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Folder Title:
National Governors Association, 7/31/89

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entire eighth grade class -- over 200 kids. And he told them if they kept up a B average and graduated, he'd guarantee that they get to college -- go to college. And here's how he looks at it -- you don't always get from individuals what you expect. But if you expect nothing, you're going to get nothing. And Pat Taylor is telling those kids that they've got a future and he's ready to help them get there.

And now the last challenge -- everyone in this room is here because you know how much education matters. And I want you to take a message to the companies who aren't here tonight. Reach out, bring others in this business community onboard. I want to see all of America's corporations involved in a truly common effort.

And I know that you've got the energy and the ingenuity to meet these challenges. Start now. I want to hear from you by next Labor Day -- see the report card, if you will, your action plan for excellence in education. And if I don't hear from you, I'll get Barbara Bush on your case. (Laughter and applause.) She's told me over and over again about many of you -- of your personal and your company's interest in literacy and in education in general. And she has been inspired by what so many of you have already done. She's your cheerleader -- for those who are already constructively involved. You've taken your skills and resources into our classrooms because you know the bottom line -- we can't have a world-class economy with second-class schools.

So take the challenges to heart, build on the fine work that's already started and that's already going on in a big way. And thank you for all you are doing and thank you for what I'm confident all of you will be doing in the future. Thank you all very, very much. (Applause.)

END 7:43 P.M. EDT

THE WHITE HOUSE

WASHINGTON

July 24, 1989

MEMORANDUM FOR WILLIAM ROPER

FROM: PETER GERMANIS PG

SUBJECT: PRESIDENT'S SPEECH

I have attached draft language for the President's speech. It is purposely vague, because: 1) most of the Governors are not enthusiastic about the proposed JOBS regulations; and 2) the DPC has not met again to resolve numerous issues related to the Board's procedures. Thus, the first paragraph acknowledges the role of the Governors in the development of the Family Support Act, and the second paragraph announces the reestablishment of the Board. Unless we can say that the Board will be more flexible in its approach to evaluation and process State requests in a more timely fashion, however, the Governors may not view this as a major event.

Are these paragraphs sufficient or do they need more detail?

Attachement

1. Shorten Sears joke
2. Deal w/ de Toqueville
3. FDR refs. on p. 3 + p. 5
4. Congrats to Gov. Terry E. Branstad
   In-coming chairman
5. Time: 10:~~30~~00 AM > will be confirmed
   Place: Hyatt tomorrow when Adv. gets there.
6. Gov. Baliles (Bca-Lyles)

WELFARE SECTION TO PRESIDENTIAL SPEECH

Last year, Congress and the Administration enacted major welfare reform legislation, the Family Support Act of 1988. This Act embodies a new consensus that the well-being of children depends not only on meeting their material needs, but also on the parents ability to become self-sufficient. You, as Governors, played an ~~integral~~ vital role in the development of this important ~~Act~~ legislation and ~~we~~ I intend ~~hope~~ to work with you in making it work.

Since the Family Support Act was built upon innovative reforms ~~undertaken at the State level~~ STATE, ~~we~~ this Administration will continue to encourage and facilitate innovative State practices. I have reestablished the Low Income Opportunity Board within the White House itself. The Board has already assisted many of you in the complex and time-consuming process of obtaining the necessary federal approvals for State welfare reform experiments; it will continue to be available to you in the future.

L-Want TRADE DELEGATION

D2 Theme of conference quite international - Ed. in trade context - Pitch for P.S. involvement in Poland. Incentives for capital that does not exist in

Balilies - Chairman / He picked international. Next year on ed.

"Thats why I am inviting you in Sept. for ed. summit at [h. school]."

Andy: "I would like to ask as many of you as possible to [redacted] make a trade mission to Hungary + Poland."

Roper: "Welfare reform"

[[NGA: "Support for Exec. Order." Andy: "Federalism hearing."]]

Porter: other purpose - to communicate priorities he wants for governors. [redacted]"

1) "Theme of your conf. "New Global economy."
2) But also concerns we have here at home that concern us as chief ex.

{1) Ed. - calling for a summit
2) Crime [redacted]
3) Welfare reform}

Porter: "Women" stuff on crime great

D2: rachet overall theme: Chief Executive / talking to chief exec. of states - Presidents understands dynamics

Poland

Sunday, July 30

Alan Greenspan, "Monetary Policy and the New Global Economy"
Rep. Dan Rostenkowski, "Future Tax Legislation"
Sen. Bill Bradley, "Challenges for American Leadership in the Global Economy of the 1990's"
D. H. Burney (U.S. Ambassador to Canada), "Canada-U.S. Free Trade Agreement: Six-Month Report Card"
Sec. Robert Mosbacher, "New Markets for American Products"
Robert Orr (Ambassador), "Discussion of Trade Opportunities in South East Asian Nations"
Sen. Charles Percy, "Report on the U.S. International Cultural and Trade Center"
Committee on Justice has plenary session on prisons

Monday, July 31
Dan Rather
President George Bush
Mayor Andrew Young, "The Role of Cities in the International Economy"
Sec. Samuel Skinner, "Transportation Infrastructure"
Committee on Human Resources has panel on community service
Committee on Transportation has panel on telecommunications
Committee on Economic Development has panel on competitiveness and the liability crisis
Dr. Carl Sagan, "Global Climate Change and Its Implications for Policy"

MONDAY

Away: Poland - not government to gov. / [redacted] p.s. aid.
Beauty of Amer. eco. / can assist w/aid w/ our p.s.

CAPITAL GAINS - MORE UNDERSTANDING OF CAPITAL
BEHIND IRON CURTAIN.
ED. HOOK - what it takes to become competitive
EC 192 - Some of our states larger than whole Euro. countries.

Away: GWUS. - [redacted] Want education summit -
SETTING - [redacted] High school that's turned around -
((Thomas Jefferson H.S.))

Davis/Martin
July 27, 1989
Draft: Five
Title: Governors

PRESIDENTIAL ADDRESS: N.G.A./HYATT REGENCY, CHICAGO
Monday, July 31, 1989/10 a.m.

Governor Baliles ((Baa-lyles)), I want to commend you on the success of your chairmanship. Governor Branstad, I know you will bring your characteristic energy and vision to the leadership of the Governors Association. Congratulations.

I also want to salute our host and my good friend, Jim Thompson -- a great governor and a former N.G.A. Chairman who has rocked the world of Illinois politics by announcing he will not run for a fifth term . . . ((And to think, Jim, they were just getting used to you.))

And if I may, let me recognize my chief of staff, another former N.G.A. Chairman, ((and another quiet and retiring soul)), John Sununu . . . Among us is a great American and a son of Chicago, Ed Derwinski. And finally, let me salute the Secretary of Transportation, Sam Skinner, who is doing such an excellent job in developing a national transportation strategy.

Let us begin by asking: what is the role of the governor in American political life? Well, the great 19th-century observer of American politics, Alexis de Toqueville once asked a country politician the same question. The answer he got was this: "The governor counts for absolutely nothing and is paid only twelve hundred dollars." ((PAUSE))

Well, you still can't get rich off a public salary. But today, the office of governor counts for a great deal. In fact, leadership in America is increasingly the sum of **your** efforts and **your** vision. That is why I am a federalist. I was there when Ronald Reagan issued the executive order on federalism; and I want you to know that I stand by it.

As I look around me, I see more than fifty men and women representing America's states, commonwealths and territories. I see a people as diverse as our geography, as different as Bill Clement's Texas and John Waihee's Hawaii, Bob Martinez's Florida and Jock McKernan's beloved Maine.

And yet, we are **a** people, one nation, indivisible. Just as we share our cherished Constitution, so we also share common challenges and responsibilities. To cure our nation of illiteracy, drug abuse and crime, we must act in tandem, president with governor, and governor with mayor, up and down the line. In short, we must find our collective will as a nation.

That is why I have come to Chicago to meet with my fellow chief executives. We share, as executives, a special responsibility . . . some describe it as a great burden. But for us, if it is a burden, it is one cheerfully accepted. To sit where the buck stops, to resolve disputes, to help those in need and to set a course for the future, is to know a special kind of satisfaction.

In fact, our missions as executives are so similar that many presidents have called on you for guidance. It was Teddy

Roosevelt who called the nation's first conference of governors -- the forerunner of this association -- at the White House. He brought the nation's governors together to call for conservation, for an end to the reckless denuding of our forests. And they started a tradition that we are carrying on today, working together as president and governors for a cleaner environment.

As you know, I have proposed the first major revision of the Clean Air Act in more than a decade. It sets tough standards, and gives states and industry the flexibility needed to reduce costs and break the long-standing legislative logjam. The potential for consensus is there. The American people want clean air. We can work together to see that they **get** clean air.

It was another Roosevelt, also a great governor of New York before he was a great president, who called on the governors to help him stem the financial crisis of the Great Depression.

Today, we do not meet in a spirit of immediate crisis. The nation is sound. But the decline of our educational system, the threat of crime and drugs, the economic dependency of so many -- these simmering problems threaten to endanger the very leadership position of America in the next century.

For America to remain competitive will require your best efforts, your executive know-how. The ultimate challenge, as Governor Baliles puts it, is "to become again the Yankee traders we once were." ((Take note, Governor Cuomo, when the Governor of Virginia says "Yankee trader," he's referring to clipper ships, not to George Steinbrenner.)) Your creative response to our

nation's competitive position is more than perceptive; it is forward-looking, an attribute of the best kind of leadership.

As you know, I have just returned from an economic summit where the competitive position of our nation was an underlying theme in discussions on the great economic issues of trade, monetary policy and international debt. But no less important to America was the start of my journey . . . in Eastern and Central Europe. Of course, Poland and Hungary today are not the economic magnets that we find in Western Europe or the Pacific Rim. But I saw a tremendous potential in the awakening spirit of those lands.

And the beauty of it is that we can boost reform without massive government-to-government programs. We can do the most good, as American leaders, by simply facilitating trade and investment, by simply opening doors for opportunity.

But to open these doors will require leadership at every level of government. You have already established a great tradition of searching for those opportunities abroad. Now I ask you to include Poland and Hungary on your list. While governors have no formal role in foreign policy, you are becoming our economic envoys and ambassadors of democracy. You are a new force in restoring American international competitiveness and expanding world markets for American goods and services.

Of course, your focus is on the critical domestic issues. As chief executives, we know first-hand how crucial our social health is to the future position of America.

A nation in which a half of our youth is ignorant of geography, in which drugs are rampant, in which a substantial proportion of the population knows little hope -- such a nation will not long remain competitive. In the final analysis, improving our schools, driving out drugs and bringing hope and opportunity to those who need it most -- these are issues of our national well-being, even our national security.

EDUCATION REFORM

First and foremost are our children and their education. Working together, you and I can raise the level of learning in the classrooms of America.

On April 5, I sent to Congress an educational reform package, based on four principles rooted in the practical experience of the states. To have reform, excellence and achievement must be recognized and rewarded. To have reform, federal dollars should be targeted to those most in need. To have reform, we need flexibility and choice -- choice for parents, and choice for schools in their selection of teachers and principals. Finally, the essence of reform is accountability in education and reward for those schools that show progress.

If implemented, I believe that these measures will restore the quality of American education and redeem the future of millions of children. But there is more to be done. On June 5, I asked the business community to study what the private sector can do to energize and support educational reform. Now I want to

renew my pledge to assemble the nation's governors in a summit, to share ideas and to explore options for educational progress. Only twice before have the governors met with the president on an issue of vital national importance. Now there will be a third such conference, an historic meeting on education. I ask you to work with me at a governors' summit on education to be held in at ((location)) on September 27th and 28th. Together, we can find ways to strengthen our schools, to enlarge opportunities and to improve our nation's educational performance.

CRIME

As chief executives, we also see drugs and crime as the most harrowing domestic threat to the future of America.

I proposed, on May 15th, a common-sense approach to crime to deter the criminals' use of weapons, to reform the criminal justice system, to enhance enforcement and prosecution, and to expand prison capacity to ensure both the certainty and severity of punishment. I propose the hiring of 825 new federal agents and staff; 1,600 new prosecutors and staff; and an additional one billion dollars for federal prison construction.

I have proposed tough new laws, including mandatory prison terms, no deals without cooperation and the death penalty for cop-killers. But I need your leadership to see results. **Work with me. Toughen your laws. And put the worst offenders behind bars. If you do, we <u>will</u> take back the streets.** ((PAUSE))

WELFARE REFORM

Finally, America cannot continue to lead the world if we lag in providing opportunity at home.

Last year, as you know, Congress and the Administration enacted major welfare reform legislation, the Family Support Act of 1988. This Act grew out of a consensus that the well-being of children depends on more than material needs. Children need a family environment that encourages self-sufficiency. In a word: character.

With this in mind, I reestablished the Low Income Opportunity Board within the White House. And I have asked the board to assist you in the complex and time-consuming process of obtaining federal approvals for experiments in state welfare reform. So many innovative policies have come from the states. Let us continue to work together to keep your administrations free to experiment, free to be creative.

In fact, I have instructed the Domestic Policy Council, and the Low Income Opportunity Board, to make flexibility the guiding principle, so that states will have greater freedom to experiment with welfare reform.

And I am pleased to announce that this week the DPC has committed itself to allowing you greater room to maneuver; and to grant waiver requests as quickly as possible.

CONCLUSION

Many of our responsibilities overlap in education, law enforcement and welfare. At times, there has been friction between the states and the "feds." Perhaps what we need between the federal government and the states is a friendly competition well known to Chicagoans. Here, along the majestic lakefront skyline, there has been an on-going competition among developers to retain the title of the world's tallest building. ((You might say this gives the phrase one-upmanship a whole new meaning.))

Yet, this is the kind of one-upmanship that builds, not destroys, that lifts, not lowers, that takes us all a little closer to the stars.

I have committed the powers of my office to lift America -- starting in the classrooms and the streets.

Working together, we can achieve a national consensus. Working together, we can make the next century another American century.

Thank you, God bless you and God bless America.

# # #

Overarching theme: Chief Exec. to Chief Exec.

~~EDUCATION~~

D²: Must keep pushing theme of chief exec.

Just back from eco. summit

Start w/ global enviorment / freedom, commerce. Most gov. understand interdependent nature. Take one more step - look to Poland, look to Hungary.

→ ~~Goal~~ (Mention enivornment))

→ Always mention responsibilities of Chief Exec.

→ Hope

Demonstrate understanding role of chief executive.

Partnership - Partners in leadership.

15 minutes [First ½ on Inter.]

Announce only date on school.

When & met w/ Exec. Committee in Cabinet, proposed ed. summit.

~~Go~~ Pots + Govs. only

On Sept. to coincide w/ the beginning of school

*

armistice. To the end that the efforts I am giving in these first days of my Administration may be crowned with success and that we may achieve a lasting restoration of national well-being, I invite the support of the men of the Legion and of all men and women who love their country, who know the meaning of sacrifice and who in every emergency have given splendid and generous service to the Nation.

4 ¶ Address before the Governors' Conference at the White House. March 6, 1933

I HAVE been so occupied since noon on Saturday that I have not had a chance to prepare any formal remarks. I start off by saying to the Governors and their representatives that as a Governor myself for the past four years I am on somewhat intimate terms with the duties of Governors and also with the rights and duties of States. The country needs cooperation between the States and the Federal Government. I think this has been well demonstrated by the events of the past forty-eight hours.

The States acted with remarkable promptitude in preventing a panic at a time when it might well have developed. The situation, however, did get to the point yesterday where some kind of uniform action seemed necessary, and as you know resulted in two things: the calling of a Special Session of Congress for Thursday, and a proclamation to take care of the immediate emergency between now and Thursday.

In that proclamation there were four or five main objectives. The first one was to prevent the withdrawal of any further gold and currency. The old War Statute of 1917 had not been repealed and we used it. It was an exceedingly useful instrument. The second objective was to provide some form of circulating medium for the country in addition to the outstanding currency, because a large part had been put into hiding. I have confidence the public will accept that circulating medium.

We should provide some method by which banking can go on

with new cash coming in. It is proposed through the Treasury Department that every bank will be authorized to open new accounts, and that the money deposited in the new accounts can be withdrawn at any time. The only way in which that money can be kept absolutely safe beyond peradventure of doubt is by using methods to keep it safe—first, keeping the money in cash the way it is put in; second, depositing it in the Federal Reserve Bank; and third, purchasing Government bonds with it.

Recognized Government bonds are as safe as Government currency. They have the same credit back of them. And, therefore, if we can persuade people all through the country, when their salary checks come in, to deposit them in new accounts, which will be held in trust and kept in one of the new forms I have mentioned, we shall have made progress.

All I can say is, I am very grateful for what the States have done in this emergency. We want if possible to have a general banking situation, that is to say, one covering national banks and State banks, as uniform as possible throughout the country. At the same time we want to cooperate with all of the States in bringing about that uniformity. I have no desire to have this matter centralized down here in Washington any more than we can help. I don't believe there is much more to say about banking.

The letter that I sent to you took up several matters: First, there is the conflicting taxation between Federal and State Governments. Every one of you has been seeking methods to find new sources of taxation. It has been natural and human to expect that the Federal Government also should try to find some method of raising revenue.

A second question relates to Federal aid in unemployment relief. The Federal Government, of course, does have to prevent anybody from starving, but the Federal Government should not be called upon to exercise that duty until other agencies fail. The primary duty is that of the locality, the city, county, town. If they fail and cannot raise enough to meet the needs, the next responsibility is on the States and they have to do all they can.



It was suggested by Elbridge Gerry 1787 Const. Convention that state gous. should appoint the NATIONAL PRES because they knew best what qualities an exec. should possess.

Pol. to de Tocqueville: "The Gov. counts for absolutely nothing + is only PAID $1,200 Dollars."

NGA - Center for Policy Research Analysis (STILL?)

The

If it is proven
still insufficien

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which will b
work of States, and act as a clearing house for the relief of the Nation. I hope to get that set up in the next two or three weeks.

The third proposition is the reorganization and consolidation of local government to reduce the taxation cost. That is your problem and it has been my problem for the past four years.

And there is the question of mortgage foreclosures especially on farm land and on small homes. There again we have no national policy. Some of the States are doing it one way and other States are doing it another way. Some States and some localities have laws and do not have any foreclosure [illegible] national policy for it, but I believe

tion between the Federal and State Governments. When I invited them, it was my intention to spend the entire day of March 6th going over with them various matters of common interest which required common attention.

Subsequent events, however, including the banking crisis, compelled me to change that plan. There simply was not enough time in which to do all the things which had to be done. Events were happening so quickly, in fact, that it was impossible for me even to prepare a speech in advance, to deliver to the Governors' Conference. There was only time for me to go

1908 - Teddy Convened first session - his call - May 13, 1908. Forum Chairman Rep. G.A.

to the East
House, where
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There were
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twelve others.

In response

5 ¶A Ple
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stability.

B. M. Miller
A. G. Schmec
Ruby Laffoo
Clyde L. He
Edwin C. Jo
by John T
David Sholtz
Clarence D.
by Frank
Samuel Conn
Miriam Ferg
by Mrs. J.
Louis J. Bran

to the East Room of the White House, where the conference was in progress, and speak extemporaneously.

There were twenty-five Governors present and representatives of twelve others.

In response to my request for help and cooperation, the Governors' Conference passed the following resolutions. These resolutions are printed to show the united spirit of cooperation which the Governors "without regard to political affiliations" displayed in the hour of the country's need.

5 ¶ A Pledge of Support to the President by the Governors' Conference. March 6, 1933

IN THIS anxious hour of a national emergency in our banking and economic life a heavy responsibility rests on our President to lead us out of our difficulties. He is ready to lead if we are ready to follow. He needs the united support of all our people in carrying out his plans.

Without regard to our political affiliations we Governors and representatives of Governors of States, met in conference in the City of Washington, March 6, 1933, hereby express our confidence and faith in our President and urge the Congress and all the people of our united country to cooperate with him in such action as he shall find necessary or desirable in restoring banking and economic stability.

B. M. Miller, Alabama
A. G. Schmedeman, Wisconsin
Ruby Laffoon, Kentucky
Clyde L. Herring, Iowa
Edwin C. Johnson, Colorado
by John T. Barnett
David Sholtz, Florida
Clarence D. Martin, Washington
by Frank T. Bell
Samuel Conner, Mississippi
Miriam Ferguson, Texas
by Mrs. J. E. King
Louis J. Brann, Maine
J. M. Futrell, Arkansas
by C. G. Smith
Floyd B. Olsen, Minnesota
by John R. Foley
William H. Murray, Oklahoma
by G. B. A. Robertson
Paul V. McNutt, Indiana
J. C. B. Ehringhaus, North Carolina
Hill McAlister, Tennessee
Theodore F. Green, Rhode Island
B. B. Moeur, Arizona
by Mrs. J. C. Greenway

POLAND LIFTS FOOD PRICE CONTROLS
Cost Of Most Items Likely To Double; Public Protests Expected

WARSAW -- After weeks of controversy and mounting public concern, the Polish government announced Sunday that on Tuesday it will end price controls on almost all foods. Most prices are expected to double, and officials are braced for public protests.

The decision, made late Saturday night by the outgoing cabinet of Prime Minister Rakowski, was linked to a range of modest wage and pension bonuses designed to cushion the impact of the higher food prices for most of Poland's 38 million citizens.

On at least three occasions in postwar, Communist-ruled Poland, food price increases of this magnitude have resulted in riots and strikes that brought down party leaders. In this instance, however, public anger has been vented during a month-long wage and price freeze, which has emptied store shelves of rationed meat and other staples....

Labor strikes may follow nonetheless. Despite the July wage and price freeze, transport workers staged several wildcat walkouts and won large pay increases, and a strike at Poland's second largest shipyard, in the Baltic port of Gdynia, was suspended until Tuesday, the day the freeze ends. (A.D. Horne, Washington Post, A17)

SEVEN LATIN AMERICAN NATIONS PLEDGE CLOSER TRANSPORT LINKS

CARTAGENA, Colombia -- Foreign ministers from seven leading Latin American nations ended two days of talks Sunday, pledging to push regional economic integration, beginning with improving communications and transportation links.

The Ministers of the "Group of Eight" countries held a weekend meeting to prepare the agenda for an October presidential summit in Lima to discuss forging closer economic ties.

Argentine foreign minister Domingo Cavallo said the G-8 communications and transport ministers would meet in Mexico to prepare concrete proposals for regional integration of the communications and transport industries, especially the airlines of the area. He did not say when the meeting would take place. (Reuter)

CHILEANS APPROVE CONSTITUTIONAL CHANGES

SANTIAGO -- Voters Sunday overwhelmingly approved constitutional reforms that would legalize Marxist political activities and reduce presidential powers, according to partial official returns.

President Pinochet...called the vote historic and said it "has shown the Chilean people's capacity to reach national unity." ...

The government said that with 14,109 of the nation's 23,000 polling stations reporting, the referendum was passing by a vote of 676,933 to 363,926. (Eduardo Gallardo, AP)

EDITOR'S NOTES: "Bush's Nominees For Ambassador Enrage Democrats," by Chris Harvey, appears in the Washington Times, A3.

"U.S. Repeats Stand Opposing Any Role For Khmer Rouge," by Youssef Ibrahim, appears in the New York Times, A1.

###

NATIONAL NEWS

BUSH TO MEET WITH GOVERNORS ON 'SIMMERING' SOCIAL PROBLEMS

President Bush, decrying America's "simmering" social problems, Monday is reaching out anew to governors to help fight crime, drug abuse, illiteracy and welfare dependency.

Bush's first stop on his two-day trip was Chicago where he was addressing the summer meeting of the National Governors' Association....

After a week in which the House dealt a blow to Bush's defense budget, the President is turning his attention to the domestic problems that confront him and the governors alike.

In remarks prepared for the governors' meeting, Bush said, "To cure our nation of illiteracy, drug abuse and crime, we must act in tandem, President with governor, and governor with mayor, up and down the line."

"The nation is sound. But the decline of our educational system, the threat of crime and drugs, the economic dependence of so many -- these simmering problems threaten to endanger the very leadership position of America in the next century." (Christopher Connell, AP)

BUSH SAYS HE IS OPEN TO COMPROMISES WITH DEMOCRATS ON CAPITAL GAINS CUT

President Bush, saying he wouldn't "fall on my sword" insisting on his own plan to cut capital gains taxes, declared himself open to compromises with Democrats on the issue.

Speaking in the midst of sensitive negotiations between his aides and House Ways and Means Committee Chairman Rostenkowski, Bush said at Friday's news conference, "If there's some compromise that can spur investment, spur jobs, increase employment, (and be) the cause of new jobs starting up, I'd be interested in it."

In particular, Bush seemed to indicate he would be willing to consider Democratic proposals to cut capital gains taxes by excluding from taxation gains that are attributable only to inflation.... Bush insisted he wants any capital gains plan to ensure a "differential" between the taxes paid on capital gains and the taxes paid on ordinary income.

(Gerald Seib, Wall Street Journal, A1)

BUSH SHOWS FRUSTRATION WITH HILL ON FAVORITE BILLS

A newly fired-up President Bush showed uncharacteristic emotion at his latest news conference, seemingly stirred as much by Congress' trashing his favorite bills as by reporters goading him about his gentleness.

"I'm not sure I need to get into the name-calling; we'd be here all day if I said what I felt on that," Bush said shortly before he set aside the coolness on which he prides himself and let what an aide called frustration show through. Most of his heat was aimed at Congress, accompanied by finder pointing, arm waving and even a few clenched fists, but there was reproach for others, too.

Asked about outgoing Customs Commissioner von Raab's criticism of the war on drugs as a dismal failure, he said, "I don't see much reason getting into, I want to phrase this very politely, a" -- here there was a stage pause and laughter -- "match of any kind with Willy von Raab as he leaves the government." (Frank Murray, Washington Times, A4)

-more-

CONFIDENTIAL

BRANSTAD EDUCATION INITIATIVE FOR NGA

On August 1, Governor Branstad will announce the NGA Chairman's priority for 1989-90. This priority will focus on developing a national consensus on an agenda to address critical environmental and education issues. At that time, Governor Branstad will appoint an NGA task force of 6-8 Governors charged with:

Developing national education goals for the year 2000, which emphasize preparation for work-force participation and citizenship.

Developing a policy framework for achieving these goals, which builds upon previous and ongoing NGA work, and which focuses on federal, state and local levels.

Encouraging state and local governments and education systems to go through a similar goal-setting and policy review process.

Establishing a means of monitoring progress towards the goals.

He will also announce the creation of an advisory group to work with the Governors in meeting these objectives. The success of this initiative requires a broad-based consensus around the goals and the means of achieving them. NGA will work closely with the education and business communities, and with others having a stake in the education system, including the White House, the Department of Education, and the Congress.

The Task Force activities are expected to include the following:

An initial meeting of the Task Force and Advisory Group in September, to discuss the initiative and determine the categories in which they will seek to develop goals.

A series of fact-finding and consulting meetings to develop proposed goals.

Task Force meetings and hearings to obtain reaction to proposed goals.

Additional meetings and hearings to develop policy framework.

Task Force final report.

Relationship with the President

The work of the Governors would be substantially enhaced by the President's support and by the cooperation of the U.S. Departmentof Education. The Task Force work need not preclude separate efforts to develop legislation to implement the President's education priorities.

Support from the Administration could include:

Discussion of Governor Branstad's initiative at the September White House meeting on education involving the President and the Governors;

Presidential endorsement of the initiative;

Participation of the Education Department, through provision of data, special analyses, etc.;

Financial support for the initiative from the Education Department;

A second meeting of the President and the Governors, in late Spring, to discuss the results of the NGA project.

In addition, NGA would be willing to work on scheduling joint events with the President during the Task Force period, to highlight areas of interest to the President and the Task Force.

THE WHITE HOUSE
WASHINGTON

News Summary

OFFICE OF THE PRESS SECRETARY

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TODAY'S HEADLINES

INTERNATIONAL NEWS

Extremist Group Claims To Have Killed U.S. Hostage -- A pro-Iranian Shiite Moslem group claimed Monday to have killed U.S. Marine Lt. Col. William Higgins in revenge for the abduction by Israel of a Shiite religious leader, and another group later threatened to kill another American hostage if the cleric is not freed Tuesday.
(Washington Post, AP, Reuter, UPI)

Pro-Iranian Militants Threaten To Kill Another U.S. Hostage -- Pro-Iranian militants have threatened to kill a second U.S. hostage in retaliation for Israel's seizure of a Shiite Moslem cleric. The "Revolutionary Justice Organization" said it would kill hostage Joseph Cicippio by 2 p.m. EDT Tuesday unless Israel released Sheikh Obeid by a deadline set for three hours earlier. (Reuter)

NATIONAL NEWS

Bush Announces Special Meeting With Governors -- President Bush announced Monday that he would convene a summit of the nation's governors in September to stem the decline in the quality of education in the U.S. (Chicago Tribune, Chicago Sun-Times, Dallas Morning News, Washington Post, Washington Times, Copley)

NETWORK NEWS (Monday evening)

HIGGINS -- The men who kidnapped Marine Lt. Col. William Higgins say they hanged him.

DRUGS -- A nationwide survey indicates that 25% fewer Americans used illegal drugs last year compared to 1985.

VON RAAB -- Customs Commissioner von Raab criticized some government colleagues involved in the war on drugs.

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This Summary is prepared Monday through Friday by the White House News Summary Staff.
For complete stories or information, please call 456-2950.

EXTREMIST GROUP CLAIMS TO HAVE KILLED U.S. HOSTAGE
Radical Shiite Faction Releases Tape Said To Show Hanging Of Higgins

BEIRUT -- A pro-Iranian Shiite Moslem group claimed Monday to have killed U.S. Marine Lt. Col. William Higgins in revenge for the abduction by Israel of a Shiite religious leader, and another group later threatened to kill another American hostage if the cleric is not freed Tuesday.

A statement signed by the Organization of the Oppressed on Earth said Higgins was hanged as a 3 p.m. (8 a.m. EDT) deadline passed, with no response from Israel, for the release of Abdul Karim Obeid and two aides.... A videotape showing a man identified as Higgins hanging from a makeshift gallows was delivered, along with the Arabic typewritten statement, to news offices about two hours after the deadline....

"Criminal America and the Zionist enemy did not take our decision to execute the American spy seriously, and Sheikh Abdul Karim Obeid and his close associates were not freed according to the set time frame," the group said in a statement delivered with the videotape, emphasizing that both its "threat and the life of Higgins, as well as our precious sanctities were taken lightly."

The communique said Higgins's execution should be seen as "an example for those who will learn, a punishment for the living, and a reminder to those who had a heart, who heard and who witnessed." The group reiterated its demand for the immediate release of Obeid and his two aides and warned "what is to come will be more formidable, and America and Israel will be fully responsible." ...

In Nicosia, Cyprus, an anonymous caller claiming to speak for the Oppressed on Earth told AP that the group would also kill a British hostage, Anglican Church envoy Terry Waite, on Tuesday if demands for Obeid's release are not met. (Nora Boustany, Washington Post, A1)

Bush Voices Outrage, But Issues No Order For Retaliation

President Bush, expressing "outrage" at the "brutal murder" of Marine Lt. Col. William Higgins, called a high-level meeting of his national security advisers Monday night at which he reviewed contingency plans for possible retaliation, but also heard warnings of potential risks in a military response, Administration sources said.

Bush issued no immediate orders for reprisal nor did he deploy warships near the scene, the sources said.

There was uncertainty about when Higgins was actually killed. The Administration issued no official statement confirming that the body shown in a videotape was Higgins. Bush said he did not have "final confirmation," but officials said the Administration was acting on the assumption that it was Higgins.

Rep. Dixon...said after a White House meeting that Bush faced difficult alternatives. "So you go in with troops. Is that the answer? No. They tell you it's going to cost lives if you use the military. Do you negotiate with them? No.... So you're between a rock and a hard place, any way you go." ...

Bush said the death of Higgins "is a most troubling and disturbing matter that has shocked the American people right to the core." He said, "This was a young American colonel serving in an international force, and it is incumbent on all of us to try to rectify this situation if at all possible." (David Hoffman & Ann Devroy, Washington Post, A1)

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Pro-Iranian Militants Threaten To Kill Another U.S. Hostage

BEIRUT -- Pro-Iranian militants have threatened to kill a second U.S. hostage in retaliation for Israel's seizure of a Shiite Moslem cleric.

The "Revolutionary Justice Organization" said it would kill hostage Joseph Cicippio by 2 p.m. EDT Tuesday unless Israel released Sheikh Obeid by a deadline set for three hours earlier.

The threat came within hours after...the "Organization of the Oppressed of the World" announced Monday it had hanged Lt. Col. Higgins because Israel had failed to free Obeid. (Zina Hemady, Reuter)

Bush Urges Freedom For All Hostages In Middle East

President Bush Monday urged all parties holding hostages in the Middle East to release them as a humanitarian gesture to break the cycle of violence.

In a carefully worded statement issued by White House spokesman Fitzwater, Bush reiterated his position, expressed last Friday, that the taking of any hostage was not helpful to the Middle East peace process.

"Tonight I wish to go beyond that statement with an urgent call to all, all parties, who hold hostages in the Middle East to release them forthwith, as a humanitarian gesture, to begin to reverse the cycle of violence in that region," he said. (Reuter)

Israel Offers To Swap Captives For Lebanon Hostages

JERUSALEM -- Defense Minister Rabin, acknowledging that Israeli action had threatened Western hostages in Lebanon, offered Monday to release Lebanese Shiite Moslem leader Obeid and all other Shiite prisoners Israel holds in exchange for the hostages.

Senior officials here, meanwhile, cast doubt on claims by a Lebanese extremist group that it had "executed" captive U.S. Marine Lt. Col. Higgins because of Israel's failure to free Obeid, who was spirited from his village in south Lebanon by Israeli commandos early Friday....

Officials sources confirmed that Israel had decided to seize Obeid as part of an effort to free three captive Israelis in Lebanon and had acted without consulting the U.S. or other governments, despite the possible impact on Higgins and other hostages. Speaking to reporters today, Rabin said that Israel had expanded its offer of an exchange to include all Western hostages because the other captives now "are being threatened in the wake of Israeli action." (Jackson Diehl, Washington Post, A1)

Administration: 'No Negotiations' With Terrorists

The Bush Administration, alerted that Israel was going to offer a hostage swap Monday, restated through formal channels its policy of no negotiations with terrorists.

As reports surfaced that an American hostage had been killed and President Bush cut short a two-day trip to return to Washington, White House Chief of Staff Sununu also said the U.S. would be examining precisely the circumstances under which Lt. Col. Higgins died and whether last week's Israeli commando raid and kidnapping was to blame.

After reports that Higgins had been murdered, Sununu was asked if the Israeli kidnapping was responsible for the American's death.

"I don't think there is any capacity to draw a conclusion like that at this time," Sununu replied. "That will be one of the things reviewed when all the details are in." (Lori Santos, UPI)

Israel Calls On West To Stand By It In War On Terrorism

JERUSALEM -- Israel, casting doubt on reports that a shadowy pro-Iranian group in Lebanon had killed U.S. hostage Lt. Col. Higgins, has called on its Western allies to stand by it in the war on terrorism.

Deputy Foreign Minister Benjamin Netanyahu told British television that Israel would not release a senior Moslem cleric in response to a threat by another Lebanese guerrilla group to kill a second U.S. hostage....

Another pro-Iranian group, the "Revolutionary Justice Organization," threatened to kill U.S. hostage Joseph Cicippio if Obeid was not released by Tuesday evening.

Israeli officials said they did not trust the "Organization of the Oppressed World" statement and suggested Higgins had been killed long ago. (Jonathan Karp, Reuter)

Dole Accuses Israel Of Endangering U.S. Lives

Sen. Dole accused Israel Monday of endangering American lives and bluntly warned the Jewish state that the U.S. "can't continually apologize for Israeli actions" when they put the lives of its citizens at risk.

Dole's unusually strong remarks about Israel, which were criticized in turn by other legislators, came as Congress echoed with cries of outrage over the reported hanging of Lt. Col. Higgins....

By nightfall, the Senate put together a lengthy resolution condemning the action and urging retaliation, and passed it by a vote of 99 to 0....

Dole said he believes the Israelis "have, perhaps good motives" in trying to force release of their own soldiers. "But certainly they know where the leverage is. The leverage is with the United States, and when these fanatics want a response, they're going to attack an American, or threaten an American, or kill an American." ...

The Senate resolution condemned the event as "barbaric, cowardly and utterly incompatible with the standards of conduct upheld by civilized people." It urged President Bush to retaliate "as appropriate and feasible" but to determine whether that could be "in a manner that would reduce the risk to Americans from terrorism."

(Helen Dewar & Adela Gooch, Washington Post, A17)

Higgins/U.N.

UNITED NATIONS -- The U.N. secretary-general Monday expressed "outrage and revulsion" at the reported murder of Lt. Col. Higgins who was kidnapped while leading a U.N. organization in Lebanon.

U.N. chief Perez de Cuellar also said President Bush asked him to help with the return of Higgins' body.

Perez de Cuellar said he had "many sources" to help him comply with the request but he still was seeking verification of Higgins' murder.

The U.N. Security Council unanimously adopted a resolution that "condemns unequivocally all acts of hostage-taking and abduction." The 15-member council also demanded the immediate, safe release of all captives "wherever and by whomever they are being held." (AP)

Bush's Options For Retaliation Are Limited

Pentagon officials acknowledged Monday that the U.S. has gone so far as to practice bombing raids against the Iranian-backed Hezbollah, the so-called Party of God that kidnapped Lt. Col. Higgins and perhaps engineered his murder.

But the officials said no president has authorized military action against the group for fear of killing innocent people, one of several considerations limiting President Bush's options in avenging the death of Higgins.

These officials added that Defense Secretary Cheney met with the Joint Chiefs of Staff late Monday to review bombing and other retaliatory options before presenting them to Bush....

If Bush wants to make a quick retaliatory strike, Pentagon sources said, he most likely would have to focus on what the military calls "ready strike," or RS, folders....

Many of the conditions that have deterred past presidents from avenging terrorist action appear to be present in the Higgins case. They include the difficulty of identifying and locating the perpetrators, the risk of terrorists responding to any U.S. military action by kidnapping or murdering more Americans and the likelihood that such an action would ignite diplomatic fires all over the world, especially in Arab regions....

In response to a question on March 6, 1986, Bush said he believes military retaliation to counter terrorism is justified "where it could be surgically done," but ruled out "wanton destruction of human life in order to show some muscle and show some retaliation."

What Bush does about the Higgins murder, the newest President's first test in countering terrorism, will show whether he still feels that way. Past presidents from Nixon to Reagan have talked tougher than they acted when it came to employing U.S. military force in the twilight zone between all-out war and all-out peace.

(George Wilson, Washington Post, A18)

Other Hostage's Families Urge Administration To React Cautiously

The families of some of the eight Americans still held hostage in Lebanon pleaded Monday with the Bush Administration to show restraint in the face of reports that Marine Lt. Col. Higgins had been killed by his captors.

"The death, if it is so, of Col. Higgins, is tragic," said Peggy Say, whose brother Terry Anderson is the longest-held hostage. "My prayers are with his family. But he was on a U.S. peace mission. He would not want retaliation in kind."

She spoke amid growing fears for the safety of the other hostages. The Revolutionary Justice Organization -- a shadowy group intelligence sources have linked to Islamic Jihad and other militant, pro-Iranian Shiite Moslem groups -- issued a threat to execute Joseph James Cicippio, 58, Tuesday unless Israel freed Obeid....

"The only action I can think it would be worthwhile to take is diplomatic action," said Cicippio's brother Tom Cicippio. "I definitely do not want to see military action. I would like to see (Obeid) returned. I was very disturbed when I heard they had kidnapped the sheikh. I was afraid there would be retaliation and my fears have come to be," he said.

(Adela Gooch, Washington Post, A17)

Relatives Reserve Grief, Remain Skeptical Of Higgins Death

Several relatives of...Lt. Col. Higgins watched a videotape from Lebanon showing a hanged man Monday, but said they were unable to determine whether it was Higgins.

Higgins' sister, Mary Fischer, said she remained skeptical of the videotape...because previous reports erroneously claimed her brother had been executed....

William Higgins' wife, a major in the Marine Corps who watched the videotape, said she also was unable to determine whether the hanged man was her husband. (Carole Fleck, UPI)

SAUDIS NEGOTIATE FOR GULF BARGE BASE

CAIRO -- Saudi Arabia has entered into secret negotiations with the U.S. Defense Department to take over all or some of the cost of operating the floating barge base the U.S. Navy established in the Persian Gulf at the height of the "tanker war" with Iran, according to Western sources.

Such a step by Saudi Arabia reflects the nervousness that still exists in the Persian Gulf shipping lanes and in Arab capitals over Iranian intentions in the wake of the Persian Gulf War cease-fire, according to one U.S. official in the region.

It also reflects, according to other Western analysts, the unresolved state of hostility that has existed between Tehran and Riyadh since the July 31, 1987, rioting by Iranian pilgrims in the holy Moslem city of Mecca. (Patrick Tyler, Washington Post, A22)

BAKER MEETS WITH CHINA'S FOREIGN MINISTER

PARIS -- Secretary of State Baker met Monday with Chinese Foreign Minister Qian Qichen in the first high-level contact between their two countries since the June army massacre of demonstrators in Beijing. The meeting took place on a day in which China, at an international conference, distanced itself from the Khmer Rouge in a move that could facilitate a peace settlement in Cambodia.

In short, subdued speech before the conference on Cambodia, Qian omitted any mention of the Khmer Rouge or its leaders by name and agreed with the other major powers here on the general outline for ending Cambodia's 10-year-old war....

Baker told reporters later as he flew back to Washington that the U.S. and China should "seek to preserve" the relationship that had been built over the past decade despite the Chinese crackdown....

Baker took up the army massacre as well as Cambodia and other issue in his [90-minute] talk with the Chinese minister. Baker said the conversation did not touch on Bush's sanctions.

Baker is understood to have told the Chinese official that "if China wants to continue its reforms...it ought not to turn inward and not engage in conduct that would not be understood by the international community." Baker and Qian may have had a stormy meeting. A U.S. official called it "a frank and candid discussion." (Elizabeth Becker, Washington Post, A1)

BUSH VETOES RESTRICTIONS ON FSX PLAN

President Bush vetoed legislation Monday to impose conditions on a $6 billion program with Japan to co-produce the advanced FSX jet fighter, claiming it undercuts his sole authority to make international trade and arms deals.

In his veto message, Bush said the legislation would rewrite the Constitution to allow Congress an equal say in future foreign trade negotiations, especially when sensitive U.S. military technology is involved.

"In the context of negotiations with foreign governments, it is imperative that the United States speak with one voice," the President said in a three-page veto letter to Congress.

(Paul Bedard, Washington Times, A5)

JAPAN'S OLD GUARD STOPS FRONT-RUNNER FOR PREMIER

TOKYO -- With swift, ruthless finesse reminiscent of the shoguns, a small group of power brokers in Japan's ruling party Monday killed a bid by a relatively young politician to become the country's next prime minister.

The move quashed the aspirations of Ryutaro Hashimoto, the photogenic 52-year-old secretary general of the LDP....

(Paul Blustein, Washington Post, A15)

CALERO ACCUSES STATE DEPT. OF SAPPING CONTRAS

Nicaraguan Contra leader Adolfo Calero blasted the State Department Monday for "usurping command" of the Contras and accused department officials of seeking to "undermine" the rebels' political leadership in an attempt "to liquidate" the Contras.

Calero charged department officials with spreading false reports on Capitol Hill of alleged Contra misuse of U.S. funds, with seeking to oust him and other Contra political leaders, and with secretly directing a group of rebel military commanders in their meetings last week with the Central American presidents.

Calero's unusually harsh public statements, including criticism of specific State Department officials by name, brought into the open a months-long, behind-the-scenes struggle between the department and veteran Contra leaders over the rebel movement's future.

(Joe Pichirallo, Washington Post, A1)

NORIEGA CROSSES U.S. BASE

PANAMA CITY -- Gen. Noriega, in an apparent act of defiance toward the U.S., Monday led a parade through part of a military base reserved for American servicemen.

The incident at Fort Amador, a Panama City military base jointly administered by the U.S. and Panama, occurred during events marking the eighth anniversary of the death of Panamanian leader Gen. Omar Torrijos.

Gen. Noriega, leading a procession of several hundred army officers to Gen. Torrijos' tomb on the base, suddenly veered off the road and marched across a golf course in the U.S.-administered part of the base.

The parade passed in front of houses occupied by senior U.S. officers....

A military spokesman for the U.S. Southern Command declined comment on the incident. (Adrian Croft, Reuter, Washington Times, A9)

JARUZELSKI ALLY NAMED POLISH PRIME MINISTER
Kiszczak Has Held Interior Post Since '81

WARSAW -- Gen. Czeslaw Kiszczak, who eight years ago helped Gen. Jaruzelski impose martial law and this spring led government negotiators in concluding a far-reaching political settlement with the Solidarity opposition, has been nominated by the Polish Communist Party as the country's next prime minister.

If confirmed by the legislature, as appears certain, he will replace Mieczyslaw Rakowski, who was elected Saturday to take over from Jaruzelski as Communist Party chief. The two appointments put the top jobs in both the party and the government in the hands of men loyal to Jaruzelski. (A.D. Horne, Washington Post, A12)

EDITOR'S NOTES: "Bush's First Foreign Policy Crisis Brews As He Confers On Mideast Terrorist Threat," by Walter Mossberg & Gerald Seib, appears in the Wall Street Journal, A14.

"Castro's 'Iron' Response On Drugs Masks Issues," a news analysis by Julia Preston, appears in the Washington Post, A14.

"Bloch Reportedly Told FBI Of Meeting Suspected Agent," by Walter Pincus, appears in the Washington Post, A1.

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PRESIDENT PROPOSES SCHOOL SUMMIT

President Bush summoned the nation's governors Monday to a summit on education reform and touted the major domestic policy initiatives of his new Administration as the basis for "a national consensus in spite of overriding budget difficulties."

Members of the National Governors' Association gave Bush an 'E' for effort, but many expressed skepticism that the President can make good on a pledge to assist state governments while vowing not to raise taxes.

Bush, who campaigned last year on a promise of becoming "the Education President," invited the governors to confer with him Sept. 27-28 on a $441 million education reform package he offered to Congress last April and "to share ideas and to explore options for educational progress."...

Using his speech at the governors' annual meeting in Chicago to praise their mutual leadership roles, Bush told the governors, "We've got to find our collective will as a nation" to fight illiteracy, drug abuse and crime.

"First and foremost are our children and their education," Bush told the governors meeting at the Hyatt Regency Chicago Hotel. "Working together, you and I can raise the level of learning in the classrooms of America." (Thomas Hardy & Rick Pearson, Chicago Tribune, A1)

Bush Announces Special Meeting With Governors

CHICAGO -- President Bush announced Monday that he would convene a summit of the nation's governors in September to stem the decline in the quality of education in the U.S.

"Together, we can find ways to strengthen our schools, to enlarge opportunities and to improve our nation's educational performance," Bush said at a meeting of the National Governors' Association.

Bush compared the meeting, scheduled Sept. 27-28, to a historic gathering of governors with then-President Franklin Roosevelt to help rebuild from the Depression....

"I think an exchange of ideas, a sense of direction at the national level and an impetus from the executive branch could be extremely helpful to all states with respect to education," Texas Gov. Clements said.

Other governors attending the three-day conference generally agreed....

New York Gov. Cuomo...said he was pleased that Bush had focused on education, which he described as long a part of the Democratic Party's "agenda of concern." But Cuomo questioned whether the President would be committeed to stepping up federal funding to improve education.

(Wayne Slater, Dallas Morning News)

Bush Enlists Governors On Education Crisis

President Bush, addressing the nation's governors Monday in Chicago, summoned them to meet with him in September to discuss education -- history's third summit of governors and a president on a national crisis.

"Together, we can find ways to strengthen our schools, to enlarge opportunities and to improve our nation's educational performance," Bush told members of the National Governors' Association at the Hyatt Regency Chicago....

Gov. Thompson said he would seek to have the education summit, scheduled for Sept. 27-28, held in Chicago.

Bush said, "Today we do not meet in a spirit of immediate crisis. There are plenty of problems out there, but the nation is sound.

"But the decline of our education system, the threat of crime and drugs, the economic dependency of so many -- these problems threaten to endanger the very leadership position of America in the next century."

(Jim Merriner, Chicago Sun Times, A5)

Bush Calls Governors To Rare Summit

CHICAGO -- President Bush summoned the nation's governors Monday to a summit meeting next month on an "issue of vital national importance": education.

"Together, we can find ways to strengthen our schools, to enlarge opportunities and to improve our nation's educational performance," Bush told the National Governors' Association.

The meeting will be held Sept. 27-28, probably in Washington....

The governors' reaction Monday was favorable, but they did not seem to think the summit would result in either a large increase in federal funds for schools or a strict national policy.

(Frank Murray & Steve Crane, Washington Times, A4)

Bush Calls Education Summit With Governors

CHICAGO -- President Bush Monday invited the nation's governors to a September "summit" conference on education.

"Together we can find ways to strengthen our schools, enlarge opportunities and to improve our nation's educational performance," Bush said in an address to the National Governors' Association....

"I want to renew my pledge to assemble the nation's governors in a summit, to share ideas and to explore options for educational progress," Bush said before returning to Washington to deal with the reported execution of Lt. Col. Higgins.

Bush said he was concerned about "a nation in which a half of our youth is ignorant of geography, in which drugs are rampant and in which a substantial proportion of the populations knows little hope."

He added, "Such a nation will not long remain competitive. In the final analysis, improving our schools, driving out drugs and bringing hope and opportunity to those who need it most -- these are issues of our national well-being, even our national security."

(Benjamin Shore, Copley)

States Back Bush Call For Better Schools;
But Governors Fear Bearing Brunt Of Costs

CHICAGO -- The nation's governors Monday welcomed President Bush's invitation to help formulate the next steps in education reform, but expressed alarm at Washington's inclination to send state governments the bill for improvements in social programs.

Before Bush arrived at the annual summer meeting of the National Governors' Association, bearing an invitation to a Sept. 27-28 "education summit" at an undetermined location, the governors spent an entire 90-minute executive session trading concerns about the way new federal mandates in health and welfare are driving up state budget costs with no compensating increase in federal aid....

In his brief appearance, Bush invited the governors to meet with him and key Administration officials in September "to strengthen our schools, to enlarge opportunities and to improve our nation's education performance."

(Dan Balz & David Broder, Washington Post, A9)

BIDEN: BUSH BREEDING CYNICISM IN WAR ON DRUGS

President Bush is breeding cynicism in the war on drugs by calling for laws that already are on the books and failing to seek full funding of drug legislation, says the chairman of the Senate Judiciary Committee.

"The war of words, what has it wrought?" asked Sen. Biden. "What it has wrought so far is cynicism, political opportunism, and some despair."

Bush "is able to stand up at his inauguration and say, 'This scourge will end,' and then have no one 'call' him when he refuses to use the tools already available to him to fight the war on drugs," Biden said Monday in a speech at the National Press Club....

Among the laws sought by Bush that Congress already has passed, Biden contended, are longer sentences for drug dealers, the death penalty for some drug dealers, minimum prison terms for weapons offenders and preventive detention for people arrested with drugs.

(Carolyn Skorneck, AP)

DRUG ABUSE SAID TO DECLINE
U.S. Study Shows Big Drop From '85 To '88

A major new federally sponsored study has concluded that the number of Americans using cocaine, marijuana and other illegal drugs declined by 37 percent over the past four years, a sharp drop that surprised many of the government's leading anti-drug experts.

At the same time, the study -- based on a nationwide household survey of 8,814 respondents -- concluded that cocaine addiction has grown substantially, especially among the young and unemployed. Between 1985 and 1988, the number of people who used cocaine once a week or more jumped from 647,000 to 862,000, a one-third increase that National Drug Policy Director Bennett called "shocking and unacceptable."

The study also estimated that 484,000 people used crack...at least once a month and that 2.4 million had tried the drug once. These figures represent the first government estimates on the prevalence of crack....

The survey findings reflected trends that have been reported for some time, particularly the growing intolerance of many middle-class Americans towards drug use of any kind, including alcohol and tobacco.

(Michael Isikoff, Washington Post, A1)

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ADMINISTRATION WILLING TO CONSIDER S&L COMPROMISE

The Bush Administration is willing to discuss a compromise on financing the President's S&L bailout, but won't consider any plans offered so far, a senior Treasury official says.

Under Secretary for Finance Robert Glauber, in an interview Monday, said a compromise would be considered if it doesn't undermine the spending discipline imposed by the Gramm-Rudman balanced budget law.

"Whether there is something else lurking out there that would preserve what is important to the Administration, which is the integrity of the Gramm-Rudman-Hollings process...is the issue," he said. "We're certainly prepared to look at what somebody could come up with."

(Dave Skidmore, AP)

MOST BIG BANKS CUT PRIME RATE TO 10.5%, IN MOVE THAT FINALLY MAY AID CONSUMERS

NEW YORK -- Most major banks cut their prime lending rates half a percentage point to 10.5%, a move that could finally reduce borrowing costs for consumers and small businesses.

Monday's long-awaited reduction follows a similar cut Friday by San Francisco-based Bank of America. The banks took their time following Chase Manhattan Bank, which often leads prime-rate changes and which reduced its own prime rate from 11% three weeks ago.

(Constance Mitchell, Wall Street Journal, A2)

CLEANUP AT NUCLEAR WEAPONS PLANTS WILL COST $17.2 BILLION IN 5 YEARS

The Energy Department proposes to spend as much as $17.2 billion in the first five years of a major nuclear weapons plants cleanup, under a plan being announced by Energy Secretary Watkins.

Watkins, who says the government must "chart a new course" to correct wrongs in the weapons program, planned to outline a broad blueprint for the first phase of the cleanup in a speech Tuesday before the National Press Club.

The five-year program, with details to be announced later this month, is the center of a long-term plan to restore confidence in the operation of the weapons production plants that have been marred by a history of environmental and safety neglect.

The department has said the overall cleanup bill for the 17 plants in a dozen states likely will exceed $90 billion, but it is not predicted how long the cleanup might take.

(Josef Hebert, AP)

SENATE PANEL HEADS FOR SHOWDOWN ON LUCAS NOMINATION

The Bush Administration says is wants a Senate floor vote this week on William Lucas's controversial nomination to become the nation's top civil rights enforcer.

"We hope to have him cleared this week before the Senate adjourns," Justice Department spokesman David Runkel told reporters Monday....

A failure to get a favorable recommendation from the committee likely would prompt the Administration to guide the nomination to the floor by an alternative route. But a rebuff would prove embarrassing.

Sen. Heflin...remained uncommitted.

(Mike Robinson, AP)

LOS VEGAS AD MAN JOINS BUSH'S STAFF

Sig Rogich, head of a large Las Vegas-based advertising firm and a key advertising adviser in President Bush's 1988 campaign, will join the White House staff this fall, Administration officials said Monday.

Rogich, whose advertising for casinos as well as candidates reportedly made him a millionaire, will replace Steven Studdert in a job whose chief function has been orchestrating the President's public appearances to best deliver his message.

White House officials said Rogich traveled from Chicago to Washington with Bush aboard Air Force One Monday when the deal was finalized. Studdert, who has been rumored to be leaving for weeks, announced the Rogich appointment to his staff Monday afternoon, officials said.

(Ann Devroy, Washington Post, A4)

EDITORS NOTES: "Von Raab Departs, Blasting Bosses," by Michael Isikoff, appears in the Washington Post, A19.

"President To Appear At Scouts' Jamboree," by Matt Neufeld, appears in the Washington Times, B4.

"Former Rivals Meet Again," by Richard Benedetto, appears in USA Today, A5.

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NETWORK NEWS SUMMARY

(Monday Evening, July 31)

HIGGINS

ABC's Peter Jennings: It is a grisly power game which is being played out in the Middle East. The men who kidnapped Col. William Higgins say they hanged him today, a claim which has the President meeting with his National Security Council at the White House this evening in an effort to figure out what if anything the U.S can do. The men who say the hanged Col. Higgins as a lesson for the U.S. and Israel don't have many powerful weapons at their disposal but they do have the power to impale millions of us on powerful images which cause shock and outrage and frustration. The Organization of the Oppressed on Earth released a videotape from which these pictures are taken. The colonel's kidnappers say that Higgins, 44-years-old, a hostage in Lebanon since February 1988, was killed because the Israelis refused to return a Moslem spiritual leader Sheikh Abdel Karim Obeid, who the Israelis kidnapped on Friday. In a communique dropped off at Western news organizations in Beirut today, Higgins' kidnappers said we reiterate our stand that the Sheikh must be freed because what will happen next will be worse. The videotape which the colonel's kidnappers released is different from [teh picutres on the screen] in only one respect, it shows that Col. Higgins was swinging on his make-shift gallows when the tape was made. Our view of showing it is simply based on a gut reaction, no need for us to help demean Col. Higgins by watching him swing. And there is this to consider, there's no absolute confirmation that this man is Col. Higgins, although numerous people who know him said they believe it is him. And there is no proof on the tape or otherwise that he died today as his kidnappers insist though that very much appears to be the basis on which President Bush is currently operating.

ABC's Brit Hume: At this hour the President has a scheduled meeting with congressional leaders. In the past that has been a tip off that some military action or retaliation is either planned or already underway but the best information we have tonight is that that's not the case this time, although the President did rather dramatically break off a trip today to come back and deal with this issue. Grim and seemingly shaken as he returned to the White House this afternoon, the President said he still had no confirmation Higgins was dead. But his emphasis was nonetheless on indignation at the claimed execution.

(President Bush: "There is no way that I can properly express the outrage that I feel. And somehow there has got to be a return to decency and honor even in matters of this nature. It is a most troubling and disturbing matter that has shocked the American people right to the core.")

The President knew of the videotape but learned that it apparently did show Higgins just before Mr. Bush was to speak to the National Governors Association in Chicago. It was then aides said that he decided to return to Washington.

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Hume continues: On the way back aboard Air Force One, senior aides said the President would take no action pending final confirmation of Higgins' death but made clear that the President had had time to think about what to do if Higgins were killed.
(Chief of Staff Sununu: "I assure you that the President and his policy advisers are aware of the broad range of options that they have to review.")
Later at the White House, spokesman Marlin Fitzwater said the President's warning of yesterday that the captors would be held responsible for Higgins' fate had been relayed to all relevant parties in the region. Meanwhile on Capitol Hill, there were the familiar frustrated calls for action, unspecified of course, and one surprising blast at the Israelis for starting all this.
(Sen. Dole: "We can't continually apologize for Israeli actions in this country when it endangers the lives of Americans in some far off country and perhaps a little more responsibility on the part of the Israelis one of these days would be refreshing.")
Late today, the President's senior national security advisers, including CIA chief Webster, arrived for a meeting carrying maps which would later also be used to brief members of Congress. The President was expected to tell those members of Congress that there is no swift, sure, surgical way to strike back a the terrorists militarily. That may be so, but it will no doubt leave some wondering what the President meant when he warned the captors yesterday he would hold them responsible for Higgins' safety.

Jennings discusses the Higgins situation with Hume:

Jennings: Lebanon has been a quagmire for the United States and for the Israelis, is Mr. Bush aware of that?

Hume: I'm sure he is. He stood by for eight years and watched Ronald Reagan try to deal with this problem. He seems resolute, he seems grim, he seems concerned but I don't think that changes the facts on the ground in Lebanon and it apparently does not change the difficulty of trying to strike back militarily or in anyway forcefully in a situation of this kind.

Jennings: Of course adding to the pressure on the President [are] the lives of two other hostages are now being threatened. A group calling itself the Revolutionary Justice Organization says it will kill the American hostage Joseph Cicippio tomorrow morning unless the Israelis release Sheikh Obeid. And that threat includes some of the same language used in the threat used to kill Col. Higgins and it adds that Cicippio's death would be clearly watched on television screens worldwide. And then a caller claiming to represent Col. Higgins' kidnappers made a similar threat to execute Terry Waite. There is simply no way to tell what these threats amount to.

ABC's Bob Zelnick reports from the Pentagon that among U.S. forces in the area of the Mid East are one battle group headed by the aircraft carrier Coral Sea, now in port at Alexandria, Egypt, and another by the battleship Iowa in port at Marseille, France. A 2,400-man Marine expeditionary force is also in the region, just south of Crete but Administration sources say these may be of little use.

Zelnick continues: In 1983 the battleship New Jersey fired on Syrian positions in Lebanon following several terrorists incidents. But few targets were hit, the damage to surrounding neighborhoods was heavy and the action infuriated many Lebanese. Intelligence sources say that during the 17 months that Higgins was held hostage, the U.S. had occasional information on the whereabouts of his captors. But even with such information available now, sources say a punative U.S. strike could lead to retaliation against eight surviving American hostages. Another option, striking at Iran -- patron of the Hezbollah faction -- just as Libya was hit in 1986. But sources say this move would be condemned by the international community and would undermine efforts to improve relations with the Tehran government. Senior Pentagon officials tell ABC that the Joint Chief of Staff oppose military action at this time. In their view, the lack of appropriate targets and the high risk to American hostages tipped the scales on the side on caution.

Jennings discuss the Higgins situation Zelnick:

Jennings: Is there any indication that the U.S. and the Israelis have been talking or even coordinating about what they want to do next?

Zelnick: [There has been] no formal communications on this subject. The Administration is very wary about turning this episode into a U.S.-Israeli confrontation. At the same time throughout the Administration one senses the view that Israel has made a very serious mistake, that other hostages are at risk and that it would be in everybody's benefit if the Sheikh Obeid were somehow to escape from Israel and wind-up up back in Lebanon safely.

Jennings reports that the U.N. Security Council unanimously passed a resolution condemning hostage taking. Secretary-General Perez de Cuellar denounced Israel's kidnapping of Sheikh Obeid and said he felt outrage and revulsion over the claims that Col. Higgins was dead.

ABC's Don Kladstrup reports from Israel that as criticism of Israel's kidnapping of Sheikh Obeid mounted, Foreign Minister Moshe Arens tpld U.S. Ambassador William Brown and visiting RNC chairman Lee Atwater, we are dealing with a crazed bunch of fanatics who don't value human life. Meeting later with reporters, Arens denied Israel has miscalculated.
(Arens: "The only way to deal with these terrorists is by using force. There's no way of talking sense to them.")
But in a way that is exactly what the Israeli government tried to do earlier today by offering to free all Shiite Moslem prisoners it is holding including Sheikh Obeid in exchange for all foreign hostages in Lebanon, including three Israeli soldiers. Obeid was considered the primary bargaining chip. But the only response was the claim that the kidnappers of Lt. Col. Higgins had killed him. Still, Israeli officials argued the gamble was worth it. This evening, a Defense Ministry coordinator for Southern Lebanon said Sheikh Obeid had confessed to being involved in the kidnapping of Lt. Col. Higgins and to helping to plan numerous serious attacks against Israel. Off camera, a number of Israeli officials are now saying they have substantial reports which indicate Higgins was killed many months ago. Reports which if true, would mean that Higgins' death was not a direct result of Israeli action. -more-

Jennings says that such reports have been around for some time but there's no public indication today that if the Israelis believe Col. Higgins died sometime ago that they communicated that to the U.S. And it is widely believed that there was no consultation with the U.S. before the Israelis went into Lebanon and kidnapped Sheikh Obeid on Friday.

Jennings interviews Israeli Ambassador to the U.S. Moshe Arad:

Arad: The right policy is to be determined, to be tough, to be persistent to negotiate when it's necessary and not to give in to threats and violence.

Jennings: Did you consult with the United States before you went in to kidnap Obeid?

Arad: First of all we don't see this as a kidnapping, we see this as a determined policy and self-defense.

Jennings: But if you go and take him from one country to the other what do you call it besides kidnapping?

Arad: You call it apprehending and bringing him before those who have an immediate responsibility to defend the lives and the peace of Israeli citizens and of all those involved.

Jennings: You are dealing with very hard men on the other side of the Lebanese-Israeli border who hold other foreign hostages including Americans what happens if they now up the ante?

Arad: We are determined to continue our struggle against terrorism. We hope that we can stand together -- I'm sure that we will stand together -- and let's not forget that the people on the other side of this line are without scruples and intend to bring about the destruction of the state of Israel and of Western presence in the Middle East and I think we have to confront them.

Jennings reports that in Jerusalem tonight the Israeli Deputy Foreign Minister, Benjamin Netanyahu, told the BBC that the Moslem cleric who they captured would not be returned despite the threats aginst two other hostages in Lebanon. (ABC-Lead)

NBC's Tom Brokaw: American Marine Colonel William Higgins. His fate is the subject of an emergency meeting that President Bush has convened with congressional leaders at the White House at this hour. Higgins was reportedly executed in retaliation for the Israeli kidnapping Friday of Sheikh Abdel Karim Obeid, a Hezbollah leader in Lebanon. A pro-Iranian organization in Lebanon claims that Higgins was hanged today when the Israelis refused to release Obeid. That cannot be absolutely confirmed, but the claim and these graphic pictures have brought the hostage situation back to a crisis stage. And later today another pro-Iranian organization claimed it would kill American hostage Joseph Cicippio if Obeid is not freed. And still another group is said to be threatening the life of British hostage Terry Waite who disappeared in 1987 while trying to negotiate freedom for all the hostages.

NBC's Martin Fletcher reports from Israel that the deadline for killing Higgins passed and minutes later Israel offered a full hostage swap, all its Shiite Moslem prisoners for all Western hostages held in Lebanon. Thirty minutes later, the Shiite radicals announced they had killed Col. Higgins. The Organization of the Oppresed of the World sent a typewritten statement to a news agency in Beirut along with a videotape they claimed showed Col. Higgins after his death by hanging, they threatened more. If the Sheikh isn't released immediately, they threatened, worse will come, and America and Israel will be responsible. Israel's Defense Minister said the full responsibility now rests with the terrorists after he'd proposed a prisoner swap.
(Defense Minister Rabin: "We are ready to make a deal of exchange with the Shiite groups of all our prisoners of war for all the other hostages.")
Later, Israeli leaders were shocked of the news that Higgins was dead and they wouldn't comment beyond questioning whether Higgins really was killed today or months ago.
(Foreign Minister Arens: "In past cases they have killed people without anybody knowing the people had been killed. At this stage of the game we just don't know.")
When the Israelis kidnapped Sheikh Obeid, they knew they'd kidnapped a big fish. The Hezbollah reaction is proof to them of how important he is to the Lebanese and their Iranian paymasters. The Israelis say there's no way they'll release Obeid except as part of a prisoner swap, but their concerned about criticism in Washington that the Israeli kidnapping cost the life of Col. Higgins.

Brokaw reports that Col. Higgins' wife Robin, a major in the Marine Corps. said the claim of her husband's execution was not pleasant. Yet she said that the one thing that she has learned over the last 17 months is that the truth is hard to find and tonight it remains so. What about the issue of negotiating for the release of other hostages. Other members of Higgins' family differ on whether the Bush Administration should do that. Higgins' cousin said Americans serving overseas know the policy.
(Leonard Smith, cousin: "That's the risk that they run. This country has a no negotiation policy and rightfully so.")
(Bonnie Tully, sister-in-law: "Bush and Reagan, they go on and on and do their everyday thing and they say we don't negotiate, we don't do this, we don't do that. They don't do anything.")
(Linda Miller, sister: "If they have lost him, they have lost a terrific man. He just gave a 110% to his country.")
President Bush this evening has been meeting with national security advisers and at this hour with congressional leaders on what the United States should do now.

NBC's Jim Miklaszewski reports that the President cut short a scheduled two-day trip to the Mid West to return to the White House to deal with his first foreign policy crisis. President Bush first got word of the execution announcement while on route to Chicago. And at a governors conference, a somber but angry Bush condemned the killing.
(Bush: "I know I speak for all here when I try to express to the American people the sense of outrage that we all feel about this kind of brutality, this uncalled for terrorism.")

Miklaszewski continues: The outpouring of America's outrage continued aboard Air Force One on route back to Washington.
(Sununu: "Not only was the kidnapping a terrible act, obviously this murder and the taping of the murder is just inhuman and barbaric.")
And in Congress.
(Sen. Nunn: "I for one feel that the perpetrators must be held accountable.")
At the White House the President's national security team arrived to receive an update and consider possible responses, diplomatic and military, although no immediate decisions were expected to be announced. One target, Iran. Frustrated American officials acknowledge there's little the U.S. can do to turn up the pressure on Iran, although they're clearly convinced Iran wields some influence over the killers.
(Robert Gates: "There is clear evidence of influence. The question is the degree of control.")
And in Congress, an unusual condemnation of Israel.
(Dole: "I would hope the Israelis would take another look at some of their actions which they must know in advance will endanger American lives.")
And late tonight, the Senate passed an amendment to the defense bill, 99-0, calling for the President to retaliate against Higgins' executioners and ask Israel to explain its recent actions. The White House doesn't like that kind of pressure but there is some anger here and some disappointment over recent Israeli actions. And even some anger at the last minute offer made by the Israelis for a hostage swap. According to one official, that offer came one body to late.

NBC's Fred Francis reports from the Pentagon that for a decade Islamic radicals have humbled American Presidents by taking hostages and in the process revealed the impotence of U.S military power. Few at the Pentagon tonight expect the President to get out of that rut. All the President's military options are bad ones. First, Beirut's southern slums, where Col. Higgins was held and where most of the terrorists are entrenched is densely populated. Retaliation, even a so-called surgical bombing strike on a terrorist headquarters, could kill hundreds of innocent civilians. A commando raid to rescue hostages or attack the Shiite clerics has always been rejected even when hostages locations were known to the CIA because the Pentagon predicted that half the commando force would be killed or wounded. Another option, to bomb terrorists training camps and buildings in Lebanon's Bekka Valley, is flawed because the danger of losing pilots to ground missiles is to great. And if the President acts what becomes of the other eight American being held in Lebanon. The hostage dilemma tied Ronald Reagan in knots and led to the Iran-Contra affair. One Pentagon source said that in the last six months of his presidency Reagan did not want to discuss hostages at all. In the first six months of Bush's administration, sources say, the hostage issue has been all but ignored. President Reagan did trade arms and get two hostages back, other nations have ransomed their hostages, the Soviets killed a member of a terrorist family when one of their own was kidnapped and the Israelis pulled off a snatch and tried to make a swap. All options that President Bush has rejected because there is no way to predict which plan will be least dangerous for the Americans held captive.

Brokaw discuss the Higgins situation with Francis:

Brokaw: It seems there are two outstanding questions about Col. William Higgins himself. If in fact that is him in the videotape, that's the first question, and secondly, was he killed today? How can the Pentagon determine whether that's Higgins?

Francis: Two ways. Higgins was at the Pentagon for almost four years before going to Lebanon. Today virtually everyone who knew him looked at that videotape including his wife Robin. While she could not be positive, she thought it was her husband. Secondly, pathologists will go over the videotape and take sizes to make a determination. But when was Higgins killed, was it this morning or was it a year ago? I had to go Prague a year ago to talk with one of the terrorist's families holding Higgins and the others, he told me one year ago that they killed Higgins in retaliation for the Iranian Airbus disaster.

Brokaw interviews terrorism expert Brian Jenkins of the Rand Corp.:

Brokaw: When the Israelis grabbed Obied shouldn't we have expected some kind of retaliation from Hezbollah?

Jenkins: You have to take into the calculations that there would be some type of terrorist response whether this would be directed at the Israelis or the Americans, or whether this would take the form of a terrorist attack or action against the hostages is hard to say. But they had to predict something.

Brokaw: Looking at that videotape there are scenes in which there is blindfold on the victim and then the blindfold is not there. He appears to be in freshly dressed laundry, how much credibility should we put in this videotape?

Jenkins: I haven't seen the tape in detail so I'm not able to comment on whether in fact it is Higgins. But certainly the event bears all the characteristics of terrorism as unfortunately we've come to know it. There's a certain amount choreography in this, a deliberate graphic display. In this particular case I think we have to accept the claim as credible until we have some reason for doubting it. The real question that we may not be able to decide -- I'm not sure what difference it makes in terms of policy -- is whether if in fact that is Higgins whether he was killed today or whether he had been killed previously. But as I say, I don't think that makes much difference in terms of a policy.

Brokaw: Is there any meaningful retaliation that can be executed by the United States?

Jenkins: No I don't think we have any options right now. Sometimes doing nothing until the situation changes or until there are more advantageous circumstances is the best course of action.

Brokaw reports that U.N. Secretary-General Perez de Cuellar expressed outrage and revulsion at reports of Higgins' death.

(NBC-Lead)

CBS's Dan Rather: President Bush cut off a political-domestic tour today and rushed back to the White House to deal with the first Middle East crisis of his presidency. This morning a pro-Iranian group in Beirut said it had executed an American hostage, Marine Col. Higgins. It released a crude and grisly videotape which it said showed the hanging. But the videotape left many questions unanswered. A few hours later another pro-Iranian group set a new deadline for another American hostage. A group calling itself the Revolutionary Justice Organization said it would carry out a death sentence tomorrow against American Joseph Cicippio unless Israel releases a kidnapped Moslem leader. The group sent a photo of the hostage.

CBS's Bob Simon reports the Higgins videotape was accompanied by a statement saying that Col. Higgins had been killed to punish the U.S. and Israel for not releasing Sheikh Abdul Karim Obeid. Israeli officials were hoping today that it could be established that Higgins was murdered some time ago, thus severing any possibly connection between his death and the Israeli raid. CBS has learned that Defense Minister Rabin proposed the raid three weeks ago, that it was approved by the Israeli cabinet with one dissenting vote, and received the full support of the Israeli Army. The objective was to acquire bargaining chips to free two Israeli prisoners in Lebanon; American hostages did not enter the scheme at all. The Israelis did not consult Washington; they did not believe they had to because they did not see an American angle. Tonight, Israeli officialdom is in a state of utter embarrassment. Foreign Minister Arens is leading a defensive action designed to put the blame squarely on the pro-Iranian militants in Lebanon. Privately, Israeli officials admit the tactical victory they won last Friday has already yielded a strategic defeat. With more death threats from Beirut tonight, there's an atmosphere of deepening gloom here as Israelis become more and more concerned that this dreadful week may have just begun.

CBS's Lesley Stahl: ...CBS has been told by sources that there is no rescue operation on the table because "we don't know where the other hostages are." And there is no military strike on the table because "we can't blow up a whole city looking for just one guy." But the President is under incredible pressure to do something, not only because of Higgins but because the White House takes very seriously the threat to execute a second American.
(Bush, at podium at National Governors' meeting: "I know I speak for all here when I try to express to the American people the sense of outrage that we all feel about this kind of brutality, this uncalled-for terrorism.")
Faced with frustratingly few options, the Administration instead is focused on criticizing and pressuring Israel, whose raid into Lebanon may have triggered Higgins' execution.
(Secretary Baker: "Kidnapping and violence is not something that that the United States agrees with.")
(Sununu: "I can tell you that we did not know it was taking place.")
Sen. Dole, reflecting the thinking of some top officials in the Administration, went even further.
(Dole: "You have to continually apologize for Israeli actions and perhaps a little more responsibility on the part of the Israelis one of these days would be refreshing.")

(Rep. Schumer: "The kind of criticism that Israel is to blame, that Israel should not have done this, will give solace to one group, and that's Hezbollah.")
Flying home today, President Bush telephoned Col. Higgins' wife.
(Bush: "Wonderfully stoic individual who is going through shear hell.")
The President may be going through his own hell. He raised expectations that he would take some kind of action when he cut his trip short today. He is facing the possibility of new executions, something new in this long hostage ordeal that has already wounded two American presidents.

Rather: Col. Higgins' wife, Robin, is a major in the Marine Corps and works as an information officer at the Pentagon.

CBS's David Martin reports on Mrs. Higgins' reaction and the Pentagon's analysis of the situation. Mrs. Higgins watched today's videotape, but her attorney read a statement on her behalf saying she still is not sure whether he is alive or dead.
(Mrs. Higgins' attorney, reading her statement: "I have seen the reports and have not reached any conclusion myself. One thing I have learned over the past 17 months is that the truth is hard to find and it remains so.")
U.S. intelligence believes Higgins was held for a time in the town of Jibchit and actually interrogated by Sheikh Obeid. U.S. intelligence subsequently received reports that Higgins had been moved to Beirut and even pinpointed his location in a building across the street from a graveyard. Pentagon officials discussed with then-President Reagan the possibility of attempting to rescue Higgins and even dispatched agents into Beirut in preparation for a possible mission. But eventually the mission was scrubbed; the intelligence was too uncertain to justify the risk. It's possible that Robin Higgins knows deep down that the man in today's videotape is her husband and just can't bring herself to admit it. Other people who knew Higgins and have seen today's videotape all agree it looks like him, but say they cannot be absolutely sure.

CBS's Bruce Morton reports on the plight of the families of hostages held in Lebanon. For all the families today was new pain in an old wound. Terry Anderson's sister hopes the kidnappers will accept the Israeli offer of a swap: All of ours for all of yours.
(Peggy Say, Anderson's sister: "My hope, my prayer, is that they respond in a positive way to the Israeli offer, and that the Israelis do not withdraw it.")

Rather interviews CBS correspondents Martin, Simon, Plante, Stahl:

Rather: What are the chances that Col. Higgins may still be alive, and if he's dead what are the chances he's been dead from some time?

Martin: As to when Higgins might have died it really still is a guessing game. Pentagon officials are hoping to get their hands on the original videotape and massage it electronically and perhaps that will tell them when the tape was made.

Simon: Israeli television has reported that a reliable Shiite source in Beirut reports that Col. Higgins has been dead for some time, that he died under torture when his captors tried to make him confess that he was an American spy. Clearly this version suits the Israelis more than the story that Higgins was killed today. The Israelis are afraid that the truth will never be known.

Rather: Did the Israeli raid backfire and did it set off a new round of terror?

Simon: Israeli exuberance last Friday when they executed what they perceived as another brilliant raid worthy of Entebbe changed to desperation in one instant today. Israeli ministers, the same ones who approved the raid, are now confessing that they probably got into something to quickly without assessing all the risks.

Bill Plante, at the State Department: To say that the Administration is upset over this is to put it mildly furious would not be strong a word although not on the record. The U.S. Ambassador in Jerusalem went to the Israelis today with U.S. concerns that this will just lead to an escalating cycle of violence against the other hostages whether or not Col. Higgins was dead for some time. And in fact after he delivered that message the threat came out against Joseph Cicippio.

Rather: What are the chances that the Israelis will release the Sheikh?

Simon: They won't do it on their own, that would be knuckling under terrorism, that's their phrase. If Washington were to ask the Israelis to return the Sheikh, it's clear from talking to officials here tonight that such a request would receive very serious consideration.

Rather: What's the chance that more Americans will be killed?

Plante: The threat is being taken very seriously. Officials believe that it's entirely possible that the threat will be carried out especially since there seems to be no way to bring any pressure on the group holding the hostages particularly even by the larger powers such as Iran.

Rather: What can the United States do the end this crisis, what options are available to Washington?

Martin: There's no military option that's at least being seriously considered. There's an aircraft carrier in the Mediterranean that gets under way from Egypt tomorrow, there's a Marine amphibious ready group that's south of Crete. But absent some better information about where the hostages are, where the other eight Americans are -- not to mention all the other Western European hostages -- there just is not what looks like a good military option.

Stahl: The President is meeting with congressional bipartisan leaders. They are being briefed by CIA Director Webster to explain to them the limited options, no military options and he's hoping they'll come out and sort of remove some of the pressure on the President right now to retaliate.

Stahl continues: The only option right now is diplomatic and the President himself has to decide: does he allow the Israelis to hang tough and hold on to this Sheikh or does he do what President Reagan always said he wouldn't do and call on the Israelis to release this Sheikh to stop what is looking like a possible escalation of the terrorism and the killings.

Rather: What about those so-called moderates in Iran that we've been trying to accommodate all this time?

Stahl: What the the White House said today is that we have never understood how much influence the Iranians have over these groups, particularly the Hezbollah that the Sheikh belongs to. We know they have some, but we're unsure if they have complete control. The President did send a message to Iran over the weekend saying that the United States would look very unfavorable on any action against Col. Higgins, but it's unclear whether their holding the Iranians responsible at this point. (CBS-Lead)

FATHER JENCKO

Brokaw reports that former hostage Father Laurence Jencko held mass for Col. Higgins this afternoon in Los Angeles.
(Jencko: "The sadness for me is that we always have to use these violent scenes to bring the cause of the hostages to the minds of the American people.") (NBC-10)

DRUGS

ABC's Kathleen deLaski reports that a nationwide survey indicates that 25% fewer Americans used illegal drugs last year compared to 1985. Health officials said the survey of 9,000 households shows that community efforts to fight the drug war are finally paying off.
(Secretary Sullivan: "Attitudes are changing and this is testimony to years of hard work by parents, educators, health care providers, employers and religious leaders.")
The survey also shows that Americans are using fewer legal drugs. Alcohol and cigarette consumption continues to decline. But Drug Policy Director Bennett said we are not out of the woods yet.
(Secretary Bennett: "Drug crime is up, drug trafficking is up, drug deaths are up, drug emergencies in our hospitals are up all since 1985. And much of this can be explained in one word and that word is crack.")
Even though the study shows that the casual use of cocaine is down by one-third, the number of heavy users or addicts has risen by one-third from 647,000 to 862,000. Drug experts say this group continues to put a disproportionate strain on society. All levels of cocaine use in the black and Hispanic communities have remained steady or increased. This is more evidence that there are really two separate wars on drugs, one against casual abuse which officials say is winnable and another against cocaine addiction which drug officials and addicts admit they are losing. (ABC-2, NBC-2, CBS-2)

VON RAAB

Brokaw reports that William von Raab criticized some government colleagues involved in the war on drugs, denouncing what he called the political jockeying, backstabbing and malaise that has crept into the current effort. (NBC-3)

FELIX BLOCH

ABC's David Ensor reports that Bloch, in an interview with reporters, said "I'm hardly a free man. I really can't go out for a walk. I'd love to put it behind me." But he's not likely to be able to put it behind him. U.S. officials confirm French reports that it was the French Secret Service that videotaped Bloch in Paris handing a briefcase over to a known KGB agent. ABC's Pierre Salinger said that Bloch was not the original target. He was caught in a net they spread to investigate a Soviet spy ring operating at UNESCO and aimed at gathering sensitive Western technology secrets. Some FBI agents familiar with the Bloch case privately express frustration that the Justice Department has so far declined to indict him. A key question for Bloch and his attorneys, who he visited today, is whether French Intelligence will be willing to compromise their methods by releasing the videotape for use in an American court. (ABC-5)

PRIME RATE

Jennings reports that most of the nation's major banks fell into line and lowered their prime rate to 10.5%. (ABC-7, CBS-3)

OLIVER NORTH

Jennings reports that the GAO ruled that because he was convicted of a felony he is not entitled to his Marine pension. (ABC-4, NBC-6)

POLAND

NBC's Mike Boettcher reports from Poland that tomorrow that food coupons will be worthless when the government removes prices supports for basic items ranging from meat to milk and establishes a capitalist free-market system. In one day prices will jump as much as 200%-300%. (NBC-5, ABC-6)

-end of B-Section-

EDITORIALS/COLUMNISTS

FELIX BLOCH

Of Amateurs And Professionals: The Felix Bloch Affair -- "Unfortunately, in their various media testimonials, neither Miss von Damm nor Mr. Lauder have made a persuasive case for political appointments to sensitive diplomatic posts.... It seems evident that Mr. Bloch wielded unusual powers as deputy chief of mission in Vienna because our ambassadors paid so little serious attention to their duties. As this incident demonstrates, we may sometimes be better served by a trustworthy mediocrity than a devious professional. But it also seems fair to say that if senior diplomatic assignments -- especially missions of strategic significance -- are to be carried out by amateurs, such appointees had better be equal to the challenge. After all, there have been good political ambassadors, and there are bad Foreign Service officers. But there is only one national interest."

(Providence Journal, 7/28)

The Slapstick Spy Scandal -- "Suspected Soviet spy Felix Bloch has been tried, convicted and hanged by the neck until dead -- in the court of ink, film and videotape. With the entire American public looking on, he's been the object of a cockeyed manhunt in which the apparent object is to follow the man in question without arresting him.... What happened? The Bloch case blew wide open before it ripened adequately. Sources all over Washington say the FBI simply doesn't have the goods. That the case against Bloch consists of damning yet utterly circumstantial evidence.... Enough already. Once the Bloch affair has finally bungled to a halt, it's time for a full-dress inquiry into what in hell has happened to the U.S.' counterespionage capabilities. If the Felix Bloch case is evidence of how the FBI handles spies in the post-glasnost era, it's time for some heads to roll."

(New York Daily News, 7/27)

A Strange Spy Story -- "Bloch cannot walk his dog without a convoy of FBI cars, revving up and setting off in low-speed pursuit. By one account, at least seven FBI cars, each carrying a couple of agents, keep constant watch on Bloch. That is a considerable allocation of resources, at considerable expense. To what end? The effort appears to have been mounted in hope of (1) putting Bloch under enough psychological pressure so that he will break down and tell all, or (2) spooking him into trying to flee the country, an act that could be taken as a presumptive sign that he has something illegal to hide and lead to his arrest. The apparent reasons for these extraordinary measures is that the government has little hard evidence against Bloch.... So the deliberately high-profile game of surveillance goes on, trusting that somehow a break will occur. Officially, the surveillance is justified as part of a continuing security investigation. The troubling question is at what point does a legitimate investigation cross the line to become harassment, and under what conditions are the civil rights of a suspect and his family -- among them the right to privacy -- improperly violated by the state? These aren't easy questions to answer. That they need to be asked is a further sign that this has been one of the odder national security investigations in recent memory and, given the manner of its unfolding, one of the more disturbing."

(Los Angeles Times, 7/27)

-more-

Year II Of The Spy -- "The investigation of senior foreign service diplomat Felix Bloch for possible espionage seems to have become a kind of Easter parade. First, Mr. Bloch's neighbors knew all about the FBI's surveillance of him, and after the case became public last week, FBI agents dogging Mr. Bloch's trail found that they themselves were being dogged by Soviet Embassy personnel. By blabbing about the case prematurely, ABC News and The Washington Post may have irreparably harmed the whole investigation.... Whatever Mr. Bloch may or may not have done and whatever the United States and the world may or may not gain from Mikhail Gorbachev's glasnost, the Bush Administration ought to take the Senate committee's report [on espionage] more seriously than some people in the national security establishment seem to take their professional responsibilities." (Washington Times, 7/26)

The Spooky Bloch 'Dangle' -- "Bloch's tragicomedy began when he was videotaped handing a briefcase to a Soviet official in Paris. The FBI does not believe the satchel was stuffed with old crossword puzzles or travel brochures. Later a Soviet tipster was eavesdropped phoning Bloch: 'A bad virus is going around, and we think you're infected.' That's when The Dangle began, Katzenjammer Kid car chases of Bloch. Maybe even George Bush was part of The Dangle. Presidents are usually mum on spy cases. But ex-CIA director Bush pointedly boasted he'd known about the Bloch affair 'for some time.' Bush said he was 'aggrieved.' Wait a minute. If Bush knew about Bloch's shadowy antics, and the FBI had that videotape, why did the U.S. allow the suspected spook free run of the State Department until last week?... You can't blame the FBI for putting everybody on Bloch's tail -- the president, TV networks, the KGB, tire-screeching carloads of reporters. The follow-that-spook bedlam makes motorboat chases in Miami Vice look discreet. Yep, The Dangle makes sense. Lay on the heat. One longshot question: What if this guy's innocent?" (Sandy Grady, Baltimore Sun, 6/27)

-End of News Summary-

Mark -
Thanks!
Rae

Wash. Times 8/1/89

Bush cal rs to rare summit

By Frank J. Murray
and Steve Crane
THE WASHINGTON TIMES

CHICAGO — President Bush summoned the nation's governors yesterday to a summit meeting next month on an "issue of vital national importance": education.

"Together, we can find ways to strengthen our schools, to enlarge opportunities and to improve our nation's educational performance," Mr. Bush told the National Governors' Association.

The meeting will be held Sept. 27-28, probably in Washington.

Mr. Bush said the education summit will be the third emergency meeting of a president and the governors in the nation's history. The first was Theodore Roosevelt's 1908 meeting to deal with the ravaging of forests; the second was called by Franklin Roosevelt in 1933 in the financial crisis of the Depression.

Mr. Bush outlined the idea of a summit early in his race for president, in a speech at Indianapolis on July 28, 1987. He promised he would "call to order a conference of the nation's governors to discuss the most urgent problems facing our schools," and listed the agenda as state curricula, student achievement levels and minimum competency testing for promotion and graduation.

The governors' reaction yesterday was favorable, but they did not seem to think the summit would result in either a large increase in federal funds for schools or a strict national policy.

"All the governors were enthusiastic about it," said Maryland Gov. William Donald Schaefer.

"He is the leader of this nation. He can emphasize priorities," said Virginia Gov. Gerald Baliles. "I think the president is serious and the governors are committed to a successful conference."

Iowa Gov. Terry Branstad, incoming chairman of the association, is expected to appoint Arkansas Gov. Bill Clinton and South Carolina Gov. Carroll Campbell today to head an education task force, which will organize the summit.

Both men said they expect the two-day summit to produce a national agenda for education that will mirror the principles Mr. Bush outlined in his speech: rewarding excellence in schools, targeting funds to the neediest, allowing flexibility in programs and requiring accountability for schools.

They said they expect to deal with all levels of education, from preschool to college assistance programs.

"I think we can have some more flexibility in the federal programs," said Mr. Campbell. "But you have to break this bureaucratic mindset first."

"What George Bush is recognizing, maybe, in calling for the summit is we've reached a plateau in how far we can go without some national direction in education," said Mr. Clinton.

After Mr. Bush's speech, Louisiana Gov. Buddy Roemer amused his colleagues by ending a long description of his state's educational problems with this summary: "What I'm trying to say, Mr. President, is, 'Send money.' "

New York Gov. Mario Cuomo told a crowd of reporters that until the federal government tackles the issue of raising taxes, as the states have done, there will be little progress in education, drug control or any of the other areas Mr. Bush talked about. But most governors said they were pleased to see the president at least putting his office behind the education effort.

"Most presidents don't spend time to sit down and talk to governors about education. They just don't do it," said Mr. Clinton. "I think this is a very significant commitment."



AP

Govs. George Sinner of North Dakota, Kay Orr of Nebraska and Richard Celeste of Ohio (left to right) are attentive to discussions Sunday in the opening session of the National Governors' Association convention in Chicago.

"Together, we can find ways to strengthen our schools, to enlarge opportunities and to improve our nation's educational performance."

— President Bush

Elsewhere, the conservative Heritage Foundation expressed hope the summit will bring national attention to what the governors actually are involved in, especially their public school choice plans.

"The president needs to be more forceful in recognizing the whole host of education reforms going on in the country," said Jeanne Allen, education policy analyst for Heritage.

But choice is what the National Association of Secondary School Principals doesn't want the president's summit to focus on.

"It's a positive step — unless he's going to use it as a forum to promote a voucher system," said Lew Armistead, spokesman for the 41,000-member group. "The real value of the summit might be that it gets more governors involved."

Albert Shanker, president of the 710,000-member American Federation of Teachers, said, "We welcome his interest." But he questioned "whether the president fully recognizes the immediacy of the crisis in education."

The summit "can be useful," said Keith Geiger, president-elect of the 1.9 million member National Education Association. "It will provide a good opportunity [for Mr. Bush] to interact with the governors on the goals of education. . . . We hope he also invites the education and business communities to the meetings."

"It will help define his role as education president," said American University President Richard Berendzen. "It's the right kind of step. Some of it is serendipity. It's hard to know what's going to come out until you sit down and start talking."

• *Carol Innerst contributed to this report.*

USA Today
8/1/89

Bush calls for fall education summit

CHICAGO — President Bush asked U.S. governors Monday to join him in an education summit "to share ideas and to explore options for educational progress."

At the National Governors' Association convention, Bush set the meeting for Sept. 27-28. "Working together, you and I can raise the level of learning in the classrooms of America."

Bush suggested his proposed education reforms might be a starting point.

This will be only the third such president-governors meeting. Theodore Roosevelt brought the governors to the White House first to talk about forestry conservation. Franklin Roosevelt held the second meeting on ending the Depression.

— *Jessica Lee*

Wash. Post 8/1/89

States Back Bush Call for Better Schools

But Governors Fear Bearing Brunt of Costs

By Dan Balz and David S. Broder
Washington Post Staff Writers

CHICAGO, July 31—The nation's governors today welcomed President Bush's invitation to help formulate the next steps in education reform, but expressed alarm at Washington's inclination to send state governments the bill for improvements in social programs.

Before Bush arrived at the annual summer meeting of the National Governors' Association (NGA), bearing an invitation to a Sept. 27-28 "education summit" at an undetermined location, the governors spent an entire 90-minute executive session trading concerns about the way new federal mandates in health and welfare are driving up state budget costs with no compensating increase in federal aid.

At the public session with Bush, Ohio Gov. Richard F. Celeste (D) said the states "need a two-year moratorium on any additional mandates" to expand services in the Medicaid program for low-income health services. The president said he would consider the request and, without being specific, said, "I think we could cooperate."

Bush proposed an "education summit" in September.

But other governors said the pattern of Congress and the administration voting program expansions and then sending the bill to the states goes beyond Medicaid to such other areas as the environment, education and public safety.

Michigan Gov. James J. Blanchard (D) complained that the new pattern amounts to "revenue-bleeding instead of revenue-sharing," adding, "It was bad enough for the Reagan and Bush administrations and some in Congress to have operated on a federal credit card. When they start using the states' . . . it's disgusting."

The protest was bipartisan.

Missouri Gov. John Ashcroft (R) accused Washington of "having their cake and eating it too by forcing the states to do something." He said the effect is "budget breaking."

Although governors said the trend involved a variety of federal programs, they expressed greatest alarm over pending legislation in Congress that would substantially



GOV. RICHARD F. CELESTE
. . . opposes expanding services now

expand Medicaid services and eligibility and require the states to provide much of the care. This would come on top of changes mandated over the past several years requiring more coverage for pregnant women and children and for nursing-home costs.

Among the changes recently approved by the House Energy and Commerce Committee are requirements that states provide coverage to pregnant women and infants up to the age of 1 whose family incomes are below 185 percent of the poverty line, as well as coverage for children between the ages of 2 and 18, born after Sept. 1, 1983, who are below the poverty line.

The legislation is pending in the Senate.

The NGA staff estimated that the proposed Medicaid expansions would add $11.3 billion to state costs by 1994.

Celeste said he fears that the federal government is "backing into a national health scheme" that is inefficient and overly expensive. He said that in return for a two-year moratorium on new federally mandated requirements, the governors would work with the federal government to design a more rational health care system.

In his brief appearance, Bush invited the governors to meet with him and key administration officials in September "to strengthen our schools, to enlarge opportunities and to improve our nation's education performance."

Transportation Secretary Samuel K. Skinner urged the governors to oppose any move in Congress to use gasoline taxes to reduce the deficit, rather than fund roads and transit. He disclosed that he had lobbied for higher state gas taxes in Illinois and California and offered his services to other governors.

That provoked New York Gov. Mario M. Cuomo (D) to remark that the Bush administration "is saying that we need [higher] taxes but you [the states] should raise them." In an interview, Cuomo said he welcomed the acknowledgment that there were unsolved problems in the United States, but he predicted, "It won't take the voters long to say it's better to raise taxes at the national level, not the state level."

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THE WHITE HOUSE

WASHINGTON

June 30, 1989

MEMORANDUM FOR THE DOMESTIC POLICY COUNCIL

FROM: WILLIAM L. ROPER, CHAIRMAN, LOW INCOME OPPORTUNITY BOARD Bill Roper

SUBJECT: Welfare Reform Through The Low Income Opportunity Board: Background and Options for the Bush Administration

Background

In his 1986 State of the Union address, President Reagan directed his Domestic Policy Council to reevaluate the welfare system and design a strategy for reform. The strategy developed by the Council's Low Income Opportunity Working Group was enunciated in the report, Up From Dependency: A New National Public Assistance Strategy, released in December 1986.

The report described a large, fragmented, and complex welfare system, with 59 major federal welfare programs in nine major federal departments, costing $132 billion a year in federal and state money in fiscal year 1985. It concluded that welfare is a major deterrent to work and self support, and weakens the nation's family structure by replacing breadwinners with government handouts. In short, it fosters the very dependency it is intended to cure.

The report's principal recommendation was that "the federal government should create the proper climate for innovation by giving states the broadest latitude to design and implement experiments in welfare policy." The idea was to use enhanced Executive Branch waiver authority to devolve welfare decision-making to the level of government closest to the people, without diminishing federal and state financing commitments to meet needs. Carefully designed experiments would then employ local approaches to solving the problems of poverty through a combination of government assistance and self-help, within a framework of national policy goals stressing work, family unity, and community strength.

The Low Income Opportunity Board

When Congress showed little interest in the increasing Executive Branch waiver authority, the Low Income Opportunity Board was created by Presidential memorandum on July 17, 1987, to begin the process of reform using existing, but more limited, waiver authority. (Attachment A summarizes existing waiver

authority and its limitations.) Since then the Board has served as the focal point within the federal government for coordinating policies to aid low-income individuals and encouraging and facilitating state reform experiments.

It has considered proposals from 26 states and recommended waiver approval for 14. Despite this unexpected degree of success, the Board has not consistently met its goal of processing state requests in a timely fashion. This has been due, in part, to lengthy discussions between federal and state officials over appropriate evaluation and budget neutrality assurance standards. (Attachment B summarizes the Board's actions for each of the 26 states.)

The Family Support Act

In late 1988, pressured by the states, Congress and the Administration enacted major welfare reform legislation: the Family Support Act of 1988 (FSA). The new Act is built upon three precepts: reducing poverty and dependency is an essential goal of welfare; poverty and dependency fall as families increase their economic independence; and the key to economic independence is work. By emphasizing coordination and state flexibility, the Act aims to achieve these goals. (Attachment C summarizes the major provisions of the Act.)

The Bush Administration's Anti-Poverty Agenda

The Administration thus faces a new law and a new approach to welfare reform through state and local innovation. The fundamental policy questions are the following:

(1) how to continue the anti-poverty efforts already underway; and

(2) whether the Administration should pursue additional anti-poverty proposals.

Four options are presented. For any of them to work, the Board itself needs to reach clear agreement on the range of acceptable evaluation methods, including non-control group methods, available to states pursuing demonstrations (as the President directed the Board to do when he reestablished it on March 29, 1989, Attachment D).

Stringent evaluation and budget-neutrality guidelines make it difficult for states to undertake demonstrations and may discourage innovation. Such standards, however, minimize federal concerns over the soundness of evaluation results and budget neutrality baselines. More flexible standards may encourage greater state experimentation, but provide greater risks to the budget and evaluation results.

Options

Option 1: Implement the FSA as the principal vehicle for welfare reform, relying less on new state experiments through the Low Income Opportunity Board. This option would limit welfare reform to the rather modest changes of the FSA, rather than continue a process of more significant change affecting the whole range of welfare programs.

Pros

- The FSA imposes numerous mandates and significant costs upon the states; therefore, the impact of this new law should be evaluated before making further changes.

- Much can be learned from existing Board-approved demonstrations and evaluations of key elements of the Family Support Act; new experiments should be based, in part, on what is learned from these.

Cons

- While the FSA includes many provisions desired by both Republicans and Democrats, it makes relatively modest changes in the welfare system, and even then only in the limited number of programs covered by the Social Security Act.

- Relying less on state experiments through the Board would tend to "recentralize" the welfare system and reduce the impetus for state innovation.

Option 2: Continue to encourage states to submit demonstration proposals under existing waiver authority to the Low Income Opportunity Board. The Board was created to give states and localities an opportunity to test new and innovative approaches to reducing poverty and dependency and to provide the federal government with systematic knowledge as to the effectiveness of these new approaches. The demonstrations approved by the Board will provide information on a wide variety of welfare reform initiatives, including elements of the FSA. This information can be used as the basis for changes in national law, as well as laying the groundwork for testing further reforms.

Pros

- Sound evaluations of demonstration projects can enable us to learn what works and what doesn't in reducing poverty and dependency; the information gained from them can help policymakers improve the national welfare system and provide models for other States and localities.

- Experience with state demonstration proposals indicates that many states would like to go beyond what is in the FSA (e.g., cash out Food Stamps, consolidate and simplify several programs, provide greater incentives for employment, etc.).

- Even when states have proposed reforms similar to those in the FSA, the precise method has often differed (e.g., a straight one year Medicaid extension rather than the relatively more complex FSA provision). As states explore the limits of the FSA and want to go beyond the Act, they will need waivers to implement such reforms.

Cons

- Extensive use of existing waiver authority may increase Congressional concern that the Administration is going beyond Congressional intent in carrying out the nation's welfare laws.

- Since existing waiver authority is too narrow to accommodate broader welfare demonstrations states may wish to pursue, adoption of this option will limit the potential for welfare reform.

Option 3: Continue to encourage state demonstration proposals under existing waiver authority, but press for legislative changes further to expand waiver authority across the welfare system. Under current law, waiver or demonstration authority varies significantly from program to program. Some include extensive authority; most have little or none, thereby limiting comprehensive demonstrations that involve cross-program restructuring and the coordination of eligibility requirements and benefits levels. An expansion of waiver authority could be proposed on a system-wide basis (as proposed in Up From Dependency) or on a targeted basis (e.g., the National Center on Education and the Economy has recommended an expansion of waiver authority governing education programs).

Pros

- Broader waiver authority offers the only chance to test comprehensive reforms to the existing welfare system; without such authority, it will be nearly impossible to simplify the existing tangle of programs and allow for greater participation by community groups and welfare recipients themselves.

- State officials have expressed interest in having broader waiver authority; the Board has, on occasion, had to deny state waiver requests because they went beyond existing statutory authority.

Cons

- In enacting the FSA, Congress rejected the broad state demonstration authority sought by the Reagan Administration. Committee jurisdictions will again make it difficult to press for legislation to expand waiver authority across the welfare system.

- Putting welfare reform back on the legislative agenda may prove difficult in light of the recently passed FSA; Congress may feel that a period of time is necessary to assess the Act before looking at alternatives.

- Reopening the welfare reform debate could provide the opportunity for Democrats to undo some of the things Republicans worked hard to include in the FSA (e.g., participation standards) and add provisions dropped earlier (e.g, a national minimum benefit, a mandatory full-scale AFDC Unemployed Parent [UP] program, etc.).

Option 4: Expand the role of the Board to become, in effect, a focal point for defining, coordinating, and publicizing the Administration's overall anti-poverty policy. This option can be coupled with any one of the first three options, as well as specific legislative initiatives, and Board-directed demonstrations. In addition, the Board would be a forum for discussing and developing the President's low-income initiatives in education, employment assistance, social services, health care, housing, and economic development; thus, allowing the initiatives to be packaged in ways to maximize support for his agenda.

Pros

- The Administration would be able to address pressing national problems affecting or affected by poverty in a more systematic fashion.

- The Administration would be seen by Congress and the public to be speaking with one coherent voice on these vital issues.

Cons

- With deficit-reduction still a high priority, there will be little room for new initiatives.

- The Board's past practice has been not to second-guess the states; a more assertive federal role in developing anti-poverty strategies may discourage state initiatives.

Recommendation

The Low Income Opportunity Board, after full discussion, recommends to the Domestic Policy Council a combination of Options 3 and 4.

This would entail continuing to encourage State demonstration proposals under existing waiver authority, pressing for legislative changes further to expand waiver and/or demonstration authority on a targeted basis, and expanding the role of the Board to become the focal point for defining, coordinating, and publicizing the Administration's overall anti-poverty policy, under the direction of the Domestic Policy Council.

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grandchildren, where they will live and how often they will see them. The grandmother's words are hauntingly similar to those of the mother in the tourist resort. "I just don't know what happened . . . what is going to happen."

In the city, only a day later, another friend called and asked if you could drop by. He was moving, and

numbers, reduced to the mundane because they affect so many in an American society dedicated to instant fulfillment, a culture contentedly quaking on credit, with only fleeting thought of the piper who must one day be paid.

What a time we live in. Our fathers frantically chase larger houses, bigger cars and the latest electronic

marriages, why our children are angry and alienated; why our heroes and heroines are the likes of baseball star Wade Boggs and actress Elizabeth Taylor-Hilton-Wilding-Todd-Fisher-Burton-Burton-Warner?

The pained faces of your friends reflect the answer. In our haste to enjoy the apple, we give no thought to the core that makes it possible. The family.

right.

Mr. Sununu preaches pragmatism to conservatives. He believes that al-

see **BARNES**, *page F4*

Fred Barnes is a senior editor of The New Republic, in which this article first appeared.

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page F4

SUZANNE FIELDS

7/11 Wash. Times

Choosing education excellence

The teachers are mad at President Bush. He didn't show up at their convention in Washington last week.

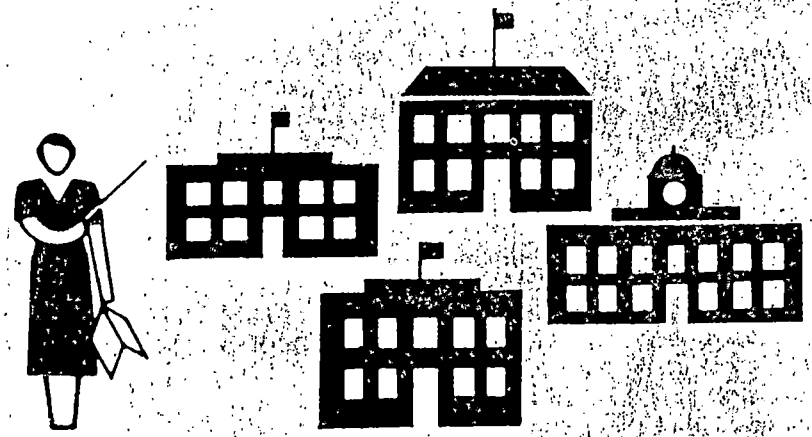
Mr. Bush, who preferred to go fishing, is not happy with the National Education Association, either. The NEA voted against giving parents an opportunity to choose where their children can go to school.

"School choice" is what Mr. Bush calls the cornerstone of educational reform, esssential for rebuilding American education. If he is going to be an "education president," it may depend on whether he can get his choice concept to succeed.

The NEA says school choice compromises a "commitment to free, equitable, universal, and quality public education for every student." That's educationist-ese for defending the public-school status quo, keeping administrative challenges to a minimum, protecting teachers' turf.

Look at it this way: If a student has the choice of a quality school across town or a shoddy school in his neighborhood, where do you think he'll want to go?

Choice sharpens competition and will expose the awful schools right out of existence. That's why it appeals to parents across a political spectrum (and why teachers who are comfortable in awful schools don't like free choice).



Conservatives see choice as good business, introducing free-market competition to an outmoded system that now suffers from the worst component of a monopoly — a lack of incentives for excellence. As much as we may lament the passing of the neighborhood school, and all that the little red schoolhouse represents, facts are nevertheless facts. The neighborhood school now plays to a captive audience. The three R's come in only one package.

Liberals see choice as a way to bring together children from different economic groups, offering fresh opportunities to families who live in low-income neighborhoods to attend schools in more affluent districts. In fact, several choice programs have desegregated schools, with free transportation and protection for a workable racial mix.

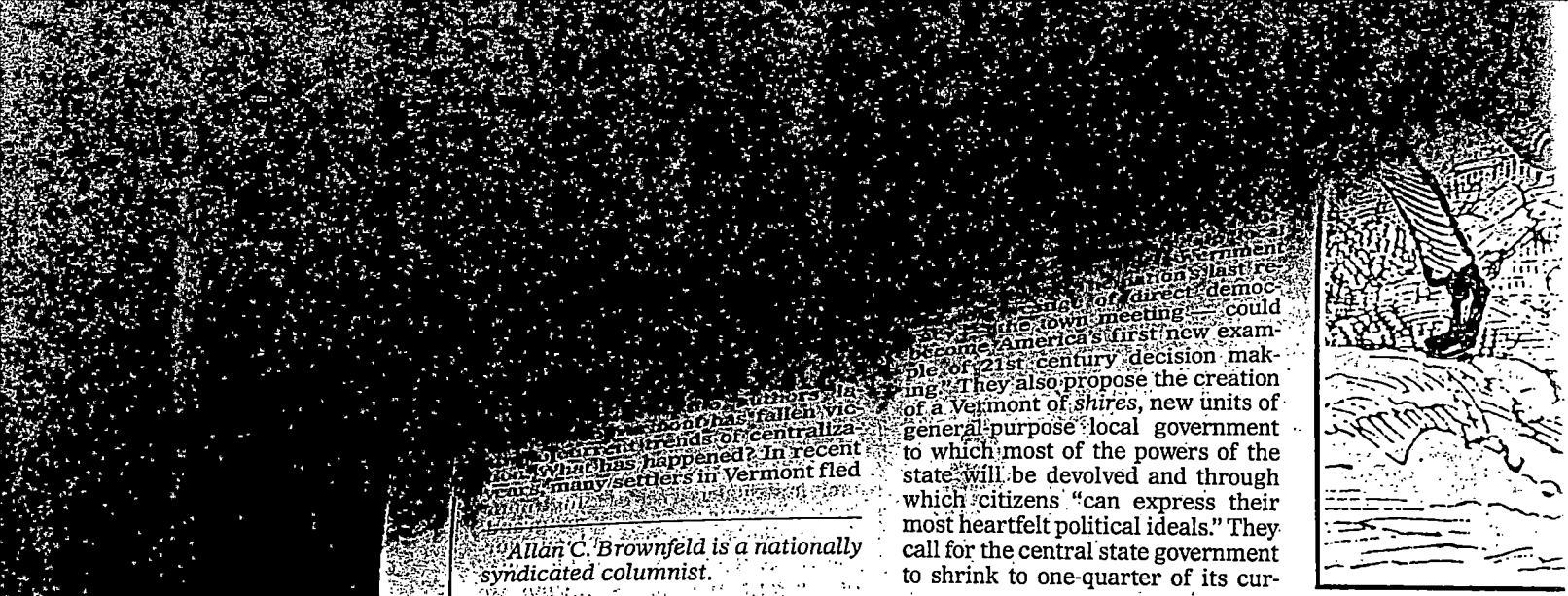
The most successful choice programs focus as much on what a child learns as on creating a racial balance, and include a diversity of magnet schools with specialized programs. A student may choose a school concentrating in science, music, art, foreign languages or simply a solid back-to-basics curriculum. This represents an abandonment of the notion that the focus should be on desegregation for desegregation's sake.

"When the magnet-school concept is explained to parents, large majorities of both white and minority parents strongly endorse it, not only as the most effective route to desegregation, but also as a way to improve the quality of education," says David J. Armor, a sociologist, in The Public Interest. More than 70 percent of Americans say they believe they should have the right to choose which public schools their children attend and a dozen states already have choice plans in place.

Choice opens up the possibility for imaginative teaching, tapping a child's motivation to learn. Minnesota not only lets high-school students apply for any school in the state, but they can also take courses at local colleges. Last year only 435 students out of 350,000 in the state transferred out of their neighborhood school district, but this year 3,500 have applied.

see **FIELDS**, *page F4*

Suzanne Fields, a columnist for The Washington Times, is nationally syndicated.



...authors [illegible] ...fallen vic... ...current trends of centraliza... ...what has happened? In recent ...many settlers in Vermont fled ...government ...tion's last re... ...of direct democ... ...town meeting could ...America's first new exam... ...ple of 21st century decision mak... ...ing." They also propose the creation of a Vermont of *shires*, new units of general-purpose local government to which most of the powers of the state will be devolved and through which citizens "can express their most heartfelt political ideals." They call for the central state government to shrink to one-quarter of its cur-

Allan C. Brownfeld is a nationally syndicated columnist.

FIELDS

From page F1

"You don't have to have large numbers of students crossing district lines for parental choice to be effective," says Joe Nathan, a fellow at the University of Minnesota and a former public-school teacher. "The important thing is that they have the option to do so."

Such options keep school administrators on their toes, but also appeal to greater parental participation as families shop for what's best.

Teaching is a powerful tool, but how many students today get "turned on" by learning? Since students learn at different speeds, students respond to different teaching methods. In one school district in East Harlem, choice within the district resulted in increased reading levels, four times what they had been without choice.

Choice is something like a private investment in the self. In the movie, "Dead Poets Society," a teacher in a stuffy prep school manages to excite adolescents to the joys of language. The boys, stifled by the dry, pompous intellectual criticism of tired scholars, tear out the sterile introduction in their texts and shout the words of Walt Whitman's poem "Oh Captain! My Captain!" They are revived by the sheer energy of the words and consequently form their own nocturnal reading society to *enjoy* poetry.

These young men triumphed over the stale givens of unimaginative education. All our children deserve no less. Choice can give them new ways to excel.

CAL THOMAS

The Supreme Court has misconstrued the real meaning of the First Amendment's clause on religion for 42 years, and it did so again in last week's majority ruling which said that the display of a creche, accompanied by a sign, "Gloria in Excelsis Deo" (glory to God in the highest), in the Allegheny County, Pa., courthouse is unconstitutional.

In a 5-to-4 ruling, which demonstrated that this reconfigured court will perpetuate secularism as the preferred American religion, the majority said that a creche could be displayed on public property only if it was surrounded by enough "secular" symbols to water down its religious significance. In another case, the justices, by a 6-3 vote, allowed a menorah to be displayed a block away on the steps of Pittsburgh's city hall because it was placed next to a Christmas tree and included a written disclaimer from the mayor that the city was not endorsing anything greater than the power of the state.

That the promotion of secularism was the goal of the majority was evident in Justice Harry Blackmun's opinion: " ... both Christmas and Chanukah are part of the same winter holiday season, which has attained a secular status in our society. ... The Government may acknowl-

Cal Thomas is a nationally syndicated columnist.

Install

The court is a but consistent, refers to "holi and finds noth all wrong with government gi workers Sund The court sho limit itself, as Constitution s making sure C does not estab state church. that, it should the free exerci religion, by wh group, on pub property and c holy days belie wish to observ

BARNES

From page F1

though politicians run for office on black-and-white issues, they have to govern in gray. From a conservative standpoint, he says, the policies

On child care, Mr. Bush is skating near the edge of a break with conservatives. Back in March he asked Congress to enact a new refundable tax credit to pay for day care or reward women who stay home with their kids. Conservatives love the Bush bill. It is based on four princi-

Mr. Bush waffled a press conference as to veto this. He doesn't w tation as the guy who b care legislation. But if Democratic bill, conse go bonkers.

For now, Mr. Bush

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release April 5, 1989

TO THE CONGRESS OF THE UNITED STATES:

I am pleased to transmit today for your immediate consideration and enactment the "Educational Excellence Act of 1989," a bill to provide incentives to attain a better-educated America. I believe that greater educational achievement promotes sustained economic growth, enhances the Nation's competitive position in world markets, increases productivity, and leads to higher incomes for everyone. The Nation must invest in its young people, giving them the knowledge, skills, and values to live productive lives. The "Educational Excellence Act of 1989" would move us toward this goal.

The initiatives included in this bill embody four principles central to my Administration's policies on education and essential for further education reform. These principles are:

1) Recognition of excellence. Excellence and achievement in education should be recognized and rewarded.

2) Addressing need. Federal dollars should be targeted to help those most in need.

3) Flexibility and choice. Greater flexibility and choice in education -- both for parents in selecting schools for their children and local school systems' choice of teachers and principals -- are essential.

4) Accountability. I support educational accountability, and toward this end, I am committed to measuring and rewarding progress toward quality education.

This legislation builds on the accomplishments of the last Congress, which enacted into law the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988. That law took significant steps toward improving elementary and secondary education by improving program accountability, reauthorizing the magnet school program and expanding parental choice, providing greater flexibility to local school districts in the implementation of bilingual education programs, enhancing parental involvement in programs for disadvantaged children, and stimulating education innovation and reform. My proposals have distinct differences from current law, but complement in numerous ways the important work of the 100th Congress in pursuing educational excellence.

The Educational Excellence Act of 1989 includes seven specific legislative initiatives aimed at fulfilling these important principles:

more

(OVER)

(1) The Presidential Merit Schools program would reward public and private elementary and secondary schools that have made substantial progress in raising students' educational achievement, creating a safe and drug-free school environment, and reducing the dropout rate. This program would provide a powerful incentive for all schools to improve their educational performance.

(2) A new Magnet Schools of Excellence program would support the establishment, expansion, or enhancement of magnet schools, without regard to the presence of desegregation plans in applicant districts. Magnet schools have been highly successful at increasing parental choice and improving educational quality.

(3) The Alternative Certification of Teachers and Principals program would assist States interested in broadening the pool of talent from which to recruit teachers and principals. Funds would assist States to develop and implement, or expand and improve, flexible certification systems, so that talented professionals who have demonstrated their subject area competence or leadership qualities in fields outside education might be drawn into education.

(4) President's Awards for Excellence in Education would be given to teachers in every State who meet the highest standards of excellence. Each award would be for $5,000.

(5) Drug-Free Schools Urban Emergency Grants would provide special assistance to urban school districts that are disproportionately affected by drug trafficking and abuse. These funds would be used for a comprehensive range of services appropriate to the needs of individual communities.

(6) A National Science Scholars program would provide scholarships to high school seniors who have excelled in the sciences and mathematics. These scholarships, of up to $10,000 a year, would recognize recipients' academic achievement and encourage them to continue their education in science, mathematics, and engineering. The President would select recipients after considering recommendations made by Senators and Members of the House of Representatives.

(7) I am proposing to provide additional endowment matching grants for Historically Black Colleges and Universities, institutions that occupy a unique position and have a major responsibility in the structure of American higher education.

I urge the Congress to take prompt and favorable action on this legislation. Taken together, these seven initiatives, for which I have proposed adding $422.6 million in the 1990 budget, would help us advance toward the goal of a better-educated Nation.

In addition to these initiatives, I have proposed a budget amendment for $13 million in new funds for experiments and data collection in support of education reform. I am also asking the Congress to fund fully the authorization in the

Stewart McKinney Homeless Assistance Act. This includes $2.5 million to fund for the first time the Exemplary Grants program and $2.7 million in additional funding for literacy programs for homeless adults.

GEORGE BUSH

THE WHITE HOUSE,
April 5, 1989.

# # #

THE WHITE HOUSE

Office of the Press Secretary

FOR IMMEDIATE RELEASE April 5, 1989

FACT SHEET

THE EDUCATIONAL EXCELLENCE ACT OF 1989

The President outlined today a program for fostering excellence in education. The need for reform is evident:

- America is in an increasingly competitive world where investment in people, in human capital, is becoming a critical factor in a country's potential for economic growth and prosperity.
- Many of our young people are performing well below their capacity and below the levels of young people in other countries in such important subjects as science and math.
- Outstanding achievement by schools, teachers, and principals too often goes unrecognized and unrewarded.
- Achieving excellence in education requires high expectations, low dropout rates, and safe and drug-free schools.
- Parents lack adequate choice in the education of their children.
- Schools often find that it is difficult to hire capable teachers and administrators, even though many people possess outstanding subject matter knowledge and management skills.
- Projections of the future indicate an increasing shortage of people with advanced training in science and mathematics.
- Our country's historically black colleges and universities struggle to maintain their commitment to educational excellence.

The Educational Excellence Act would authorize several initiatives designed to address these problems.

This legislation builds on the accomplishments of the last Congress, which enacted into law the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988. That law took significant steps toward improving elementary and secondary education by improving program accountability, reauthorizing the magnet school program and expanding parental choice, providing greater flexibility to local school districts in the implementation of bilingual education programs, enhancing parental involvement in programs for disadvantaged children, and stimulating education innovation and reform. The President's initiative proposes new efforts but complements in numerous ways the important work of the 100th Congress in pursuing educational excellence.

more

This legislation is based on four basic principles. These are:

1. Recognition of excellence -- Recognizing and rewarding our best schools, teachers and students will serve as an incentive for all schools, teachers, and students to improve their performance.

2. Addressing need -- This Administration believes that Federal dollars should assist those most in need.

3. Flexibility and choice -- Greater flexibility and choice in education -- both parental choice in selecting schools for their children and local school systems' choice of teachers and principals -- are important to providing the means and incentives for achieving educational excellence.

4. Accountability -- The Administration supports objective measurement and reward of progress toward quality education.

The Educational Excellence Act includes seven legislative initiatives aimed at fulfilling these important principles. Highlights of the individual initiatives follow.

Presidential Merit Schools

Program

- The Presidential Merit Schools program would provide cash awards to public and private elementary and secondary schools that have made substantial progress in raising student educational achievement, creating a safe and drug-free school environment, and reducing the dropout rate. This program would provide a powerful incentive for all schools to improve the educational achievement of their students.

Funding

- The legislation would authorize $250 million for fiscal year 1990, increasing to $500 million by 1993. These funds would be allocated by formula to the States, with State allocations based on school-aged population and State shares of funding under the "Chapter 1" Basic Grants program.

- The amount of each merit award would depend on State-established criteria, including criteria related to the size of the school and the composition of the student body.

Implementation

- Presidential Merit Schools would be selected by the State, assisted by a special State Review Panel, using State and Federal criteria. These criteria would focus on schools' progress in improving students' educational performance, creating or maintaining a safe and drug-free environment, reducing the dropout rate, and other, State-determined, factors. States could also give special consideration to schools enrolling substantial numbers or proportions of children from low-income families.

- A school selected as a Presidential Merit School would use its award for any purpose that furthers its educational program, including development or implementation of special educational programs, purchase of computers and other materials and equipment, and bonus payments to teachers and administrators. Private schools would be prohibited from using Presidential Merit Schools funds to provide religious instruction or for other sectarian purposes.

- The bill would also prohibit the reduction of other Federal, State, or local support to a school because of its receipt of a Presidential Merit Schools award.

Magnet Schools of Excellence

Program

- Currently, the Department of Education makes Magnet Schools Assistance grants to school systems undergoing court-ordered or voluntary desegregation. Because of the success of magnet schools in increasing parental choice and improving educational quality, the bill would create a Magnet Schools of Excellence program to support the establishment, expansion, or enhancement of magnet schools, without regard to the presence of desegregation plans.

Funding

- The bill would authorize $100 million for Magnet Schools of Excellence for fiscal year 1990 and each of the three succeeding fiscal years.

Implementation

- Local educational agencies (LEAs), intermediate educational agencies, or consortia of such agencies would apply directly to the Department for competitive grants. Applications would be selected for funding on the basis of the quality of the proposed project, the likelihood of its successful implementation, and the likelihood of its strengthening the educational program of the district or districts.

- The Department would encourage applications that recognize the potential of educationally disadvantaged children to benefit from magnet school programs and applications to establish, expand, or enhance magnet schools which enhance the diversity of educational offerings to students.

- No magnet school could be supported under the program for more than two years, or if the award would result in segregation or impede the process of desegregation.

Alternative Certification of Teachers and Principals

Program

- The bill would provide assistance to States interested in expanding the pool of talent from which to draw teachers and principals. Funds would support such activities as training, program development, and evaluation. The bill would provide incentives for States to develop, expand, or improve flexible certification systems designed to draw into education talented professionals with demonstrated subject area competence or leadership qualities.

Funding

- The legislation would authorize $25 million for fiscal year 1990 only, for one-time grants to the States. States would apply for the amount of funds they need or an amount that is proportional to their school-aged population, whichever is less; excess funds would be reallocated on the basis of demonstrated need.

Implementation

- Grants could support the design, development, implementation, testing, and evaluation of strategies for the alternative certification of teachers and principals, as well as training and recruitment activities.

- States would be required to consult with teachers, principals, parents, and others in developing their applications. Subgrants to school districts, intermediate educational agencies, colleges and universities, and consortia of these agencies would be authorized.

President's Awards for Excellence in Education

Program

- The success of American education depends heavily on the Nation's teachers. Because teachers who meet the highest standards of excellence deserve public recognition, respect, and appropriate financial rewards, our bill includes authorization for a new program of Presidential Awards for excellent public and private school teachers. The amount of each Presidential Award would be $5,000. Teachers receiving awards would be permitted to use their awards for any purpose.

Funding

- The bill would authorize $7.6 million for each of the fiscal years 1990 through 1993. Funds would be allocated to the States on the basis of the number of full-time equivalent public school teachers in each State.

Implementation

- In each State, winners of Presidential Awards would be selected by a Statewide panel, selected by the Governor, from nominations made by local educational agencies, public and private schools, parents, teachers, teacher associations, associations of parents and teachers, private businesses, business groups, and student groups. In making selections, the panel would use selection criteria developed by the State, subject to approval by the Secretary.

- Each State would be permitted to use up to 5 percent of its allocation for administrative expenses, including the cost of convening the Statewide panel.

National Science Scholars

Program

- The National Science Scholars program would encourage achievement in the sciences by providing scholarships to graduating high school students who have excelled in the sciences, and mathematics, and engineering. The scholarships would recognize the academic achievement of these students and would encourage them to continue their education in these academic areas at the postsecondary level.

Funding

- The bill would authorize $5 million for fiscal year 1990. The amount authorized would increase in increments of $5 million per year to a total authorization of $20 million for fiscal year 1993. These funding levels would ensure that the scholars would be supported throughout their undergraduate study and that a new group of 570 scholars would be selected each year.

Implementation

- National Science Scholars would receive up to $10,000 a year for each year of undergraduate education.

- Each State would nominate between four and ten students per congressional district to receive scholarships. The President would select a total of 570 scholars after considering the recommendations of an advisory board (30 scholarships) and the recommendations of Senators and Members of the House of Representatives (540 scholarships). The scholars would be nominated in accordance with specific academic achievement criteria that would be developed by the Secretary in consultation with a panel of experts in the sciences, mathematics, and engineering.

Drug-Free Schools Urban Emergency Grants

Program

- Prevention and education programs are frequently inadequate in urban areas with the most severe drug problems; more concentrated and comprehensive approaches are required. The bill would amend the Drug-Free Schools and Communities Act of 1986 to authorize a program of "Urban Emergency Grants."

Funding

- The bill would authorize $25 million for each of the fiscal years 1990-1993 for Urban Emergency Grants.

Implementation

- This amendment would authorize a small number of special, competitive grants to urban districts that have the most severe drug problems, so that these districts can develop and implement comprehensive approaches to solving those problems.

Historically Black Colleges and Universities

Program

- Historically Black Colleges and Universities (HBCUs) play a vital role in the American system of higher education. In the past, these institutions offered many Black Americans their only opportunity for a higher education. Today, HBCUs enrich the range of educational choice. These institutions enroll approximately 220,000 students.

- Many HBCUs are financially weaker than comparable institutions. This bill would strengthen HBCUs by providing additional support for endowment matching grants. Endowment building is an especially effective way to create financial strength and long-term financial security for HBCUs.

Funding

- The bill would provide additional authorizations of $10 million for fiscal year 1990, $20 million for both fiscal year 1991 and fiscal year 1992, and $10 million for fiscal year 1993.

Implementation

- Federal funds would be available to match private sector contributions to the school's endowment fund. Income from the endowment fund could be used to improve academic programs as well as administrative management.

- All HBCUs currently eligible under Title III of the Higher Education Act of 1965 would be eligible to apply for grants.

# # #

Davis/Martin
July 21, 1989
Draft: One
Title: Governors

PRESIDENTIAL ADDRESS: NATIONAL GOVERNORS' ASSOCIATION/CHICAGO
July 31, 1989

Governor Baliles, I want to commend you on the success of your chairmanship. Over the last decade, the Governors Association has become a powerhouse of ideas -- ideas to lead America as we face the challenges of a new century.

I also want to salute our host and my good friend, Jim Thompson -- a great governor and a former N.G.A. Chairman who has rocked the world of Illinois politics by announcing he will not run for a fifth term . . . ((And to think, Jim, they were just getting used to you.))

And if I may, let me recognize my chief of staff, another former N.G.A. Chairman, ((and another quiet and retiring soul)), John Sununu . . .

Let us begin by asking: what is the role of the governor in American political life? Well, the great 19th-century observer of American politics, Alexis de Toqueville ((deh Towk-veal)) once asked a country politician the same question. The answer he got was this: "The governor counts for absolutely nothing and is paid only twelve hundred dollars." ((PAUSE))

Well, you still can't get rich off a public salary. But today, the office of governor ~~does~~ counts for a great deal. ~~something~~. In fact,

leadership in America is increasingly the sum of **your** efforts and **your** vision.

As I look around me, I see more than fifty men and women representing America's states, commonwealths and territories. I see a people as diverse as our geography, as different as Bill Clement's Texas and John Waihee's Hawaii, Bob Martinez's Florida and John McKernan's beloved Maine.

And yet, we are **a** people, one nation, indivisible. Just as we share our cherished Constitution, so we also share common challenges and responsibilities. To become competitive as a nation, we must become competitive as states. To cure our nation of illiteracy, drug abuse and crime, we must act in tandem, president with governor, and governor with mayor, up and down the line. In short, we must find our collective will as a nation.

That is why I have come to Chicago to meet with my fellow chief executives. We share, as executives, a special responsibility . . . some describe it as a great burden. But for us, if it is a burden, it is one cheerfully accepted. To sit where the buck stops, to resolve disputes, ~~great and trivial~~, is to know a special kind of satisfaction.

In fact, our missions as executives are so similar that many presidents have called on you for guidance. It was Teddy Roosevelt who called the nation's first conference of governors -- the forerunner of this association -- at the White House. He brought the nation's governors together to call for conservation, for an end to the reckless denuding of our forests.

It was another Roosevelt, also a former governor of New York, also president, who called on the governors to help him stem the financial crisis of the Great Depression.

Today, we do not meet in a spirit of immediate crisis. The nation is sound. ~~It will not fail or falter tomorrow if we are inactive today.~~ But the decline of our education, the threat of crime and drugs, the economic dependency of so many -- these amount to a slow crisis. And this slow crisis endangers the very ~~leadership~~ competitive position of America in the world.

America needs your executive know-how more than ever before. The ultimate challenge, as Governor Baliles puts it, is "to become again the Yankee traders we once were." For the governors to formulate a creative response to our nation's competitive position is more than perceptive; it is forward-looking, an attribute of the best kind of leadership.

As you know, I have just returned from an economic summit where the competitive position of our nation was an underlying theme in discussions on the great economic issues of trade, monetary policy and international debt. But no less important to America was the start of my journey . . . in Eastern and Central Europe. Of course, in economic terms, Poland and Hungary today are not the economic magnets that we find in Western Europe or the Pacific Rim. But I saw a tremendous potential in the awakening spirit of those lands. No one who has witnessed the courage of the workers of Gdnask, or the exuberance of the young

people of Budapest, could doubt the coming achievements, the future greatness of the Polish and Hungarian peoples.

America can be the catalyst for change in these countries -- change that is certain to open new markets for American products. But we have our eyes on a greater vision of what trade means -- not just the trading of goods, **but the free flow of people and ideas that can only be called freedom.** ((PAUSE))

And the beauty of it is that we can boost reform without massive government-to-government programs. We can do the most good, as American leaders, by simply facilitating trade and investment, by simply opening doors for opportunity.

To open these doors will require leadership at every level of government. That is one reason why I have come to Chicago, **to enlist your leadership, to ask each of you to go to Poland, to go to Hungary.**

While governors have no formal role in foreign policy, you are becoming our economic and political ambassadors. You have formulated and advanced ideas that will shape the future role of America in the world. The boldest of these ideas have, at first, seemingly little to do with our competitiveness. But as chief executives, you and I know first-hand how crucial seemingly domestic matters are to the future of America.

A nation in which a half of the youngest generation is ignorant of geography, in which drugs are rampant, in which a substantial proportion of the population knows no hope -- such a nation will not long remain competitive. In the final analysis,

improving our schools, driving out drugs and bringing hope and opportunity to those who need it most -- these are issues of our national well-being, even our national security.

EDUCATION REFORM

First and foremost are our children and their education. Franklin Delano Roosevelt, a great governor before he was a great president, said: "We can light a candle or curse the darkness." Working together, you and I can bring enlightenment to every classroom in America.

On April 5, I sent to Congress an educational reform package, based on a few principles rooted in the practical experience of the states. To have reform, excellence and achievement must be recognized and rewarded. To have reform, federal dollars should be targeted to those most in need. To have reform, we need flexibility and choice -- choice for parents, and choice for schools in their selection of teachers and principals. Finally, the essence of reform is accountability in education and reward for those schools that show progress.

If implemented, I believe that these measures will restore the quality of American education and redeem the future of millions of children. But there is more to be done. On June 5, I asked the business community to study what the private sector can do to energize and support educational reform. Now I want to renew my pledge to assemble the executive talent of America in a summit, to share ideas and to explore options for educational

progress. I invite you to a summit on education, to be held in at ((high school)) on September ((date)). By working together, we can reach a consensus on long-term goals, ways to better the schools of America.

CRIME

As chief executives, we also see drugs and crime as the most harrowing domestic threat to the future of America.

I proposed, on May 15, a common-sense approach to crime to limit criminals' access to weapons, to reform the criminal justice system, to enhance enforcement and prosecution, and to expand prison capacity to ensure both the certainty and severity of punishment. I propose the hiring of 825 new federal agents and staff; 1,600 new prosecutors and staff; and an additional one billion dollars for federal prison construction.

← I ASK YOU TODAY TO /——→ /

With these measures, and with a sustained cooperative effort by federal, state and local law enforcement agencies, **we can take back the streets.** ((PAUSE))

WELFARE REFORM

((New language to come from Policy.))

CONCLUSION

Many of our responsibilities overlap in education, law enforcement and welfare. At times, there has been friction between the states and the "feds." Perhaps what we need between

the federal government and the states is a friendly competition well known to Chicagoans. Here, along the majestic lakefront skyline, is the world's tallest building. And yet, there are reports in the local media that some investors may erect an even taller building. And if they do, it is reported that the owners or prospective buyers of the current world's tallest building may add on to its height in order to keep the title of tallest. ((You might say this gives the phrase one-upmanship a whole new meaning.))

Yet this is the kind of one-upmanship that builds, not destroys, that lifts, not lowers, that takes us all a little closer to the stars.

I have committed the powers of my office to lift America -- starting in the classrooms and the streets. ~~And my proposals to achieve this are not my ideas alone; most have their genesis in policies proposed by governors.~~ many

Working together, we can achieve a national consensus. Working together, we can make the next century another American century.

Thank you, God bless you and God bless America.

# # #

Davis/Martin
July 21, 1989
Draft: One
Title: Governors

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July 31, 1989

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And if I may, let me recognize my chief of staff, another former N.G.A. Chairman, ((and another quiet and retiring soul)), John Sununu . . .

Let us begin by asking: what is the role of the governor in American political life? Well, the great 19th-century observer of American politics, Alexis de Toqueville (deh Towk-veal) once asked a politician the same question. The answer he got was this: "The governor counts for absolutely nothing and is paid only twelve hundred dollars." ((PAUSE))

Well, you still can't get rich off a public salary. But today, the office of governor does count for something. In fact,

Bates office wants to see this to check again
Denise - Bates 2174

Davis/Martin
July 21, 1989
Draft: Two
Title: Governors

N.G.A./HYATT REGENCY, CHICAGO
Monday, July 31, 1989/3:20 p.m.

SKINNER/ACK: great job! Develop my Youth, Teams Policy.

s ((Baa-lyles)), I want to commend you on the success of your chairmanship. Governor Branstad, I understand you will soon bring your energy and vision to the Governors Association. Congratulations.

I also want to salute our host and my good friend, Jim Thompson -- a great governor and a former N.G.A. Chairman who has rocked the world of Illinois politics by announcing he will not run for a fifth term . . . ((And to think, Jim, they were just getting used to you.))

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Well, you still can't get rich off a public salary. But today, the office of governor counts for a great deal. In fact, leadership in America is increasingly the sum of **your** efforts and

your vision. (To cite just one example, I am delighted by the way in which the governors have taken the lead in tort reform -- liberating charities across America.)

As I look around me, I see more than fifty men and women representing America's states, commonwealths and territories. I see a people as diverse as our geography, as different as Bill Clement's Texas and John Waihee's Hawaii, Bob Martinez's Florida and Jock McKernan's beloved Maine.

And yet, we are **a** people, one nation, indivisible. Just as we share our cherished Constitution, so we also share common challenges and responsibilities. To cure our nation of illiteracy, drug abuse and crime, we must act in tandem, president with governor, and governor with mayor, up and down the line. In short, we must find our collective will as a nation.

That is why I have come to Chicago to meet with my fellow chief executives. We share, as executives, a special responsibility . . . some describe it as a great burden. But for us, if it is a burden, it is one cheerfully accepted. To sit where the buck stops, to resolve disputes, to help those in need and to set a course for the future, is to know a special kind of satisfaction.

In fact, our missions as executives are so similar that many presidents have called on you for guidance. It was Teddy Roosevelt who called the nation's first conference of governors -- the forerunner of this association -- at the White House. He

brought the nation's governors together to call for conservation, for an end to the reckless denuding of our forests.

It was another Roosevelt, also a great governor of New York before he was a great president, who called on the governors to help him stem the financial crisis of the Great Depression.

Today, we do not meet in a spirit of immediate crisis. The nation is sound. But the decline of our educational system, the threat of crime and drugs, the economic dependency of so many -- these simmering problems threaten to endanger the very leadership position of America in the next century.

For America to remain competitive will require your best efforts, your executive know-how. The ultimate challenge, as Governor Baliles puts it, is "to become again the Yankee traders we once were." ((Take note, Governor Cuomo, when the Governor of Virginia says "Yankee trader," he's referring to clipper ships, not to George Steinbrenner.)) Your creative response to our nation's competitive position is more than perceptive; it is forward-looking, an attribute of the best kind of leadership.

As you know, I have just returned from an economic summit where the competitive position of our nation was an underlying theme in discussions on the great economic issues of trade, monetary policy and international debt. But no less important to America was the start of my journey . . . in Eastern and Central Europe. Of course, in economic terms, Poland and Hungary today are not the economic magnets that we find in Western Europe or the Pacific Rim. But I saw a tremendous potential in the

awakening spirit of those lands. No one who has witnessed the courage of the workers of Gdansk, or the exuberance of the young people of Budapest, could doubt the coming achievements, the future greatness of the Polish and Hungarian peoples.

America can be the catalyst for change in these countries -- change that is certain to open new markets for American products. But we have our eyes on a greater vision of what trade means -- not just the trading of goods, **but the free flow of people and ideas that can only be called freedom.** ((PAUSE))

And the beauty of it is that we can boost reform without massive government-to-government programs. We can do the most good, as American leaders, by simply facilitating trade and investment, by simply opening doors for opportunity.

But to open these doors will require leadership at every level of government. You have already established a great tradition of leading trade missions abroad. Now I ask you to take another bold step, **to enlist your leadership, to ask each of you to go to Poland, to go to Hungary.** While governors have no formal role in foreign policy, you are becoming our economic envoys and ambassadors of democracy. You are a new force in restoring American international competitiveness and expanding world markets for American goods and services.

Of course, your focus is on the critical domestic issues. As chief executives, we know first-hand how crucial our social health is to the future position of America.

A nation in which a half of our youth is ignorant of geography, in which drugs are rampant, in which a substantial proportion of the population knows little hope -- such a nation will not long remain competitive. In the final analysis, improving our schools, driving out drugs and bringing hope and opportunity to those who need it most -- these are issues of our national well-being, even our national security.

EDUCATION REFORM

First and foremost are our children and their education. Working together, you and I can raise the level of learning in the classrooms of America.

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If implemented, I believe that these measures will restore the quality of American education and redeem the future of millions of children. But there is more to be done. On June 5, I asked the business community to study what the private sector can do to energize and support educational reform. Now I want to

renew my pledge to assemble the nation's governors in a summit, to share ideas and to explore options for educational progress. I invite you to this governors' summit on education, to be held in at ((high school)) on October ((date)). By working together, we can find ways to strengthen our schools, to enlarge opportunities and to improve our nation's educational performance.

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WELFARE REFORM

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With this in mind, I reestablished the Low Income Opportunity Board within the White House. And I have asked the board to assist you in the complex and time-consuming process of obtaining federal approvals for experiments in state welfare reform. So many innovative policies have come from the states. Let us continue to work together to keep your administrations free to experiment, free to be creative.

In fact, I have instructed the Domestic Policy Council, and the Low Income Opportunity Board, to make flexibility the guiding principle, so that states will have greater freedom to experiment with welfare reform.

And I am pleased to announce that this week the DPC has committed itself to allowing you greater room to maneuver; and to grant waiver requests as quickly as possible.

CONCLUSION

Many of our responsibilities overlap in education, law enforcement and welfare. At times, there has been friction between the states and the "feds." Perhaps what we need between the federal government and the states is a friendly competition well known to Chicagoans. Here, along the majestic lakefront skyline, there has been an on-going competition among developers to retain the title of the world's tallest building. ((You might say this gives the phrase one-upmanship a whole new meaning.))

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Thank you, God bless you and God bless America.

# # #

CHRIS - UNFORTUNATELY, Policy COULDN'T GET STUFF on DPC tonight - will HAVE FIRST THING A.M.
See yellow MARKED PASSAGES FOR NEW language.

Davis/Martin
July 21, 1989
Draft: Two
Title: Governors

PRESIDENTIAL ADDRESS: N.G.A./HYATT REGENCY, CHICAGO
Monday, July 31, 1989/10 a.m.

Governor Baliles ((Baa-lyles)), I want to commend you on the success of your chairmanship. Governor Branstad, I understand you will soon bring your energy and vision to the Governors Association. Congratulations.

I also want to salute our host and my good friend, Jim Thompson -- a great governor and a former N.G.A. Chairman who has rocked the world of Illinois politics by announcing he will not run for a fifth term . . . ((And to think, Jim, they were just getting used to you.))

And if I may, let me recognize my chief of staff, another former N.G.A. Chairman, ((and another quiet and retiring soul)), John Sununu . . .

Let us begin by asking: what is the role of the governor in American political life? Well, the great 19th-century observer of American politics, Alexis de Toqueville once asked a country politician the same question. The answer he got was this: "The governor counts for absolutely nothing and is paid only twelve hundred dollars." ((PAUSE))

Well, you still can't get rich off a public salary. But today, the office of governor counts for a great deal. In fact, leadership in America is increasingly the sum of **your** efforts and

your vision. (To cite just one example, I am delighted by the way in which the governors have taken the lead in tort reform -- liberating charities across America.)

As I look around me, I see more than fifty men and women representing America's states, commonwealths and territories. I see a people as diverse as our geography, as different as Bill Clement's Texas and John Waihee's Hawaii, Bob Martinez's Florida and Jock McKernan's beloved Maine.

And yet, we are **a** people, one nation, indivisible. Just as we share our cherished Constitution, so we also share common challenges and responsibilities. To cure our nation of illiteracy, drug abuse and crime, we must act in tandem, president with governor, and governor with mayor, up and down the line. In short, we must find our collective will as a nation.

That is why I have come to Chicago to meet with my fellow chief executives. We share, as executives, a special responsibility . . . some describe it as a great burden. But for us, if it is a burden, it is one cheerfully accepted. To sit where the buck stops, to resolve disputes, to help those in need and to set a course for the future, is to know a special kind of satisfaction.

In fact, our missions as executives are so similar that many presidents have called on you for guidance. It was Teddy Roosevelt who called the nation's first conference of governors -- the forerunner of this association -- at the White House. He

brought the nation's governors together to call for conservation, for an end to the reckless denuding of our forests.

It was another Roosevelt, also a great governor of New York before he was a great president, who called on the governors to help him stem the financial crisis of the Great Depression.

Today, we do not meet in a spirit of immediate crisis. The nation is sound. But the decline of our educational system, the threat of crime and drugs, the economic dependency of so many -- these simmering problems threaten to endanger the very leadership position of America in the next century.

For America to remain competitive will require your best efforts, your executive know-how. The ultimate challenge, as Governor Baliles puts it, is "to become again the Yankee traders we once were." ((Take note, Governor Cuomo, when the Governor of Virginia says "Yankee trader," he's referring to clipper ships, not to George Steinbrenner.)) Your creative response to our nation's competitive position is more than perceptive; it is forward-looking, an attribute of the best kind of leadership.

As you know, I have just returned from an economic summit where the competitive position of our nation was an underlying theme in discussions on the great economic issues of trade, monetary policy and international debt. But no less important to America was the start of my journey . . . in Eastern and Central Europe. Of course, in economic terms, Poland and Hungary today are not the economic magnets that we find in Western Europe or the Pacific Rim. But I saw a tremendous potential in the

awakening spirit of those lands. No one who has witnessed the courage of the workers of Gdansk, or the exuberance of the young people of Budapest, could doubt the coming achievements, the future greatness of the Polish and Hungarian peoples.

America can be the catalyst for change in these countries -- change that is certain to open new markets for American products. But we have our eyes on a greater vision of what trade means -- not just the trading of goods, **but the free flow of people and ideas that can only be called freedom.** ((PAUSE))

And the beauty of it is that we can boost reform without massive government-to-government programs. We can do the most good, as American leaders, by simply facilitating trade and investment, by simply opening doors for opportunity.

But to open these doors will require leadership at every level of government. You have already established a great tradition of leading trade missions abroad. Now I ask you to take another bold step, **to enlist your leadership, to ask each of you to go to Poland, to go to Hungary.** While governors have no formal role in foreign policy, you are becoming our economic envoys and ambassadors of democracy. You are a new force in restoring American international competitiveness and expanding world markets for American goods and services.

Of course, your focus is on the critical domestic issues. As chief executives, we know first-hand how crucial our social health is to the future position of America.

A nation in which a half of our youth is ignorant of geography, in which drugs are rampant, in which a substantial proportion of the population knows little hope -- such a nation will not long remain competitive. In the final analysis, improving our schools, driving out drugs and bringing hope and opportunity to those who need it most -- these are issues of our national well-being, even our national security.

EDUCATION REFORM

First and foremost are our children and their education. Working together, you and I can raise the level of learning in the classrooms of America.

On April 5, I sent to Congress an educational reform package, based on four principles rooted in the practical experience of the states. To have reform, excellence and achievement must be recognized and rewarded. To have reform, federal dollars should be targeted to those most in need. To have reform, we need flexibility and choice -- choice for parents, and choice for schools in their selection of teachers and principals. Finally, the essence of reform is accountability in education and reward for those schools that show progress.

If implemented, I believe that these measures will restore the quality of American education and redeem the future of millions of children. But there is more to be done. On June 5, I asked the business community to study what the private sector can do to energize and support educational reform. Now I want to

renew my pledge to assemble the nation's governors in a summit, to share ideas and to explore options for educational progress. I invite you to this governors' summit on education, to be held in at ((high school)) on October ((date)). By working together, we can find ways to strengthen our schools, to enlarge opportunities and to improve our nation's educational performance.

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# # #

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02. Notes	Handwritten notes, Re: National Governors Association. (1 pp.)	n.d.	~~P-5~~	

Collection:

Record Group: Bush Presidential Records
Office: Speechwriting, White House Office of
Series: Davis, Mark William
Subseries: Subject File
WHORM Cat.:
File Location: National Governors Association 7/31/89

Open on Expiration of PRA
(Document Follows)
By GAP (NLGB) on 4/15/09

Date Closed:	12/14/2004	**OA/ID Number:**	13873-010
FOIA/SYS Case #:	S	**Appeal Case #:**	
Re-review Case #:	2005-0481-S	**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

RESTRICTION CODES

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

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

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

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

Check Brownstein

SUBGROUP
C.I.T GRANTS
BD AREA

2564 →

[redacted] Low Income Opp Bd

John Shaw Domestic Policy Council.
need to encourage states to get waiver permission to do things differently. More state innov
Domestic Policy Board gives waiver
DPC: we've promised speedy resolution - not always.
Directed by Sununu to be more flexible.

[redacted]

• I have instructed the [redacted] Domestic Policy Council, and the LIOB, to be ~~flexible~~ flexible & timely in allowing states greater freedom ~~to~~ f

~~Bush~~ committed to granting more flex to the states & quick of waiver requests