that need repair, and bridges that need building cannot afford to pay able men and women to sit idle. America's inner-city poor do not want to be viewed as a danger, as the enemy, but rather as a resource, as talent ready to make a difference.

We have been joined by a diverse group of Democratic and Republican senators in proposing a new program that would provide work opportunities for those on welfare and the unemployed by bringing back a modern version of the WPA and CCC.

Under this new "Community WPA" (CWPA) program, all welfare recipients with the exception of mothers with very young children and those enrolled in education and training programs would be required to take an available job in a sponsored project if they cannot find jobs elsewhere. Many young men not counted in official unemployment figures are falling through the cracks in the current system because they never held a job entitling them to unemployment compensation or received AFDC benefits. They too would be eligible to participate.

In addition to the CWPA, there would be two youth programs that would provide work opportunities to high school students and young adults in exchange for educational benefits. A new "Youth Community Corps" would enable students from 7th to 12th grade to work up to 250 hours per year in demanding community service projects. The second youth division, the "National Youth Community Corps" would create camps or dormitory units for young people to work on projects ranging from reforestation to auxiliary police service to park or low-income housing reconstruction. Those still in school would participate in the summers and those out of school would work year-round.

Many of those out of the work force today lack the skills and training of those who went to work for the WPA and CCC in the Depression years. There will therefore be an even greater need for supervisors who can also help train workers on the job. The Army ran the CCC in the 1930s. Now is a good opportunity for many of the talented people being forced into early retirement in the military because of changes in the world to take up this leadership role again. In addition, as Senator John Warner said recently, military facilities that are slated for closing have already been paid for by the taxpayers and should be put to use: "Why not fill those empty bunks and dormitory barracks with young people who need a chance to work and whose talents are needed to rebuild America?"

Too often we talk about problems instead of doing something about them. We need action: immediate and sustained action. America worked its way out of a crisis in the 1930s. If we get to work, we can do it again today.