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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

May 8, 1990

REMARKS BY THE PRESIDENT
AND PRESIDENT PAZ ZAMORA OF BOLIVIA
UPON DEPARTURE

South Portico

1:36 P.M. EDT

THE PRESIDENT: President Paz and distinguished members of the Bolivian delegation, it really has been a great pleasure to meet with you to discuss the issues of importance to both our countries. President Paz and I first met last September at the United Nations in New York, where I was addressing the General Assembly on making the world more secure and furthering our chemical weapons agreement. Last February, we joined with our fellow presidents from Colombia and Peru in Cartagena, where we agreed on the need to control a different type of chemical threat -- by securing strong international cooperation in the fight against narcotics trafficking.

Today, our conversations have been wide-ranging and, from my view at least, very productive. We've discussed the deep aspirations for democracy that we share for the entire hemisphere, believing that it one day will be the first totally democratic hemisphere in the world.

I am very sorry, Mr. President, that Barbara is not here. Right now, she and our son, Jeb, and our Chief of Staff John Sununu, are in Central America representing the United States at the inauguration of President Calderon in Costa Rica.

But, look, the United States has been very impressed, Mr. President, by the tough economic measures that have been taken in Bolivia over the past five years. A strong economy is one of the building blocks of a strong democracy. So our economic and trade discussions dealt with the improved investment climate in Bolivia and the advantages of open markets -- for both the United States and Bolivia. Alternative development are two key words -- alternative developments. Because we share your aspiration that the people will benefit from these bold economic measures that you have taken. And so it's in this total context that we're building a framework for the implementation of our assistance agreement with Bolivia.

President Paz, both in New York and Cartagena, emphasized the importance of development assistance to his country, something that the United States has long supported. This fiscal year, the U.S. will provide Bolivia with about \$88 million in economic aid. And with the approval of Congress, it is my hope that our assistance next year will increase substantially.

The United States has also been impressed by what Bolivia has done during the past decade to strengthen its democratic institutions.

But President Paz and I both know that the dangers facing democratic institutions -- one of the dangers is this whole concept of international narcotics trafficking. And so in Cartagena, we forged an unprecedented alliance against both trafficking and use, and today we're continuing to build on our comprehensive international drug control strategy on a number of fronts, by way of example. In the first four months of this year, Bolivia has eradicated more acres of illegal coca than it did all last year --

MORE

just in four months. In fact, if the current pace of eradication is maintained, Bolivia may be able to eliminate all coca grown within its border for illegal use. That would truly be a brave battle won in the war against drugs. And we in the United States should give total cooperation to this courageous President.

On the economic front, the United States and Bolivia will also sign an agreement creating a high-level trade and investment consultative mechanism, because we want to help Bolivia get the word out that Bolivia is a country that deserves and, indeed, needs more investment. And I told the President that I want very much to do my part -- we want to do our part to help.

Bolivia is making this progress because President Paz has wisely adopted an integrated strategy -- an integrated strategy of eradication, interdiction, and alternative development -- I stress that again -- to fight the cocaine trade. But we also realize that long-term success in the struggle depends also on the will of the people of the United States, to leave lives that are free from the temptation of drugs and to help those who are too weak to help themselves. The war against drugs is being fought in the Andes Mountains and Chaco plains of Bolivia, but it is also being fought in the schools and streets of the United States. And I am determined, Mr. President, to do my level best to reduce demand -- rampant demand -- in this country.

Mr. President, let me just assure you that you and your countrymen will not stand alone in the fight against cocaine, or in the drive for economic development. Because we do want what you want, and that is economic benefit for your people. So together, we're going to wage a strong fight. I look forward to continuing our relationship of cooperation and consultation.

And again, it was a great pleasure welcoming you to the White House. And might I say on a personal basis what a pleasure it was to meet those two fine sons of yours. Welcome, sir. (Applause.)

PRESIDENT PAZ: My dear friend, President George Bush, and esteemed colleagues and assistants and ministers, dear friends from North America and from Bolivia. A bit before arriving here to the United States, I received a very warm letter from President Bush where he pointed out that now, more than ever, we should make our America a common home. When I read this phrase, I became very emotional, but now after having visited the President here in the White House, these feelings have become a conviction.

Once again, I am convinced that you would like for us -- all of us -- to work jointly to make our Americas a common home. And a common home has to be taken care of. It has to be loved, it has to be nourished, and one has to help the weakest parts of the home, and among all of us, get results.

I think we are working in that spirit, Mr. President; I think we will attain it. I want you to be very certain that Bolivia, because of a sovereign decision of its people, is a full-time member working towards this common home. We are fervent allies, and we are ready to give you all of our efforts and all of our cooperation in a very clear way, in a very efficient way, to everything that would be of a common interest. And this is why I would like to thank you and express my appreciation, Mr. President, because we have found in you and your government a true understanding of what happens in our hemisphere and what happens between our relations and in Bolivia.

You have understood the sacrifice that has cost our people in these economic adjustments. You have understood the hope of growth and the hope of development that the Bolivian people feel. And you have understood the effort that the Bolivians are doing to contribute to this fight against drugs. And we are aware of this common responsibility that involves Bolivia also.

You have given me the honor of citing a couple of amounts of numbers of what Bolivia has attained a few minutes ago that are

MORE

completely true. And I am glad that you have understood this to make a further contribution to what we call an alternative development which will carry forward along with efficient work in interdiction and prevention.

Thank you, Mr. President, and I thank you for mentioning my children. Well, I brought them to just come with me, to be with me, but also so that you could see this new youth that is growing in Bolivia. Thank you. And I know we're going to have very efficient results. And this is a new stage to our relationship. (Applause.)

END

1:50 P.M. EDT

**DEPARTURE STATEMENT: VISIT OF JAIME PAZ ZAMORA
PRESIDENT OF BOLIVIA / MAY 8, 1990 / 1:15 P.M.**

**PRESIDENT PAZ [PAHZ], DISTINGUISHED MEMBERS OF THE
BOLIVIAN DELEGATION; IT HAS BEEN A GREAT PLEASURE TO
MEET TODAY WITH YOU TO DISCUSS ISSUES OF IMPORTANCE TO
BOTH OUR COUNTRIES. PRESIDENT PAZ AND I FIRST MET LAST
SEPTEMBER AT THE U.N. IN NEW YORK -- WHERE I ADDRESSED
THE GENERAL ASSEMBLY ON MAKING THE WORLD MORE SECURE
AND FURTHERING OUR CHEMICAL WEAPONS AGREEMENT.**

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**LAST FEBRUARY, WE JOINED WITH OUR FELLOW PRESIDENTS
FROM COLOMBIA AND PERU IN CARTAGENA, COLOMBIA, WHERE WE
AGREED ON THE NEED TO CONTROL A DIFFERENT TYPE OF
CHEMICAL THREAT -- BY SECURING STRONG INTERNATIONAL
COOPERATION IN THE FIGHT AGAINST NARCOTICS TRAFFICKING.**

**OUR CONVERSATIONS TODAY HAVE BEEN WIDE-RANGING AND
PRODUCTIVE.**

WE HAVE DISCUSSED THE DEEP ASPIRATIONS FOR DEMOCRACY THAT WE SHARE FOR OUR ENTIRE HEMISPHERE, BELIEVING THAT ONE DAY IT WILL BE THE FIRST TOTALLY DEMOCRATIC HEMISPHERE IN THE WORLD. \\\

I AM SORRY, MR. PRESIDENT, THAT BARBARA IS NOT HERE. RIGHT NOW SHE AND MY SON JEB, AS WELL AS OUR CHIEF OF STAFF JOHN SUNUNU ARE IN CENTRAL AMERICA, REPRESENTING THE UNITED STATES AT THE INAUGURATION OF PRESIDENT CALDERON OF COSTA RICA.\\\



THE UNITED STATES HAS BEEN IMPRESSED BY THE TOUGH ECONOMIC MEASURES THAT HAVE BEEN TAKEN IN BOLIVIA OVER THE PAST FIVE YEARS. A STRONG ECONOMY IS ONE OF THE BUILDING BLOCKS OF A STRONG DEMOCRACY. SO, OUR ECONOMIC DEVELOPMENT AND TRADE DISCUSSIONS DEALT WITH THE IMPROVED INVESTMENT CLIMATE IN BOLIVIA, AND THE ADVANTAGES OF OPEN MARKETS -- FOR BOTH THE UNITED STATES AND BOLIVIA.

IT IS IN THIS CONTEXT THAT WE ARE BUILDING A FRAMEWORK FOR THE IMPLEMENTATION OF OUR ASSISTANCE AGREEMENT WITH BOLIVIA.

PRESIDENT PAZ, BOTH IN NEW YORK AND AT CARTAGENA, EMPHASIZED THE IMPORTANCE OF DEVELOPMENT ASSISTANCE TO HIS COUNTRY, SOMETHING THAT THE UNITED STATES HAS LONG SUPPORTED. THIS FISCAL YEAR, THE UNITED STATES WILL PROVIDE BOLIVIA WITH ABOUT 88 MILLION DOLLARS IN ECONOMIC AID.



AND WITH THE APPROVAL OF THE CONGRESS, IT IS MY HOPE THAT OUR ASSISTANCE IN THE NEXT FISCAL YEAR WILL INCREASE SUBSTANTIALLY.

THE UNITED STATES HAS ALSO BEEN IMPRESSED BY WHAT BOLIVIA HAS DONE DURING THE PAST DECADE TO STRENGTHEN ITS DEMOCRATIC INSTITUTIONS. BUT PRESIDENT PAZ AND I BOTH KNOW THAT ONE OF THE GREATEST DANGERS FACING DEMOCRATIC INSTITUTIONS IS INTERNATIONAL NARCOTICS TRAFFICKING.

IN CARTAGENA, WE FORGED AN UNPRECEDENTED ALLIANCE AGAINST BOTH TRAFFICKING AND USE. TODAY, WE ARE CONTINUING TO BUILD ON OUR COMPREHENSIVE INTERNATIONAL DRUG CONTROL STRATEGY ON A NUMBER OF FRONTS:

FOR EXAMPLE, IN THE FIRST FOUR MONTHS OF THIS YEAR, BOLIVIA HAS ERADICATED MORE ACRES OF ILLEGAL COCA THAN IT DID ALL LAST YEAR.

IN FACT, IF THE CURRENT PACE OF ERADICATION IS MAINTAINED, BOLIVIA MAY BE ABLE TO ELIMINATE ALL COCA GROWN WITHIN ITS BORDERS FOR ILLEGAL USE. THAT WOULD TRULY BE A BRAVE BATTLE WON IN THE WAR AGAINST DRUGS.

ON THE ECONOMIC FRONT, THE U.S. AND BOLIVIA WILL ALSO SIGN AN AGREEMENT CREATING A HIGH-LEVEL TRADE AND INVESTMENT CONSULTATIVE MECHANISM.

WE WANT TO HELP BOLIVIA GET THE WORD OUT -- BOLIVIA IS A COUNTRY THAT NEEDS AND DESERVES MORE INVESTMENT; WE WILL DO OUR PART TO HELP.

BOLIVIA IS MAKING THIS PROGRESS BECAUSE PRESIDENT PAZ HAS WISELY ADOPTED AN INTEGRATED STRATEGY OF ERADICATION, INTERDICTION, AND ALTERNATIVE DEVELOPMENT TO FIGHT THE COCAINE TRADE.

BUT WE ALSO REALIZE THAT LONG-TERM SUCCESS IN THIS STRUGGLE DEPENDS ALSO ON THE WILL OF THE PEOPLE OF THE UNITED STATES -- TO LEAD LIVES THAT ARE FREE FROM THE TEMPTATION OF DRUGS, AND TO HELP THOSE WHO ARE TOO WEAK TO HELP THEMSELVES. THE WAR AGAINST DRUGS IS BEING FOUGHT IN THE ANDES MOUNTAINS AND CHACO PLAINS OF BOLIVIA, BUT IT IS ALSO BEING FOUGHT IN THE SCHOOLS AND STREETS OF THE UNITED STATES.

MR. PRESIDENT, YOU AND YOUR COUNTRYMEN WILL NOT STAND ALONE IN THE FIGHT AGAINST COCAINE, OR IN THE DRIVE FOR ECONOMIC DEVELOPMENT. TOGETHER, WE WILL WAGE A STRONG FIGHT. I LOOK FORWARD TO CONTINUING OUR SOLID RELATIONSHIP OF COOPERATION AND CONSULTATION, AND AGAIN, IT WAS A PLEASURE DISCUSSING THESE VITAL ISSUES WITH YOU TODAY.

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Bush Assures Bolivian Leader He Supports War on Cocaine

President Pledges to Seek Increase in Aid

By David Hoffman
Washington Post Staff Writer

President Bush assured Bolivian President Jaime Paz Zamora yesterday that he would seek to "increase substantially" United States aid to Bolivia during the next fiscal year and pledged "you and your countrymen will not stand alone in the fight against cocaine."

Administration officials said Bush is seeking from Congress about \$150 million in economic assistance for Bolivia next fiscal year, an increase over the \$87.8 million provided this year. Much of the increase will come from Bush's proposed Andean nations anti-drug initiative and would be dedicated to helping Bolivians cope with economic dislocations stemming from the drop in coca leaf prices due to anti-drug efforts.

After three hours of talks at the White House yesterday, Paz Zamora pledged "to give you all of our efforts and all of our cooperation."

The anti-drug crackdown in Colombia and Bolivia has disrupted purchasing and shipping organizations, causing a collapse in coca leaf prices. Paz Zamora said in an interview with The Washington Post this

week that he is seeking to put together an international effort aimed at helping his farmers find alternative crops and employment.

Assistant Secretary of State Bernard W. Aronson said Bush reassured Paz Zamora that Latin America would not suffer because of the demand to shift U.S. aid to the emerging democracies of Eastern Europe. Bush said "that's not going to be the case; we remain committed to this hemisphere and our assistance is going to reflect that," Aronson told reporters.

Bush praised Bolivia for what he called an "integrated strategy" of seeking to eradicate drug crops, interdict the drug traffic as well as find other jobs and business for the coca farmers. Bush said Bolivia in the first four months of this year eradicated more acres of illegal coca than it did all last year.

Paz Zamora emphasized in his remarks what he called Bush's understanding of his country's need for economic development.

Bush also vowed "to do my level best to reduce demand, rampant demand in this country" for cocaine, which is manufactured from coca leaves grown in Bolivia and elsewhere.



News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, MAY 9, 1990 -- 6:00 A.M. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

U.S. INTENDS TO OPPOSE OZONE PLAN -- U.S. delegates to an international conference on chlorofluorocarbons (CFCs) have been instructed to oppose a plan supported by European governments that would provide \$100 million to developing nations to help them reduce the use of the ozone-depleting chemical, informed sources said Tuesday. (Washington Post)

BUSH ASSURES BOLIVIAN LEADER HE SUPPORTS WAR ON COCAINE -- President Bush assured Bolivian President Paz Zamora Tuesday that he would seek to "increase substantially" U.S. aid to Bolivia during the next fiscal year and pledged "you and your countrymen will not stand alone in the fight against cocaine."

(Washington Post, AP, UPI)

SOVIETS PREPARED TO DUMP AFGHAN PREZ, AIDES IN EFFORT TO END CIVIL WAR? -- The Soviet Union may be prepared to dump Afghan President Najibullah and 100 of his top aides in an effort to find a political solution to the civil war in Afghanistan.

(Minneapolis-St. Paul Star Tribune)

NETWORK NEWS (Tuesday Evening)

TAXES -- President Bush has looked at the deficit and the economic forecasts and he knows that the government needs to find money somewhere.

NORTH DIARIES -- Newly disclosed portions of Oliver North's personal diaries raise new questions about the role of other top officials.

FAMILY LEAVE -- A proposal to protect workers has produced a nasty fight between Congress and President Bush.

INTERNATIONAL NEWS...A-1

NATIONAL NEWS.....A-10

NETWORK NEWS.....B-1

FOREIGN MEDIA.....C-1

INTERNATIONAL NEWS

U.S. INTENDS TO OPPOSE OZONE PLAN Sununu And Darman Are Said To Reject Third World Program

U.S. delegates to an international conference on chlorofluorocarbons (CFCs) have been instructed to oppose a plan supported by European governments that would provide \$100 million to developing nations to help them reduce the use of the ozone-depleting chemical, informed sources said Tuesday....

EPA Administrator Reilly and top State Department officials recommended that the U.S. support the plan, which was developed by a working group of treaty signatories in recent months, sources said.

But their recommendations were overridden by Chief of Staff Sununu and OMB Director Darman, who are opposed to providing any additional funds outside the existing programs of international organizations such as the World Bank, the sources said....

The U.S. position at the U.N.-sponsored meeting is likely to prompt fresh criticism that the Bush Administration is lagging behind other governments in proposing solutions for global environmental problems....

Sources said Sununu and Darman were adamantly opposed to the plan out of concern that it might become a precedent for demands on the U.S. to provide far more aid to the Third World to compensate for curbs on global warming gases.

(Michael Weisskopf, Washington Post, A1)

WORLD BANK PROPOSES CAPITAL HIKE FOR PRIVATE SECTOR AFFILIATE

The World Bank proposed Tuesday to double the \$1.3 billion capital of its affiliate that helps the private sector in developing countries after the IMF announced a \$60 billion boost in its own resources.

The IMF's Development Committee and the World Bank also discussed the possible establishment of a \$1.2 billion World Bank concessional fund for environmental protection in developing nations.

On the final day of the spring meetings of the two multinational organizations, a Treasury official, John Niehuss, told the panel the Bush Administration opposes the so-called "Green Fund," which would tackle environmental problems that breach countries' borders. He said that the fund poses budgetary problems, that its objectives and beneficiaries are ill-defined and that the idea of setting up a fund needs further study.

(Carlos Brezina, UPI)

BUSH ASSURES BOLIVIAN LEADER HE SUPPORTS WAR ON COCAINE

President Bush assured Bolivian President Paz Zamora Tuesday that he would seek to "increase substantially" U.S. aid to Bolivia during the next fiscal year and pledged "you and your countrymen will not stand alone in the fight against cocaine."

Administration officials said Bush is seeking from Congress about \$150 million in economic assistance for Bolivia next fiscal year, an increase over the \$87.8 million provided this year....

After three hours of talks at the White House Tuesday, Paz Zamora pledged "to give you all of our efforts and all of our cooperation." ...

Assistant Secretary of State Aronson said Bush reassured Paz Zamora that Latin America would not suffer because of the demand to shift U.S. aid to the emerging democracies of Eastern Europe.

(David Hoffman, Washington Post, A17)

Bolivian President Seeks New U.S. Aid In Drug War

Bolivian President Paz Zamora asked President Bush for fresh U.S. aid Tuesday to help underwrite a campaign to combat Bolivia's coca crop.

Paz Zamora told Bush he needs about \$150 million a year in foreign investment to finance a crop substitution and economic development program, and would like the U.S. to pick up at least a third of the bill, the aides said.

Clemente Cohen, a spokesman for the Bolivian president, said that although Bush made no specific commitment, he was supportive and Paz Zamora was "very optimistic." (Thomas Ferraro, UPI)

Bush Administration Praises Bolivia's Anti-Cocaine Efforts

The Bush Administration is touting Bolivia's record levels of cocaine eradication, even while acknowledging that the country is attaining greater prominence as an illegal narcotics center.

Bolivia has moved up as a cocaine-producing locale because traffickers are moving their operations from neighboring Colombia..., Assistant Secretary of State Aronson said Tuesday.

President Paz Zamora pressed President Bush on Tuesday for more U.S. anti-drug money....

"We can eradicate more rapidly if there is more money," Paz's economic counselor Samuel Doria Medina said in an interview.

(Rita Beamish, AP)

EDITOR'S NOTE: "U.S. Andean Plan Seen As Risky To Democracies," by Marshall Ingwerson, appears in The Christian Science Monitor, page 1.

NO AMERICAN TROOPS FOR PERU

LIMA -- U.S. Ambassador Anthony Quainton said Tuesday the U.S. may send equipment and weapons to Peruvian security forces but will not be sending troops to suppress the cocaine trade and Peru's guerrilla war. "The articles [in newspapers] saying we intend to send troops to Peru are not true," the ambassador told newsmen after visiting the Chamber of Deputies.

"We do not have any intention of sending troops to Peru to participate in anti-insurgency operations, and even less so against narcotics traffickers," he said.

He said, nevertheless, the U.S. and Peru are undertaking discussions about how the Peruvian armed forces may be helped. He said the aid may be in the form of equipment, communications, and arms and would amount to \$35 million. (UPI)

DRUG CARTELS SAID TO RENEW FEUD

BOGOTA -- The Medellin cocaine cartel and its lesser-known counterpart in Cali, long at odds over tactics and foreign drug markets, have reinitiated a bloody feud with a series of car-bomb attacks, according to law enforcement officials and narcotics experts.

The military also announced Tuesday that it was beginning the destruction of 12 metric tons of pure cocaine discovered in raids over the weekend.... It was the largest raid of the year and one of the largest ever....

"This is a tremendously significant case, because that area has been a base of operations for the Medellin cartel for some time," said a U.S. official. "It has taken away a focal point of distribution, an area that was a bridge from Bolivia and Peru."

(Douglas Farah, Washington Post, A19)

COLOMBIAN PARAMILITARY GROUPS OFFER TO LAY DOWN THEIR ARMS

BOGOTA -- Fifteen Colombian paramilitary groups offered Tuesday to surrender their weapons to the government, saying they had cleared an area of central Colombia of left-wing guerrillas. (Reuter)

CALDERON INAUGURATED AS PRESIDENT OF COSTA RICA

SAN JOSE -- Following in his father's footsteps, Rafael Angel Calderon donned the presidential sash doffed by Nobel laureate Oscar Arias, then promised his countrymen fiscal vigilance and austerity.

...Calderon outlined a government of national consensus in which private enterprise will be the motor of what he termed "economic democracy." But he also lamented the large federal budget deficit -- 6 percent of the GNP -- and said austerity measures would have to be adopted during his first year in office to prevent a rise in inflation.

First Lady Barbara Bush headed the U.S. delegation to the inauguration.... Mrs. Bush thanked the people of Costa Rica for their warmth and hospitality before departing for Washington on Tuesday evening. "I have fallen in love with the people of Costa Rica and the Calderon family," especially the four children, she said.

(Douglas Grant Mine, AP)

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Costa Rica Gets New Leader, But Mrs. Bush Steals Show

SAN JOSE -- Rafael Angel Calderon succeeded Oscar Arias as president Tuesday but rejected his role as hemispheric peacemaker.

Calderon swore on the memory of his father and namesake...that he would end high-level corruption and pursue "free enterprise with social justice." ...

True to his prediction at a breakfast interview, Barbara Bush drew a more enthusiastic welcome to National Stadium than he did. The First Lady got a two-minute standing ovation plus three encores as she and other U.S. delegates followed the U.S. flag around the running track in a triumphal procession.

In fact, Mrs. Bush upstaged everyone during her 21-hour stopover. At one point, President Cristiani arrived at the Sheraton Herradura Hotel unnoticed except by one man whose hand he shook. Moments later, heralded by wailing sirens, Mrs. Bush swept in to applause and cheers on the arm of Calderon.

(Frank Murray, Washington Times, A6)

EDITOR'S NOTES: "Barbara Bush, The Toast Of Costa Rica," by Donnie Radcliffe, appears in The Washington Post, page B1.

SUNUNU TALKS WITH SALVADORAN ON JESUITS PROBE

The Bush Administration is pressing El Salvador's President Cristiani for progress on investigating the murders of six Jesuit priests, the White House said Tuesday.

Chief of Staff Sununu raised the matter with Cristiani in a meeting Monday in San Jose, Costa Rica, where both were attending the presidential inauguration of Rafael Calderon, said White House press secretary Fitzwater.... Fitzwater said Sununu underscored the growing reluctance in Congress to approve additional aid while the case is stalled.

(AP, Washington Post, A22)

QUAYLE, THATCHER DISCUSS GERMAN UNIFICATION

LONDON -- Vice President Quayle, on his first European tour since taking office, met with Prime Minister Thatcher Tuesday and discussed German unification, the future of NATO and the democratic reformation of Eastern Europe.

Their meeting at 10 Downing Street lasted less than an hour and was largely ceremonial.... Quayle spoke of the importance of NATO after President Bush last week canceled plans to modernize ground-based nuclear missiles and nuclear artillery in Europe.

"There is no substitute for NATO. There is no substitute for peace and freedom. Obviously, NATO will in fact accommodate itself to the changes that we find," including working with the Conference on Security and Cooperation in Europe, the EC and other institutions to provide for security and to consider trade opportunities, Quayle said.

He also stressed the importance of the Bush Administration's relationship with Thatcher. "She continues to have a very important and special relationship with our President. Your country and our country will continue to have that special relationship that has worked for peace and freedom for a number of years," he said.

(Karin Davies, UPI)

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QUAYLE VISITS PARIS, HONORS WORLD WAR II DEAD

PARIS -- Vice President Quayle arrived in Paris and immediately drove to the Arc de Triomphe in the center of the French capital where he paid tribute to the dead of World War II.

Quayle was scheduled to meet with President Mitterrand Wednesday and take part in ceremonies honoring the 100th anniversary of the birth of Dwight Eisenhower.... The Vice President...also planned to visit the European Space Agency's headquarters where he was expected to discuss possible European participation in the "space exploration initiative." (UPI)

CHENEY OPPOSES NATO STRATEGY SHIFT

CALGARY -- Secretary Cheney said Tuesday on the eve of a key meeting of Western defense ministers that he opposes changing the long-standing U.S. military strategy for the protection of Eastern Europe. Cheney said East Europe's political changes and cuts in Soviet forces did not warrant abandonment of Western policies that include a U.S. threat to be the first to fire nuclear weapons in response to a Soviet conventional attack on Western Europe....

Cheney told reporters Tuesday that "at this point I don't see any need to change the basic, fundamental strategy" of the alliance.

(R. Jeffrey Smith, Washington Post, A20)

KOHL REJECTS SOVIET 'NEGOTIATION POKER'

WEST BERLIN -- Chancellor Kohl Tuesday dismissed a Soviet proposal that, while allowing the two Germanys to reunite quickly, would postpone a decision on whether the new country could belong to NATO. Kohl called the proposal by Foreign Minister Shevardnadze "negotiation poker" and said it would be "a fatal development" in the drive by the two Germanys to unite and regain the full sovereignty the nation lost when its Nazi government surrendered to the Allies 45 years ago Tuesday.

Kohl's strong statement -- backed by a "skeptical" East German reaction Tuesday to the Soviet proposal -- means that the latest attempt by Moscow to avoid accepting German membership in the Western military alliance has found no support among the five countries involved with the Soviets in German unification talks.

(Marc Fisher, Washington Post, A18)

WEIGHING THE COSTS OF GERMAN UNITY

Theo Waigel, West German Finance Minister, said Tuesday that the costs of German unification -- including the clean-up of a monumental pollution problem -- will largely be borne by the East Germans themselves and by private investors.

Waigel...also told a group of reporters that a continuing problem for Europe, including Germany, is the declining economy of the Soviet Union. He said the West can help the European situation by giving the Soviets support in moving the Soviet Union in the direction of a free-market economy....

"The Soviet Union is an empire that is failing," he said.... But Waigel said, "We shouldn't forget that the Soviet Union remains the largest military power in Europe."

(Jim Anderson, UPI)

IN A SWITCH, BUSH OFFERS TO STOP PRODUCING CHEMICAL WEAPONS

In a policy switch, President Bush has offered to end the production of chemical weapons if the Soviet Union agrees to American proposals, including one to bring about deep cuts in the two nations' poison gas supplies, Administration officials say.

...Officials said that President Bush made the proposal, first reported by The Washington Times, when Foreign Minister Shevardnadze visited Washington last month, and that Secretary Baker discussed the matter with Shevardnadze in Europe last week.

(Michael Gordon, New York Times, A1)

U.S. Ready To Set Date To End Chemical Arms Production

The U.S. has informed the Soviet Union that it is ready to stop production of chemical weapons at a mutually agreed date, a move intended to make possible the completion of a chemical weapons pact at the summit meeting three weeks from now between President Bush and President Gorbachev, Administration officials said Tuesday.

Officials said the U.S. compromise, which was made known privately to Moscow several weeks ago, makes it likely that the two nations will be able to initial a bilateral accord at the summit calling for the destruction of all but about 5,000 tons of chemical weapons on each side....

State Department spokeswoman Tutwiler said the chemical weapons negotiations will be discussed further in Moscow next week by Secretary Baker and Foreign Minister Shevardnadze. But she would not comment on the new U.S. offer, which first was reported Tuesday by The Washington Times.

(Don Oberdorfer, Washington Post, A20)

SOVIETS INSIST ON SEA TALKS**Akhromeyev Stresses Cruise Missile Issue**

Soviet Marshal Sergei Akhromeyev told the Senate Armed Services Committee Tuesday that U.S.-Soviet negotiations to reduce strategic nuclear weapons and conventional forces in Europe will come to a standstill unless the Bush Administration agrees to discuss limitations on tactical nuclear weapons at sea and reduction of naval forces by both superpower navies.

Akhromeyev, a senior military adviser to President Gorbachev and a member of the Supreme Soviet, warned members of Congress that Soviet leaders will not tolerate indefinitely U.S. refusal to engage in naval arms control talks while many other issues of East-West military balance are on negotiating tables in Vienna and Geneva.

"We think this policy is unjust and aimed at undermining security and gaining military superiority over the Soviet Union," Akhromeyev said, adding that if U.S. officials defer the issue, "it will be impossible to achieve radical reduction of armed forces and arms in the world."

He said U.S. willingness to begin such talks "is today one of the decisive preconditions for the improvement of relations between our countries and strengthening of confidence."

(Patrick Tyler, Washington Post, A20)

GORBACHEV SAFE FROM COUPS, SOVIET ADVISER SAYS

Mikhail Gorbachev's national security adviser said Tuesday that despite national unrest and dissension within the military, a coup d'etat is not in the Soviet president's future.

"Our army, our ground forces always support our government, our country, support its president -- not as an individual person, but as head of state," Marshal Sergei Akhromeyev, a Gorbachev confidant and former military chief of staff, told a Senate panel.
(Rowan Scarborough, Washington Times, A3)

GORBACHEV GIVES BOOST TO MILITARY

MOSCOW -- President Gorbachev moved Tuesday to heal the wounded pride of the Soviet armed forces, but made clear that his perestroika reform movement would also extend to the military.

Speaking on the eve of special celebrations to mark the 45th anniversary of the Soviet Union's victory over Nazi Germany in World War II, Gorbachev also sharply criticized the war record of Josef Stalin. His remarks contrasted with the praise he heaped on Stalin as a military strategist at the last formal Victory Day celebrations five years ago....

Addressing senior officers and veterans in the Bolshoi Theater, Gorbachev called for "a new look at the army," adding that "we are far from being satisfied" with the present situation in the 4-million-strong armed forces. But he also insisted that the debate over the army's future should be restricted to competent and professional people, such as a special parliamentary commission on military reform.
(Michael Dobbs, Washington Post, A18)

HUNGARY REPORTEDLY SOLD MiG PLANES TO U.S.

BUDAPEST -- Warsaw Pact member Hungary sold six Soviet-made MiG-21 aircraft to the U.S. this year, a freelance journalist said in an interview with Budapest Radio.

"I have precise information in my possession about the Hungarian army selling six MiG-21 aircraft to America after March 15," Istvan Toth Kozma, a former reporter for the People's Army newspaper and now a freelance journalist, said in an interview with Budapest Radio. He said pilots told him about the secret transaction....

A Hungarian Defense Ministry spokesman dismissed the story as "erroneous" and said the six Soviet planes in question were discarded models stripped of all weaponry.
(Erika Laszlo, UPI)

AFGHAN GUERRILLA ROCKETS KILL SIX IN KABUL

ISLAMABAD -- U.S.-backed Afghan guerrillas bombarded Kabul with rockets Tuesday, killing six people and wounding 13 others, official Kabul Radio said in a monitored broadcast.

It said five rockets smashed into the city, but gave no further details.
(UPI)

**SOVIETS PREPARED TO DUMP AFGHAN PREZ,
AIDES IN EFFORT TO END CIVIL WAR?**

The Soviet Union may be prepared to dump Afghan President Najibullah and 100 of his top aides in an effort to find a political solution to the civil war in Afghanistan.

A well-placed Soviet official, who has been intimately involved in searching for a compromise to get the U.S. and Soviet Union to end their involvement in Afghanistan, said Moscow has been exploring with Mujahideen resistance leaders an acceptable formula for holding nationwide elections to choose a new government.

In an interview, the Soviet official said that in recent talks some top Mujahideen leaders said that if Najibullah resigned his post, along with about 100 of his most senior officials, they would be willing to allow Najibullah's People's Democratic Party of Afghanistan to field candidates in an election.

(William Beecher, Minneapolis-St. Paul Star Tribune)

ANGOLAN REBELS CLAIM STRATEGIC VICTORY

JOHANNESBURG -- U.S.-backed guerrillas claimed Tuesday to have dislodged government troops from a strategic Angolan town after months of heavy fighting that has disrupted efforts to settle the 15-year-old war.

A statement from UNITA said 139 government troops were killed in the final 3-day battle for control of the southeastern town of Mavinga. It said the guerrilla group captured 33 soldiers and scores of tanks and armored vehicles. (UPI)

ANZUS MUST STAY STRONG: U.S.

A representative of President Bush Tuesday night reinforced the importance of a strong ANZUS alliance, warning that spectacular reforms in Eastern Europe were not being mirrored in the Asia-Pacific region.

Jerry Weintraub highlighted the importance of a strong ANZUS defense presence in what he termed "this dynamic but still unstable part of the world."

"The most important thing about our relationship, however, has been its ability to adapt to serve changing conditions and varying demands that have been placed on it," said Weintraub in Perth at the start of Australian Friendship Week. (The Australian)

ENTERTAINING ENVOY A STRAIGHT-SHOOTER

Anyone in Washington who thinks President Bush does not have enough showbiz in his act to match the profile of his predecessor, Ronald Reagan, has not met Jerry Weintraub.

Weintraub, George Bush's closest friend and a confidant for the past 30 years, is one of the most influential entertainment tycoons in the U.S. In Perth this week, he is relishing a new role as a White House representative to celebrate Australian-American Friendship Week.

He comes across as the perfect diplomat -- warm, friendly and intelligent, blessed with a great sense of humor and never a bad word to say about anyone.... President Bush knew he was on to a good thing when he sent this guy down under. (The West Australian)

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**U.S. CONSUL GENERAL CAUTIONS CHINA
NOT TO RESTRICT HONG KONG FREEDOMS**

HONG KONG -- U.S. Consul General Donald Anderson cautioned Beijing Wednesday against restricting freedoms in Hong Kong when the communist nation regains sovereignty over the British colony in 1997.

Anderson underlined U.S. involvement in Hong Kong and American support for its free market system in a speech to members of the American Chamber of Commerce and Xinhua, China's official news agency and unofficial consulate in the colony.

"It is vital that Hong Kong remain an open city, an international financial and commercial center which fully participates in the world trading system," Anderson said. "The United States shares Hong Kong's commitment to free-market principles."
(Michael Di Cicco, UPI)

AMERICAN HELD BY VIETNAMESE

BANGKOK -- A French businessman said Tuesday that he and a U.S. colleague were arrested in Vietnam two weeks ago for traveling without formal government permission, and the American was still being held in Ho Chi Minh City....

In Washington, the State Department confirmed that a U.S. businessman was being held in Vietnam and U.S. Embassy officials in Thailand were trying to gain access to him.

(AP, Washington Post, A22)

NAVY SHIP FIRE KILLS ONE, INJURES 12

A fuel fire roared through the boiler room of the Navy guided missile destroyer USS Conyngham off the North Carolina coast just before dawn Tuesday, killing one officer and injuring 12 crew members, according to Navy officials....

Navy officials said they have not determined the cause of the fire, but believe it started while crew members were lighting a boiler in the forward boiler room deep in the belly of the ship. Sources said the blaze could have been caused by a ruptured pipe or valve spewing pressurized fuel oil or a crew member who handled the equipment improperly.
(Molly Moore, Washington Post, A4)

STATE DEPT. AGREES TO SETTLE WOMEN'S 14-YEAR-OLD BIAS SUIT

The State Department has agreed to settle a 14-year-old sex discrimination suit by giving some Foreign Service officers priority in obtaining prestigious assignments or honors they were denied because they are women.

"You can't patch up a career that was ruined 10 years ago, but the primary concern of the original plaintiffs has always been to make the State Department a better place for women," said Monica Wagner, an attorney for the women who sued in 1976.

The women will get no money, except the 22 who were denied superior honor awards for work that met the department's standards for such awards.... But six women with 10 or more years of service when each of them unsuccessfully sought a post as deputy chief of mission will get such jobs or "an equally attractive other assignment at her option." (Judith Havemann, Washington Post, A2)

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NATIONAL NEWS

THIS CUT'S FOR YOU, PRESIDENT VOWS

President Bush Tuesday told small business owners gathered in Washington for National Small Business Week festivities that his capital gains tax plan was "especially" designed to help them prosper.

Bush appealed anew for action on one of his top legislative goals -- a tax break for business -- only hours after holding a strategy session with GOP lawmakers on budget negotiations that could lead to higher taxes.

In his remarks honoring winners of the 1990 Small Business Persons of the Year awards, he made no mention of the earlier meeting.
(Jerome Cahill, New York Daily News, 2)

BUSH AND GOP WEIGH TAX HIKE

With the "no new taxes" taboo lifted by the White House, President Bush and Republican congressional leaders began Tuesday the politically treacherous task of considering possible tax hikes, including a national sales tax, according to a participant in the talks.

Despite the President's decision that budget talks with Congress would be "unfettered" by preconditions, however, White House officials and others said that one form of revenue increase remained off limits: higher income taxes....

Any efforts to reduce the deficit through tax increases will be complicated by the political realities Congress and the White House face as November's congressional elections draw closer. "We don't want to get to late summer or early fall when everybody is freaking out on the campaign trail and can't be really serious" about developing a deficit-reduction plan, a White House official said....

"Everybody devoutly wishes for an Immaculate Conception scenario. [But] it really can't happen," said Rep. Frenzel.

(James Gerstenzang, Los Angeles Times)

THE WHITE HOUSE TRIES TO REASSURE JITTERY REPUBLICANS

The White House sought Tuesday to reassure jittery Republicans that President Bush's decision to negotiate a budget agreement with the Democrats will not result in the breaking of his no-new-taxes pledge.

"If you're talking about across-the-board tax increases, I don't see that happening," a senior Presidential adviser told The Washington Times. "I don't think this President is going to buy off on something perceived as a rejection of his pledge to the American people."

(Donald Lambro, Washington Times, A1)

DEMOCRATS PROTECT FLANKS ON TAXES

Congressional Democrats moved to protect their political flanks over taxes Tuesday as their leaders prepared to meet Wednesday with President Bush to consider the next step in dealing with an apparent dramatic worsening in the federal deficit....

The injection of the politically sensitive tax issue into maneuvering over the budget caused uneasiness and some anger on Tuesday within the ranks of both parties.

At the same time, Richard Darman, the White House budget director, warned Senate Republicans that the Administration's earlier budget estimate may have understated the size of next year's federal deficit by between \$60 billion and \$100 billion....

Following a meeting between Bush and the Republican congressional leadership, Sen. Simpson indicated that the range of revenue options might include a value-added tax; user fees; so-called "sin" taxes on tobacco and alcohol and even a national lottery. However, he added, "Nobody's talking about raising income tax rates." ...

Rep. Gingrich said Republicans would not agree to any plan that would hurt them politically in an election year. "We're not going to agree to stupid deals," Gingrich said.

But many rank-and-file Democrats insisted that the Administration make a public accounting of the severity of budget problems and clarify its position on taxes before their party's leadership begins serious negotiations.... "We've been suckerpunched so many times on this, I just don't want it to happen again," said Rep. Durbin.

However, Speaker Foley said, "I'm not of the opinion that it's a trap. (Finlay Lewis, Copley)

**HILL DEMOCRATS ASK LEADERSHIP
TO PRESS BUSH FOR A DEFICIT-REDUCTION PLAN**

Congressional Democrats, expressing fear that they could be blamed for an election-year tax hike, Tuesday asked their leaders to go back to the White House to ask President Bush how he would propose to close the widening federal budget deficit.

Bush, meanwhile, sought to assure restive Republicans that he understands the political pitfalls of backing a tax increase. But Rep. Weber nonetheless described the mood of House Republicans as "very uneasy -- tempered with anger."

In spite of these apprehensions, Sen. Sasser predicted deficit-reduction talks with Bush Administration officials could start this week....

House and Senate Democrats told their leadership Tuesday they want to hear Bush's explanation of why Administration deficit projections have gone up since he submitted his budget in January and what he proposes to do about it.

(John Yang, Washington Post, A7)

**BOTH PARTIES NOW FEARING AUTOMATIC BUDGET CUTS
Revised Economic Assumptions Spell Huge Reductions
If 'Sequestration' Is Imposed**

...The projected deficit looms larger than anyone imagined. New estimates of the spending cuts needed to meet the Gramm-Rudman-Hollings target for fiscal 1991 are so big that the specter of across-the-board cuts strikes fear in both political parties.

"A sequester this year would be huge; it would blow the doors off everybody," said one Administration budget official this week. "No one could miss this one."

Where last year's sequestration took a 1.5 percent bite out of defense and discretionary domestic spending plans, across-the-board cuts this year could take a 20 percent chunk out of those programs, OMB Director Darman told Senate Republicans at their weekly policy luncheon Tuesday.

"Mr. Darman presented us with some figures, which if they come true in October...would be a sequester that would be totally unacceptable to the American people and totally unacceptable to the Congress," Sen. Simpson said after the meeting.

(Steven Mufson & John Yang, Washington Post, A7)

**DISCOUNTS SET FOR SALE OF S&L ASSETS
Regulators Back Fast Action
To Accelerate Cleanup Of Thrift Industry**

Banking regulators voted Tuesday to slash the price of some real estate the government inherited from failed savings and loans by as much as 20 percent to accelerate the cleanup of the thrift industry.

The move could drive down real estate values generally, affecting homeowners and businesses nationwide, but federal officials believe the price cuts are necessary to help the government unload the properties and raise cash to continue the multi-billion-dollar bailout.

"This won't be a fire sale," said FDIC Chairman Seidman. "This won't apply to every property."

(Vincent Del Giudice, Washington Post, F4)

BRADY WANTS SOME SEC CONTROL OF STOCK FUTURES

Two and a half years after the 1987 stock market crash focused attention on computerized trading in stocks and stock futures, the Bush Administration Tuesday proposed to attack the problem of volatility by giving the SEC powers over the stock index futures traded in the Chicago futures market.

Secretary Brady and Undersecretary Glauber told the Senate Agriculture Committee they want to take away control over stock futures from the Commodity Futures Trading Commission and give it to the SEC.... Brady said an Administration bill would be sent to the Hill this week.

(Stan Hinden, Washington Post, F1)

HOUSE MOVES AHEAD WITH LEAVE BILL DESPITE VETO THREAT

House Democrats are moving ahead with a bill guaranteeing unpaid leave to workers for family emergencies despite a guaranteed veto by President Bush.

The White House reaffirmed its opposition to the family and medical leave act Tuesday as the House scheduled a vote on the bill for Wednesday.

"I hope the President will reconsider that," said Speaker Foley. "I believe after the legislation has been passed...and the President has a chance to reflect on its importance to families and preserving the family as an institution, the President will sign the bill." ...

Backers said they believe they have enough votes to win passage in the House but are short of the two-thirds necessary to override a veto should it also pass the Senate....

Secretary Dole said she would recommend Bush veto the bill. She said the bill provides "no flexibility, no freedom of choice - just do it." (William Welch, AP)

FAMILY LEAVE BILL

A bipartisan bill to force some businesses to grant 12 weeks of unpaid health leave to their employees headed for a House vote this week despite the threat of a Presidential veto and White House anger toward a Long Island Republican who is a chief sponsor of the legislation.

"I know they're not happy with me," Rep. McGrath said Tuesday.

...McGrath said Tuesday he discussed his sponsorship of the bill with Nicholas Calio, the White House legislative liaison for the House of Representatives. McGrath described the encounter in one sentence: "He was just upset I did it."

In addition, McGrath said that he understood that Chief of Staff Sununu "mentioned my name," singling him out among the dozens of other sponsors in his meeting with trade associations Monday when he told business leaders...that President Bush would veto it.

(Myron Waldman, Newsday)

ACTIVIST SECRETARY OF HEALTH SETS HIS SIGHTS ON WEAPONS

Secretary Sullivan has already made himself conspicuous in the Bush Administration by crusading against smoking and alcoholism. Now he is pondering an even more controversial step: drawing a bead on the nation's gun lobby.

That would pit him, against one of the most powerful special interests in the capital, one with especially close ties to the Administration. The President, after all, is a member of the NRA and an avowed opponent of gun control.

Yet Sullivan...made it clear in a recent interview that he considers handguns a health hazard, especially for blacks. Gun-related violence is "a public health problem in addition to being a criminal justice problem," he said.

"I am very concerned about the high number of deaths from handguns in our society in general and certainly in the black community," he said, "and would want to do everything that I could as Secretary to discourage the use and availability of handguns because of that."

(Jack Nelson, Los Angeles Times)

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U.S. ACKNOWLEDGES HEALTH PROBLEMS FOR POOR, MINORITIES

GENEVA -- Secretary Sullivan said poor and minority Americans have serious medical problems despite the \$600 billion the country spends each year on health care.

Sullivan, in an opening statement Tuesday to the May 7-19 annual assembly of the World Health Organization meeting, said health continues to improve for the U.S. population as a whole, with longevity increasing and infant mortality declining.

"However, we realize that our efforts are far from complete," he told the organization. "We are working to reduce the high cost of health care and to provide affordable access to care for all of our citizens."
(John Calcott, UPI)

EPA TO LINK CANCER WITH SECOND-HAND SMOKE, REPORT SAYS

LOS ANGELES -- The EPA, in the first official government estimate of the toll of "passive smoking," estimates smoking causes more than 3,000 cases of lung cancer in nonsmokers each year, a published report said Wednesday.

The EPA will soon declare second-hand cigarette smoke a known carcinogen and release a draft of an 18-month study on second-hand smoking, along with a proposed guide to reducing the hazard of second-hand smoke in the workplace, The Los Angeles Times said.

The draft risk assessment is expected to be published for public review and submitted later this month or early in June to an independence Science Advisory Board for review.
(UPI)

OIL INDUSTRY: 'GASOHOL' INCREASES SMOG

The oil industry, pressing its attack on alternative fuel provisions in pending clean air legislation, issued a study Tuesday contending "gasohol" actually increases car emissions of smog-causing pollutants.

The study, performed by a consultant hired by the American Petroleum Institute, said while the gasoline-grain alcohol fuel mixture reduced emissions of carbon monoxide by 25 percent, it boosted hydrocarbon and nitrogen oxide pollution linked to ozone smog.... Overall, the study said gasohol would cause a 6 percent increase in the ozone-forming potential of vehicle emissions....

The study...said that gasohol was also more expensive than gasoline, meaning that if Congress required greater use of such fuel mixtures, "motorists would end up paying more for dirty air."
(George Lobsenz, UPI)

ANOTHER NORTH-BUSH MEETING DISCLOSED

Hundreds of pages of personal notebooks kept by former White House aide Oliver North were released for the first time Tuesday, including a reference to a previously undisclosed meeting between North and George Bush on a day when North was apparently immersed in discussions about arms shipments to Iran and support for the Nicaraguan contras.

The page reflecting the meeting between North and Bush on August 6, 1986, was not among the heavily censored excerpts from North's notebooks published by the Senate and House Iran-contra committees during their 1987 investigation of the scandal.

The reference to Bush, then Vice President, gives no hint of what he and North talked about. That page of the notebook appears no different than hundreds of other pages that were released long ago, and there was no explanation for why it may have been withheld....

Mark A. Belnick, a top aide to the Senate investigating committee, said last night that the page including the reference to Bush may not have appeared in the version of the notebooks made available to the panels.

(George Lardner & Walter Pincus, Washington Post, A1)

THORNBURGH PLEDGES ACTION ON SENTENCING

Attorney General Thornburgh denied Tuesday that he has abandoned support for tougher and promised strong recommendations on the subject after more study.

"I stand second to none in pressing for nothing less than the maximum penalties that we can accommodate under the law" for corporate offenders, Thornburgh told the Senate Judiciary Committee.

He said toughened sentencing guidelines that were withdrawn recently remain under study and could be reissued.

(AP, Washington Post, A16)

SENATE CURBS HATCH ACT REVISIONS

The Senate Tuesday defeated a Republican-led effort to extend proposed changes in the Hatch Act to military as well as civilian employees.

Concluding its fifth day of debate in a bill to lift some of the restrictions on political activity by federal civilian employees, the Senate voted down, by 66 to 30, an amendment by Sen. Gramm that would have extended the provisions of the Hatch Act to the armed forces.

(Judith Havemann, Washington Post, A25)

**FEC SAYS ARIZONA COMPANIES ALLEGEDLY
MADE ILLEGAL CONTRIBUTIONS TO GOP**

The Federal Election Commission is investigating three related Arizona companies and at least two of their officers for allegedly making illegal donations to the Republican Party and Bush Presidential campaign.

The agency's actions were disclosed in documents filed Monday in U.S. District Court in Phoenix.... The FEC's filing said the investigation began late last year and that a former employee told the agency the two officers were reimbursed with corporate funds after making donations to the GOP and Bush campaign.

(John King, AP)

PRIMARY RACES

Ohio Rep. Donald "Buz" Lukens, disgraced by a sex scandal, lost his seat in a Republican primary Tuesday. GOP Sen. Helms and Democratic Sen. Rockefeller easily captured nominations for new terms....

In North Carolina's Democratic primary, Harvey Gantt, the black former mayor of Charlotte, topped a six-man field competing for a chance to oppose the arch-conservative Helms. But Gantt failed to get 40 percent of the vote, and thus could be forced into a June 5 runoff if second-place finisher Michael Easley requests one.

(Mike Silverman, UPI)

REPUBLICANS SENSE RAINBOW IN HAWAII

HONOLULU -- A race that would test the new political chemistry in the newest state could also offer Republicans their best chance in years to send one of their own to the Senate from this Democratic stronghold. This prospect has raised hopes among Republicans nationally for recapturing control of the Senate this year....

"Hawaii is changing," said D.G. Anderson, the state Republican chairman. "For the first time in a long time, we have a chance of winning a Senate seat." (Robert Reinhold, New York Times, A26)

EDITOR'S NOTES: "Did Tainted Advice Guide DOE On Plutonium Pact?" by Thomas Lippman, appears in The Washington Post, A25.

"Range War In Idaho: Air Force's Vast Expansion Plan Is Resisted," by Rick Atkinson, appears in The Washington Post, page A3.

"Ailes Collects Another President To Go With Reagan, Bush," by Frank Murray, appears in The Washington Times, page A6.

NETWORK NEWS

Tuesday evening, May 8

TAXES

ABC's Peter Jennings: In Washington today the politicians are not quite as sure as they were yesterday that they could read the President's lips accurately on the subject of new taxes. This much is certain: The White House has caused a flurry of political excitement by accepting the idea that new taxes are something that have to be considered. Today there's a mad dance going on as Republicans and Democrats try to avoid any blame if higher taxes become a reality. Something else that is certain: President Bush has looked at the deficit and the economic forecasts and he knows that the government needs to find money somewhere.

ABC's Brit Hume:

[TV COVERAGE of President Bush sitting with congressmen.]
The President sat Republican congressional leaders down today to tell them why his position had suddenly shifted from "no new taxes" to "I'll talk about anything." A budget agreement with Congress is now vital, he said, because deadlock would mean automatic spending cuts and deep ones. He added, "Living with them will be hurtful, maybe destructive. What's at stake is the overall economy." His budget director, Richard Darman, explained that this year's deficit is already running \$20 billion ahead of estimates and is likely to go much higher. The reasons: higher-than-expected interest rates, lower-than-expected corporate profits, and the growing cost of the S&L bailout. But it remained unclear what the President and his wily budget director are really up to, specifically how much the President's position on taxes has actually changed.

(**Darman:** "The President hasn't changed his position. All the President has done is said that he thinks we need bipartisan negotiations, and that in order to get those negotiations going he's willing to say there'll be no preconditions -- that he's willing to talk about anything anybody wants to talk about.")
And today people were certainly talking. Republicans, though, were mostly talking about the taxes they wouldn't talk about.

(**Sen. Simpson:** "No one is going to come out here and say that we're going to do anything at all with income tax or income tax rates. Now that's what people generally think of when they think of taxes. A value-added tax is being discussed. It wasn't before. These other things are all sorts of user fees, revenue enhancers, the whole works.")

The President and his budget director would like to get past that sort of speculation to a major budget compromise with Congress -- one that would slay the deficit dragon once and for all. For that kind of deal, even this President might agree to new taxes.

Jennings: If the White House is sensitive to the political ramifications of new taxes, so are the congressional Democrats. Remember, Republicans have been very successful blaming Democrats for raising taxes without getting blamed for the higher budget deficit. So the problem for Democrats is how to cooperate with the President without being blamed once again.

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ABC's Jim Wooten: You're looking at a mighty cautious bunch here. They're House Democrats gathering today to decide how to handle the White House invitation to a budget summit. The consensus: very carefully.

(Rep. Durbin: "Before the Democrats walk into any trap here as far as taxes are concerned, let's hear what the President has to say about the revenue needs of this nation.")

In other words, says congressman Durbin, before signing on to a solution, let Bush tell the country how bad the problem really is. Precisely, says House Budget Chairman Panetta.

(Panetta: "If the economy has changed as dramatically as the President and Mr. Darman are indicating, then the public needs to be aware of that. We need to know why it is that the deficit is increasing as rapidly as it is.")

And Panetta's budget counterpart in the Senate, Sasser, suggested much the same approach yesterday: Let the President make the first move.

(Sasser: "And only then I think will this Congress enact additional taxes if the Administration and the President says 'Yes, we've got to have additional taxes to get this deficit down.'")

(Sen. Bentsen: "I would certainly assume that when they say everything's on the table it means just that. That would certainly include taxes, from what I've heard. But they're going to have to get their own act together.")

It's a very tricky business for everybody, but especially for the Democrats. So most of them are simply ignoring the contradictions coming from the White House on what is or isn't negotiable and simply assuming, publicly, at least, that everything is, including the taxes that the President, until now, has so vehemently opposed.

Jennings: All this talk among the politicians about taxes prompted us to look at our recent polling data. The public has been expecting new taxes ever since the President first pledged not to raise them in July of 1988. After reviewing a great many polls we do not find any uniform anti-tax attitude. (ABC-Lead)

CBS's Dan Rather: One day after word that President Bush is now willing to talk higher taxes as a possible part of a deal on reducing the increasing national debt, Republicans are now talking up possible cuts in Medicare and Social Security as well.

CBS's Wyatt Andrews:

[TV COVERAGE of President Bush talking with Sen. Dole.]

While the President today ducked the question of which new taxes he might accept, a Republican leader left a White House strategy session with a laundry list of possibilities. It's now clear that "read my lips, no new taxes" has changed to "anything except new income taxes."

(Sen. Simpson: "Value-added taxes, additional user fees, taxes on booze and cigarettes, national lottery, one-cent national sales tax, all sorts of things like that are in the mix. Nobody's talking about raising income tax rates.")

But Republicans immediately spelled out that new taxes can't be the only thing up for discussion. Also on the table, possible cuts in benefits like Medicare and Social Security, and all of it as part of a comprehensive deficit-reduction agreement lasting not one year but several years.

Andrews continues:

(OMB Director Darman: "You have to look at everything. That means entitlements, which are now 50 percent of the budget and rising. They plus interest account for two-thirds of the budget.")

(Sen. Simpson: "That means all the hallowed things that the Democrats have in their bosom, like never doing anything with the cost-of-living allowance, Social Security --")

Still, it clearly frightens Republicans to even mention taxes in this election year when the no-new-tax pledge is such a key element in the party's national appeal.

[TV COVERAGE of President Bush and Vice President Quayle waving at a rally.]

Democrats today did not waste time exploiting that political opening.

(Rep. Durbin: "Where does the Republican Party stand on taxes? Where does the President stand on taxes? I think it's a legitimate question for not only Democrats to ask but for the American people to ask.")

The Democrats are wary the President could be leading them into a tax trap, but they will likely say yes to a budget summit. Both parties have been shocked into action by recent projections that a weakened economy and the S&L crisis could easily double the deficit this year. (CBS-3)

NBC's Tom Brokaw: There's a buzz going on in Washington these days and it's growing louder. President Bush apparently has decided it's worth breaking a campaign promise now if it helps to head off a recession when he gets ready to run for re-election later.

NBC's John Cochran: The President's budget chief, Richard Darman, looked pretty happy for a man who had just told Congress his budget forecast earlier this year is at least \$50 billion off the mark.

(Unidentified Congressman: "Do we deal with that without touching income tax rates?")

Darman: "Yes, we can.")

President Bush was noncommittal, but his aides say his views are similar to those of Republican leaders he met with today, and they want to raise taxes, but not income taxes.

(Sen. Simpson: "Value-added taxes, additional user fees, taxes on booze and cigarettes, national lottery, one-cent national sales tax. All sorts of things like that are right in the mix.")

Now that new taxes seem likely, the political tap dancing to escape blame has begun.

(Rep. Gingrich: "I think it'll be very clear to the country which is the party of higher taxes and which party's addicted to raising taxes at every excuse and which party has a position of reluctantly being willing to negotiate to keep the economy growing.")

That kind of talk is exactly why Democrats want to make sure Bush is the first to propose taxes.

(Rep. Durbin: "Before the Democrats walk into any trap here as far as taxes are concerned, let's hear what the President has to say about the revenue needs of this nation.")

Bush must decide whether he can go back on the no new taxes pledge he made two years ago.

(File TV COVERAGE of the President at a campaign rally.)

Walter Mondale paid a high price in the '84 campaign by saying up front he wanted higher taxes. But Mondale says the budget crisis is so severe that Bush has no choice.

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Cochran continues:

(Walter Mondale: "Well, I think he'd have to face up to the fact that he wasn't really leveling with the American people in 1988.") Another defeated presidential candidate says Bush has got a problem.

(Gov. Dukakis: "Well, if I had voted for the President because I thought he wasn't going to raise taxes I'd feel betrayed this evening.")

But George Bush is much less concerned about broadsides from Democrats than about private complaints from Republicans, who say he has waited very late to warn them that the nation faces a budget crisis that may require new taxes. (NBC-2)

TAXES/COMMENTARY

NBC's John Chancellor comments the Republican Party has won the last three presidential elections on a pledge of no tax increases. Since the great Reagan tax cut of 1981 Americans have been told they can have government services without having to pay full price for them. Taxes have to be raised and both parties are scared. The Republicans don't want to lose their image as tax cutters; the Democrats don't want to be labeled again as the tax-and-spend party. But the hole therein is one they dug themselves. Both parties are guilty of conning taxpayers into believing they don't have to pay for the government they get. For the trouble they're in, both parties have only themselves to blame. (NBC-11)

NORTH DIARIES

Brokaw: Newly disclosed portions of Oliver North's personal diaries from the days of the Iran-contra crisis raise new questions tonight about the role of other top officials. One name that comes up in those diaries again and again is George Bush.

NBC's Carl Stern: Fourteen hundred pages of North's hand-written diaries obtained by prosecutors were disclosed after a law suit by a public interest research organization. What they showed was far more contact between North and then-Vice President Bush than has been known before: 20 to 30 meetings and phone calls, contents unknown, during the height of the Iran-contra affair.

(Eleanor Smith, lawyer: "There are notations to 'conversations with VP, met with VP....'"

Tom Blanton, National Security Archive: "... 'Calls from VP, Felix talking about VP.' Things like that. There's lots of other references.")

This diary entry shows that immediately after North concealed from the House Intelligence Committee that the White House was secretly arming the Nicaraguan contras, North met with Bush's top security aide, Donald Gregg, then a meeting with the Vice President himself. The page showing that was deleted or blocked out from versions supplied to congressional investigators. Other entries imply the administration maintained active surveillance of critics of contra aid and that North wanted CIA Director Casey to tell a cover story: that the Nicaraguan operation was really intended to collect information on Soviet intelligence and weapons. The day he was fired North noted a sympathetic phone call from President Reagan, then North called his mom. He made calls to inquire about a legal defense fund, hire a lawyer and get some political advice.

-more-

Stern continues: Today a White House spokesman declined to explain Bush's many contacts with North, and there may have been more. Another 1,200 pages of North's diaries were withheld until classified information can be removed. (NBC-11)

Rather: New disclosures today from the diaries of Oliver North. They raise new questions about who told the truth and who didn't, and new questions about what George Bush did or didn't know about the whole secret sending of missiles to the Ayatollah Khomeini when Bush was Reagan's vice president.

CBS's Eric Engberg: When Congress was investigating the Iran-contra affair in 1987, evidence included the secret notebooks kept by White House aide Oliver North. But for reasons that remain unclear, some information which would have raised more questions about then-Vice President Bush's role was either censored by the Reagan Administration or lost in the shuffle. Among the items blacked out, an entry that North met with Bush just a few hours after North lied to a House committee by saying he was not running an illegal program to support the Nicaraguan Contras. The missing information was discovered as a result of a lawsuit filed by two public interest groups.

(Tom Blanton, National Security Archive: "What was released in the congressional hearing books were the first page of Aug. 6 and the third page of Aug. 6. But not the middle page that has a meeting with George Bush.")

The tantalizing, previously unknown entry is for Aug. 6, 1986. Heightening a mood of crisis that has overcome his troubled gun-running operation, North gets a call from his deputy, Bob Duffy [phonetic]. The gist of the message: Max, the CIA codename for Felix Rodriguez, a veteran intelligence agent who North was trying to oust from his role in the operation, was making serious trouble in El Salvador. Within an hour, North meets with Donald Gregg, the Vice President's national security adviser, a close friend of Rodriguez. At noon North's notes show a 15-minute meeting with the Vice President. Subject, not stated. The White House, asked today if the meeting with North did take place, said it had nothing to add to previous denials of involvement in North's operations.

(Rep. Hamilton: "It was a lead that we would have pursued.")

By finding out such things as did the meeting actually take place and, if so, what did North say to Bush on a day when North was clearly preoccupied with the tribulations of the illegal contra operation.

Rather: Oliver North's former operative and money man, Carl Channell, has died in a Washington hospital. He was 44. Cause of death, not given. Channell, among other things, hit up wealthy contributors, especially elderly women, for donations used for secret aid to Nicaraguan rebels. North gave some of those contributors tours of the White House. Channell pleaded guilty last year to tax fraud conspiracy on the money he and North raised.

(CBS-13)

FAMILY LEAVE

Rather: Another veto showdown is shaping up between President Bush and Congress. This time it's a bill that would require many employers to give unpaid -- unpaid -- leave to new parents and to workers who need time off for documented family illnesses. President Bush promises he'll veto any such bill.

CBS's Linda Taira reports that a proposal to protect workers has produced a nasty fight between Congress and President Bush, who has threatened to veto the bill. It would require most employers to guarantee up to 12 weeks of annual unpaid leave so workers can care for infants, sick children, spouses or parents. Today, spokesman Fitzwater defended the White House veto threat, suggesting that workers should "look for other jobs if their employers won't agree to adequate leave time." Fitzwater later said he regretted the remark. Leading Democrats, joined by a number of Republicans, blasted the Administration for opposing the bill.

(Speaker Foley: "It allows individual families to meet their responsibilities to their families as well as their requirements of work.")

(Rep. Walden: "This is right for America, this is right for the Republican Party, this is right for the Democratic Party.") Opponents argue that for those firms that do have to comply it's too big a burden.

(Rep. Walker: "This very bill, this mandated bill, will impose such costs on American business that will render them even more unable to compete in the world economy.")

A vote on the bill is expected this week, with some of the strongest support coming from women in the workplace. It's a group of voters neither political party can afford to anger. (CBS-2)

Brokaw: President Bush and Congress are involved in another major dispute, this one over family leave for working parents. Congress likes the idea of business having to pay for time off for medical emergencies or babies; the President doesn't like that idea, he's prepared to veto it.

NBC's Andrea Mitchell reports on the family leave controversy. During the campaign George Bush said there should be child protection for women who have given birth or had to care for a seriously ill child, but he never said businesses should have to provide it.

(File TV COVERAGE of the President pushing kids on a tire swing.) Still, the administration veto announcement caught Republican sponsors off guard.

(Rep. Weldon: "It's important for our families to be able to take care of their loved ones during times of medical emergencies.") The White House said today that employers should provide leave voluntarily and that women should consider that when they look for jobs. Democrats think they've got the perfect issue to make Bush appear unkind and ungentle. (NBC-3)

S&Ls

Jennings says that 402 S&Ls have now failed, leaving the government stuck with \$16 billion worth of overpriced real estate, to say the least. So our government now has the problem many people willing to sell property have: Do you hold out for your price, or make a deal for what you can get now? The government today said make a deal.

ABC's Stephen Aug: The Resolution Trust Corporation is stuck with \$16 billion worth of property from failed S&Ls. To try to sell it more quickly, directors decided today to cut prices by as much as 20 percent over the next few months.

(William Seidman, RTC: "We have become convinced that holding on to property is too costly for us and for the taxpayer, and so we are looking for every way we can to move properties without disrupting markets.")

Until now, sales have been slow, in part because local officials were not allowed to negotiate the price. Now they are.

(William North, National Association of Realtors: "One of the complaints that we've had is that it takes so long to buy an RTC property that by the time you start the process the market has changed, people have put their kids through school.")

Dumping so much property in cities like Denver with already depressed real estate markets could make it even more difficult for others to sell property and further depress prices. But if the properties are sold as quickly as possible, even critics say that savings on interest and maintenance should lower the projected cost of the S&L bailout.

(Rep. Vento: "These properties aren't like red wine. They don't get better with age. They just cost us money and they lose value.")

Some estimates put the cost of solving the S&L problem as high as half a trillion dollars. In the long run, the quicker the government sells its real estate and gets at least some of its money back, the lower the cost to the taxpayers. (ABC-2)

Rather says that the real estate industry is putting out warnings that they believe this selling strategy could pull down prices of private property, further depressing real estate markets and hurting the nation's economy overall. (CBS-4, NBC-4)

NAVY ACCIDENTS

Brokaw: It's not been a good couple of years for the U.S. Navy when it comes to accidents, and today another setback. Two separate incidents, both involving fatalities. The most serious was a fire aboard a guided-missile destroyer. The fire aboard the USS Cunningham started early this morning as she cruised 80 miles off the North Carolina coast.

NBC's Jamie Gangel reports on the fire aboard the USS Cunningham, which killed one sailor and injured 12. The Pentagon says the damage is extensive. The cause of the fire is still not known, but Navy officials speculate fuel might have ignited when boiler No. 1 was fired up. The main fire was put out after 2 1/2 hours, but secondary fires kept the crew busy throughout the morning.

Gangel continues: This afternoon a fuel leak was discovered, and the Cunningham is now being towed to port in Norfolk. Last fall after a series of accidents, the Navy ordered an unprecedented stand down of operations to review safety procedures. The Navy says this accident was an isolated incident and that no general safety review is needed.

Brokaw: Later in the day what appeared to be an explosion occurred aboard a hovercraft in the Cheasepeake Bay, killing at least one sailor. (NBC-Lead)

ROTC/HOMOSEXUALS

NBC's Bob Kur reports on pressure to change the policy that keeps homosexuals from military service. Gays kicked out of the military are seeking support at campus rallies nationwide, saying that colleges should not allow ROTC if their ban on gays continues. The Defense Department views homosexuality as incompatible with military service and cites morale, discipline and security among the reasons. Yet Rep. Studds, a homosexual, obtained and released Pentagon reports disputing that. Increasing numbers of college administrators are voting to end cooperation with ROTC.

(Lawrence Korb, former Pentagon official: "I think what you will see is a small number of very critical universities take that stand. So then five years from now if the government doesn't change it's policy you'll find out that half your ROTCs are no longer in existence.") (NBC-9)

LITHUANIA

Rather: An ominous-sounding development today in Lithuania. A senior Soviet military commander in Vilnius called on Mikhail Gorbachev to assume direct control of the breakaway Baltic state, and the sooner the better. This officer accused Lithuanians of attacking the homes of soldiers and said the army might have to intervene. (CBS-6)

IRAQ/NUCLEAR CAPACITORS

Brokaw: Iraq's President Hussein has been under fire ever since British officials confiscated what were described as triggers for nuclear weapons made in this country bound for Iraq. Today Hussein claimed Iraq has made its own. At an Arab rally, Hussein held up the Iraqi-made devices and what he claimed was an American sample. He said Iraq does not need the U.S.-made capacitors. Iraq denies it is making nuclear weapons, saying it wanted these devices for laser research. (NBC-8)

IMF

Rather: In Washington leading members of the IMF hammered out final approval today of a record 50 percent boost in money available for loans. That amounts to \$60 billion more for economic development in Eastern Europe and the Third World. (CBS-7)

CHINA

Jennings reports that a poster reading "Down with Premier Li Peng" today went up on a Beijing street corner today. Within minutes 10 policemen were there to cover it over. End of protest. It is unlikely that readers of the People's Daily and other official media will ever hear about it. (ABC-8)

PREMATURE DEATH

Jennings: Some sobering news today from the World Health Organization. It says that more than 700 million people could die prematurely in the 1990s -- 500 million from smoking, 200 million from diseases that could be avoided through vaccination or easy access to medical treatment, even to clean water. (ABC-5)

ABORTION/RU 486

Jennings says that it's 30 years now since the birth-control pill was introduced in the U.S. Now there's another pill, and its effects could be just as far-reaching. It is the French abortion pill used to induce roughly one in every three French abortions now -- 30,000 since the pill was introduced less than two years ago. Should it be introduced in the U.S.? That has touched off a very heated debate.

ABC's Carole Simpson says that the scene is San Francisco, the County Board of Supervisors meeting. The question: Should doctors here be allowed to test the controversial abortion pill RU 486? Feelings on both side run deep. It's such a hot political issue that the major party candidates for governor battling for the female vote have all come out for it. But the French manufacturer of RU 486 is afraid to introduce the drug in the U.S. because of threats of pressure from forces on both sides of the abortion issue. For the past five years RU 486 has been quietly and anonymously tested on more than 300 women in Los Angeles. The abortion pill is widely considered safe and effective and women like it. Soon it will be available in China, Sweden, the Netherlands and Britain. But so far it's been kept out of the U.S. by what both sides agreed is a powerful and effective campaign. Given the ethical, financial, political and legal problems which surround RU 486, San Francisco women and all American women may not have access to the abortion pill until the year 2000, if then. (ABC-11)

DRUG WAR

CBS's James Hattori reports that police in Florida are investing drug money, confiscated by car searches, into computers, cameras, weapons, and high-tech hardware like infrared nightscopes. The drug-money program, in which cars are pulled over randomly to search for drugs and drug money, has held up in court so far. It has been criticized as racist, targeting blacks and other minorities. A Florida sheriff says it's a justified tactic in the war on drugs -- a war which some fear will count personal freedom among the casualties. (CBS-9)

FLOODS

Rather: The torrents of spring sent deadly flood waters rolling through parts of Texas, Oklahoma, and Arkansas today. In Texas, where floods have contributed to 13 people dead in the past two weeks, more than 1,600 people were seeking shelter from the rampaging Trinity River. In Oklahoma, hundreds were homeless after Lake Texoma crested 27 feet above normal, and with the worst flooding on the Arkansas River since 1927. (CBS-Lead)

DROUGHT

Jennings reports that the people living in the San Francisco area are being told in no uncertain terms, use water sparingly or you'll be cut off. The region is now in the fourth year of a drought. It's the worst in 70 years. This afternoon the Public Utility Commission ordered people to start rationing. (ABC-4)

COMPUTER HACKER RING

Rather: CBS News has been told that law enforcement officials have uncovered a nationwide computer hacker ring that's been trafficking in, among other things, credit card numbers and bank records. At least 10 suspects have been arrested so far. Searches and raids are taking place in more than a dozen states. (CBS-11)

DRUNK DRIVING

Brokaw: The National Safety Council is calling on all states to adopt a stricter blood alcohol limit, lowering by 20% the acceptable amount of alcohol a driver may have in his or her blood. (NBC-7)

-end of B-section-

FOREIGN MEDIA REACTION

NATO ARMS STRATEGY

"It was not a surprise even though it is now official: The U.S. will not modernize its nuclear SNF and its nuclear artillery.... But with the withdrawal of the Western systems, NATO's nuclear problem has not been resolved. The Soviet Union still has about 1,300 SNF and thousands of nuclear guns. This is why it is reasonable and urgent to use the coming years for early bilateral disarmament, since those who want to prevent Western nuclear weapons from threatening German soil must have the same concerns when it comes to Soviet weapons."

(Sueddeutsche Zeitung, West Germany)

"With his announcements, President George Bush is giving up untenable positions. But it is also characteristic of him to exploit the opportunity and take the initiative: He is trying to determine the course of events.... Moscow should take a positive stance concerning the change of the former strategy. Now it will be possible to negotiate about the withdrawal of all land-based U.S. nuclear weapons from Germany and Central Europe. This is an important part of the security regulations Moscow and Germany's neighbors want to stress.... But Germany and Europe should not become a nuclear-free zone and this will certainly result in fierce discussions within the alliance and Germany."

(General-Anzeiger, West Germany)

"According to Bonn government sources, [the] U.S. disarmament proposal...is considered a good start for the ministerial talks of the Four Powers and the two Germanies. Particularly in view of the central question (German alliance membership) of the conference, the U.S. initiative could prepare the ground for compromise."

(General-Anzeiger, West Germany)

"With the cancellation of plans to modernize SNF, the alliance proved that it is flexible enough to adapt to the changing political situation in Europe. But now it must also make the second step: It must see to it that all SNF be withdrawn from Europe."

(Stuttgarter Zeitung, West Germany)

"The U.S. position is...contestable politically. First, because it is taking place without any preliminary consultation at a time when NATO is wondering about its future.... Finally, in yielding unilaterally to the constant calls of the Soviets for a 'third zero option,' Washington deprives itself of all its means of pressure in the negotiations of reduction of conventional arms."

(Quotidien, France)

"Let us not be entrapped.... (These concessions) remain too partial to lay the foundations of the 'new European order' to follow the Cold War."

(La Wallonie, Belgium)

"Even though one accepts...(that) American forces with nuclear weapons are necessary in Europe in a foreseeable future, it doesn't have to mean that the Western European Union fully accepts the U.S. plans for airborne nuclear weapons.... One can claim that these plans dodge the spirit of the INF Treaty.... Security in the Europe of the future must be built on a European security agenda which makes nuclear weapons superfluous." (Information, Denmark)

"Whether you have ever heard of him or not, what Dick Cheney says can have a powerful influence on Canada's defense policy.... Cheney uttered some immortal words when he appeared in Washington [two Wednesdays ago] before a joint session of the Senate House Armed Services Committee.... Since the inception of NATO, the fundamental military principle has been that massive Western forces must be in place in Europe to counter the even more massive combined forces of the Soviet Union and Warsaw Pact...because these forces could attack at any time with a warning of only a few days.... Cheney is saying there is no longer the immediacy. The warning will be in terms of months. Therefore we can look at not only reducing our purchase of transport aircraft, we can also plan to reduce our forces in Europe.... Well, if that line of reasoning is good enough for the U.S., surely it's the way deficit-riddled Canada should be planning right now." (Toronto Sun, Canada)

"The Soviet Union welcomes Washington's decision to accept, at long last, the Soviet proposal on talks on nuclear tactical weapons. The world was recently worried over press reports about the Pentagon's plans to replace...Lance nuclear missiles...with air-to-ground missiles...(which) will be able to hit targets on the Volga, Transcaucasia and the Kola Peninsula.... Let us hope that...Washington does not intend at the same time to give a go-ahead for the deployment of more dangerous air-based nuclear missiles in Western Europe." (TASS, Soviet Union)

"We find it upsetting to think there might be a military pact that wishes to pull a reunified Germany onto its side, as NATO does, for example. This maneuver will certainly be a motivation to disrupt the climate of detente that has been fostered lately.... It is unrealistic to plan a break of 40-year-old friendly ties between a country and one of the superpowers.... Does such a move have a political motive, namely to destroy the recent positive image of the Soviet Union?" (Merdeka, Indonesia)

"Gorbachev's proposal that a reunified Germany be a member of both NATO and the Warsaw Pact is unacceptable.... In short, to suggest that a reunified Germany join the Warsaw Pact is the same as sending it back to the old Iron Curtain. His proposal for neutrality is even more unacceptable. In a world in which frontiers mean less and less...neutrality would mean imposing a serious punishment on a reunified Germany, thus transforming a peace initiative into a corrosive action."

(Correio Braziliense, Brazil)

Grant/Blessey
May 7, 1990
Draft three
A:ZAMORA

DEPARTURE STATEMENT: VISIT OF PAZ ZAMORA
PRESIDENT OF BOLIVIA
TUESDAY, MAY 8, 1990
TIME?

((Acknowledgements))

It has been a great pleasure to meet today with President Jaime Paz Zamora to discuss issues of importance to both our countries. President Paz and I first met last September at the U.N. in New York -- where I addressed the General Assembly on making the world more secure and furthering our chemical weapons agreement. Last February, we joined with our fellow presidents from Colombia and Peru in Cartagena, Colombia, where we agreed on the need to control a **different** type of chemical threat -- by securing strong international cooperation in the fight against narcotics trafficking.

Our conversations today have been wide-ranging and productive. We have discussed the deep aspirations for democracy that we share for our entire hemisphere, believing that one day it will be the first totally democratic hemisphere in the world.

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In fact, right now my wife Barbara and son Jeb, as well as our Chief of Staff John Sununu are in Central America, representing the United States at yet another democratic inauguration -- to celebrate the free election of President Calderon of Costa Rica.\\

The United States has been impressed by the tough economic measures that have been taken ^{place} in Bolivia over the past five years. A strong economy is one of the building blocks of a strong democracy. So, our economic development and trade discussions dealt with the improved investment climate in Bolivia, and the advantages of open markets -- for both the United States and Bolivia. It is in this context that we are building a framework for the implementation of our assistance agreement with Bolivia.

President Paz, both in New York and at Cartagena, emphasized the importance of development assistance to his country, something that the United States has long supported. This fiscal year, the United States will provide Bolivia with about 88 million dollars in economic aid. And with the approval of the Congress, it is my hope that our assistance in the next fiscal year will increase substantially, to assist Bolivia in its eradication, law enforcement, and development efforts.

The United States has also been impressed by what Bolivia has done during the past decade to strengthen its democratic institutions.

But President Paz and I both know that one of the greatest dangers facing our democratic institutions is international narcotics trafficking. In Cartagena, we forged an unprecedented alliance against both trafficking and use. Today, we are continuing to build on our comprehensive international drug control strategy on a number of fronts:

Bolivia and the United States are preparing to sign a modernized extradition treaty which will help us prosecute and punish international narcotraffickers. **It's time we brought justice to these cocaine cowards who have brought so much misery and destruction to our societies.**

Secondly, Bolivia and the United States were among the first countries to ratify the Vienna Drug Convention. This puts both our countries in the forefront of nations who have made the commitment to **cooperate** in the fight against drugs.

Thirdly, the U.S. and Bolivia will also sign an agreement creating a high-level trade and investment consultative mechanism. We want to help Bolivia get the word out -- Bolivia is a country that needs and deserves more investment; we will do our part to help.

Finally, in the **first four months** of this year, Bolivia has eradicated more acres of illegal coca than it did **all last year**. In fact, if the current pace of eradication is maintained, Bolivia may be able to eliminate **all** coca grown within its borders for illegal use. **That would truly be a brave battle won in the war against drugs.**

Bolivia is making this progress because President Paz has wisely adopted an integrated strategy of eradication, interdiction, and alternative development to fight the cocaine trade. But we also realize that long-term success in this struggle depends also on the will of the people of the United States -- to lead lives that are free from the temptation of

drugs, and to help those who are too weak to help themselves. The war against drugs is being fought in the Andes Mountains and Chaco plains of Bolivia, but it is also being fought in the schools and streets of the United States.

Mr. President, you and your countrymen will not stand alone in the fight against cocaine, or the drive for economic development. Together, we will wage a strong fight. I look forward to continuing our solid relationship of cooperation and consultation, and again, it was a pleasure discussing these vital issues with you today.

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