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THE WHITE HOUSE

Office of the Press Secretary

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Embargoed for Release  
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Saturday, March 17, 1990

INTERVIEW OF THE PRESIDENT  
BY JIM ANGLE OF NATIONAL PUBLIC RADIO

The Oval Office

March 16, 1990

11:14 A.M. EST

Q Why did you decide to meet with Peggy Say?

THE PRESIDENT: Because every day I'm President I have a heavy heart when I think of the hostages. I've met with her before, as you know. I've met with other hostage families. I think we can -- I think we've got to be careful that we don't send a signal to the hostage holders that make them feel that there's more advantage in holding the hostages than in releasing them. So there's a very delicate balance here.

But Peggy Say is a courageous woman. She has suffered for five long years. And I just got thinking that Barbara and I would like to hold her hand and say, stay with him; you're courageous and we respect you.

Q How do you keep from sending the signal that you're worried hostage takers might interpret?

THE PRESIDENT: Well, there's a delicate balance here. You don't overdo public comments, you don't have too many dramatic meetings or call public attention to this. But on the other side of the equation, if you feel something in your heart, then you try to respond with compassion and understanding. It's delicate.

Q Mr. President, it's been two days now since we had the fire in Libya at the alleged chemical weapons plant in Rabta. What can you tell us? What have you learned about that fire?

THE PRESIDENT: Very little, so far. I know that the fire is serious and it looks like the plant is out of action. I am absolutely convinced that the plant was manufacturing bad chemicals -- chemicals that would be used for killing people, chemicals to be used for chemical warfare. And therefore, I don't lament what happened, but I can't tell you I know the cause of it.

Q Well, the White House, just before this happened, called attention to the need for vigorous action to prevent the chemical weapons plant from going any further. It looks like someone, perhaps a close ally, took you up on that.

THE PRESIDENT: We're not sure of that. The best intelligence that I've had, and I think it's the best in the world, is uncertain as to whether this was an accident or some act -- some incident of sabotage. I have stated without fear of contradiction that the United States was not involved in any sabotage activity. But I think it would be fruitless to speculate as to whether it was an accident -- there are some highly inflammable chemicals in there -- or whether somebody sabotaged it. I've heard what Mr. Gadhafi has said, and he apparently is suggesting sabotage. But I don't think we know enough about it yet.

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And if your question somehow relates to the predicate that we were concerned about this plant on-stream producing chemicals, you are absolutely correct. And I have made this very clear -- our concern -- when I met with the Italian Prime Minister. I had a talk with Mr. Chissano of Mozambique on it. And I urged our diplomats to spread the word that this plant was actually not making aspirin, but producing chemicals --

Q I understand.

THE PRESIDENT: -- for chemical weapons.

Q Let me ask you about the hoax call in which someone pretended to be President Rafsanjani. You said that we'll all be surprised when it comes out. Can't you just tell us what it is you think we'll eventually learn?

THE PRESIDENT: No, because there are some real sensitive matters involved. Eventually I'll be able to, but all I'll say related to that call is, it was screened enough that I felt I should take the call, and I would do exactly the same thing. Maybe this is a good day to mention it because of the Terry Anderson -- him being held five years to the day. And I will go the extra mile. It doesn't matter to me one bit if you take a few shots and people needle you because you took a phone call that was unproductive. It is my intention to continue to reach out as best I can to find any lead whatsoever that will lead to the release of these Americans and the return of Higgins' body, and hopefully Buckley's someday.

Q On another foreign policy issue, Mr. President, you have discouraged everyone from looking for a peace dividend just yet from the defense budget. But you declared one this week in order to give aid to Nicaragua and Panama. There are a lot of other countries -- emerging democracies and free markets -- that are lining up at the U.S. door, if you will, for aid -- everyone from Czechoslovakia, Romania -- possibly Lithuania someday -- Mozambique -- as well as Poland and Hungary. Are you going to declare a peace dividend for them as well or will you find it necessary to cut other programs?

THE PRESIDENT: I don't think I declared any peace dividend. Peace dividend implies that you have earnings and you have profitability, and therefore you take the extra money and pass it out. That isn't the case here. The case is that we have two countries in Central America in which the United States has a vital stake -- a vital stake in seeing that their democracies, often denied their people, now succeed.

So this isn't the concept of a peace dividend, it's the concept of prioritizing the use of available funds. And I want to see the Congress move fast to pass my requests on Nicaragua, I want to see them move fast to pass my requests on Panama. And does that mean I feel happy about the levels that we can give to countries like Jamaica or other countries that are trying to help their people? No, it doesn't.

Q Well, that's one of the problems, though. But you asked for a set amount for defense spending at one point, and you have since decided that it was safe to take some money out of that for other purposes. Isn't that a peace dividend?

THE PRESIDENT: No, it's not a dividend, it's a reordering of priorities. As the world changes -- and it's changing every single day -- and one reassesses the threats and the risks, one can reorder priorities. And that's what I've done. Dividend -- the context, the way peace dividend is used is, take money from defense because there's no more threat of war and spend it all on some good cause here at home. And that is a concept that I would resist only because it raises the hopes of the American people beyond fulfillment.

Q Let me ask you about what appears to be an administration position. Do you want to prevent the Soviet Union from being able to borrow money from an Eastern European Development Bank?

THE PRESIDENT: No, but I think they should only borrow money up to the extent of their paid-in capital. And that bank, Eastern European Development Bank, was set up, the concept being help the smaller countries in Eastern Europe who are going down democracy's road.

The Soviet Union has a long way to go before sound loans can be made there. I think they probably would admit this.

And I salute Mr. Gorbachev as he is trying to reform the economy. Their first steps ought to be reform, and our first steps ought to be trying to help them with these reforms and these institutions.

Q So you're saying he hasn't reached the threshold of change?

THE PRESIDENT: He isn't coming in asking for large industrial loans through any bank that I know of. And this concept that we ought to go loaning money or giving money to the Soviet Union now, I don't accept that. I don't agree with that. That is not administration policy. I have a different vote from Majority Leader in the House on this, who proposed giving money now to the Soviet Union. And I don't think that's in America's interest. And I don't think it's needed to encourage reform and perestroika and glasnost in the Soviet Union.

Q Let me ask you about a proposal from another member of Congress. Illinois Congressman Dan Rostenkowski raised the proposal to reduce the deficit with a combination of spending freezes, some tax increases on alcohol, tobacco among other things. I'm a little confused about your position. For instance, Budget Director Darman now says that you won't accept any taxes that hurt economic growth. Are there taxes that don't hurt economic growth?

THE PRESIDENT: I don't think that's what he literally said. I read that in the paper a day or so ago and then asked him what he was talking about -- growth-oriented revenues increases. And that obviously leads me to my pitch to you and your listeners to enthusiastically endorse and support a capital gains tax cut. Because there, you cut the tax and you stimulate economic activity, you create jobs and you bring in revenue. That's what Dick intended to say. So I'm glad to clarify it for him.

Q So you're saying only capital gains is the --

THE PRESIDENT: That is what I am supporting.

Q Mr. President, if Rostenkowski --

THE PRESIDENT: That's the difference in the Rostenkowski plan.

Q Right. If he's talking about a package that includes spending freezes and revenue increases of various kinds, if you're not willing to consider those things, then why even contemplate discussion on the Rostenkowski plan? It isn't just a waste of time?

THE PRESIDENT: Look, I'm not going to sit there and say that a seasoned member of Congress like Dan Rostenkowski, who put forward a plan, ought not to do it. He did it and it's got some very interesting concepts in there as to how he thinks the budget should be brought down. We've put our proposal on the table, now he's put a

proposal on the table. Now it's the Democrat-controlled budget committees that ought to put their proposal on the table, and then we'll talk about it.

Q Let me ask you one --

THE PRESIDENT: That's the way it is. And so I salute him. I have some big differences with the Rostenkowski plan, obviously, but he did it without rancor; he did it without critics trying to --

Q I understand.

THE PRESIDENT: -- being highly critical of the President, or something like that.

Q Let me ask you one other point on Darman's remarks. It's been widely interpreted he's suggesting some sort of movement here. He seems to say maybe; you say, absolutely no. Is this a presidential version of a good cop-bad cop routine?

THE PRESIDENT: I don't think so. I don't think there are any differences between me and Mr. Darman, at all, on it. I think there's been misinterpretation of what he said. But who knows, we're living in a changing world. And I would be remiss if I didn't talk to Dick Darman and all our people as to whether there were some fine-tuning or something we might do different in terms of our budget proposals. But we put forward a sound proposal; now let Congress say what they're for. They've all been quite critical, or a lot of them have. And now let's see what their best thinking is, and then we'll talk. I'm not saying everything has to be done exactly the way I want it done. And it won't be, so I'm glad I'm not saying that. (Laughter.)

Q Mr. President, you have ended your first year with extraordinarily high popularity ratings. Why do you think you're so popular?

THE PRESIDENT: Jim, I hate to put anything in terms of the polls -- popularity ratings, because the more I talk about that, the more chagrin I'll have to write off my face when those numbers change. But I do -- we have tried hard. I've tried to do my best. I've tried to show concern for the American people and some of those who are less fortunate. We've tried to put forward ideas on education and antinarcotics that I think have captured the imagination and earned the support of a lot of Americans.

I think we've managed to take proper roles of leadership in the changing world. I think our policy that resulted in unprecedented free and democratic elections in Nicaragua was sensible. I feel I had strong support from the American people on what we had to do in Panama. And so I think to the degree there is a feeling that this administration is functioning well, it relates to those things. And there's other things as well: the economy, though soft in some areas, continues to perform.

Q But you're looking down the road at some enormous problems. Hundreds of billions of dollars worth of things that are left over from the last few years. Are you worried at all about what's going to happen to the economy if you have to spend hundreds of billions to clean up nuclear waste, to clean up the environment?

THE PRESIDENT: I think we've got all of these things in a proper perspective. But yes, I'm concerned about all of it. There's enormous demands from the past that are going to have to be taken care of. You put your sights on one of them, I could add the -- cleaning up savings and loans mess. There are plenty. But, fortunately, we've got an enormous Gross National Product. And if we manage the economy properly and lead properly on fiscal matters, that powerful engine of economic dynamism can solve a lot of the problems.

Q Okay. I'd like to ask you more, but I think --

THE PRESIDENT: Fifteen minutes. You don't want to bore your listeners too much, Jim. (Laughter.)

Q Well, I think I've got some more things that would probably keep them from getting bored.

THE PRESIDENT: Well, thank you.

END

11:28 A.M. EST