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Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Speechwriting, White House Office of
Series: Grant, Mary Kate, Files
Subseries: Subject File, 1988-1991

OA/ID Number: 13878
Folder ID Number: 13878-012

Folder Title:
California State GOP, 2/6/90

Stack:	Row:	Section:	Shelf:	Position:
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THE WHITE HOUSE

Office of the Press Secretary
(Los Angeles, California)

For Immediate Release

February 6, 1990

REMARKS BY THE PRESIDENT
DURING FUNDRAISING DINNER FOR
CALIFORNIA STATE G.O.P.

Century Plaza Hotel
Los Angeles, California

8:26 P.M. PST

THE PRESIDENT: Thank you, Frank, and Governor Deukmejian. Duke, always a pleasure to see you. To the California State delegation, many of whom are here, thank you for coming. And it's great to see our party Chairman Lee Atwater with us tonight. He's doing an outstanding job. (Applause.) He plays that rhythm and blues -- I'd rather hear Vicky Carr sing, but nevertheless. (Laughter.)

And thank you for the beautiful rendition of the Star-Spangled Banner. Johnny, the honorary mayor of Hollywood. And all of you who are supporting this marvelous effort for our party, headed by Frank Visco -- and, Frank, thank you for the introduction.

I see that we have a lot of celebrities here tonight. Bob Hope, thank you, sir, for your remarks. When I first saw this star-studded audience, I thought I'd wandered into a Lakers' game. (Laughter.)

I don't think there have been so many celebrities in one place since they used to be there at Dodgers Stadium -- at Tommy Lasorda's office before they allowed the visitors -- kicked the visitors out of there.

And, of course, Arnold Schwarzenegger is here. He was up visiting Barbara and me the other day at Camp David. I call him, "Conan the Republican." And he has taken on a big job for us as Chairman of this Fitness Council, and it's very, very important -- he's taking it seriously. We saw his beautiful new daughter up there at Camp David -- I bent over to kiss her and she tried to bench-press me. (Laughter.) Where is he? Oh, right. Sorry about that. (Laughter.) That's when I realized that any kid who has her own set of free weights doesn't need a teddy bear. (Laughter.)

Now, there's one more person I'd like to mention tonight, even though he's not here -- a friend of everybody in this room -- tonight he's celebrating his 79th birthday, and I would like to simply say, happy birthday, President Reagan, wherever you are, and best wishes from all of us. (Applause.)

This is my first trip out here on behalf of the California state party. I want to thank all of you for the victory that you gave us here on election night. I'll never forget the close win here. You have my gratitude -- Duke, certainly, Governor, you do -- and my appreciation for your hard work and commitment for a job well-done.

But tonight, I want to talk to you about another job: the job of preparing our great country for the future. Last Wednesday, I made my first State of the Union address to the nation. I covered a lot of ground because our country faces diverse challenges that will test every American as we enter this new decade.

MORE

Around the world, there is, as we've heard here tonight, rapid and welcome change, as people from Panama to Prague strive for democracy. Self-determination is contagious. They even want it in Malibu, I understand. (Laughter.) But millions of people are leaping over their volleyball nets to free them. (Laughter.) No, but seriously -- (laughter) -- millions of people are looking to America for the hope and encouragement they need as they seek the same freedom we have here. Freedom of expression, security and opportunity we enjoy. And America will be there to help.

(Interruption by demonstrator.)

THE PRESIDENT: But if America is to continue its traditional leadership role, we've got to be competitive enough to take on the job, and strong and smart enough to do it right.

(Interruption again by demonstrator.)

THE PRESIDENT: Today -- she's pretty tough. (Laughter and applause.) You know, economic times are reasonably good and we're enjoying the greatest economic expansion in peacetime history. But to maintain the growth that has provided better lives for millions of Americans, we've got to make sure that America becomes even stronger. We've got to invest in our future.

And first, a sound education for our kids must be the first and foremost, and it is. (Applause.) And we have proposed the largest education budget in history. But real improvement in our schools is not simply a matter of spending more. It's a matter of asking more of our students, our teachers, our parents, our schools. And while the federal government is going to help meet its national challenge, the states -- the "laboratories" of democracy, as Justice Brandeis put it -- will do a much better job than we ever can. And that's why we've announced new education goals for our country, developed working with Governor Deukmejian and the other 49 governors.

By the year 2000, every child must start school ready to learn and we've got to increase our high school graduation rate to no less than 90 percent. (Applause.) And we're going to make sure that our schools' diplomas mean something. In critical subjects -- at the 4th, 8th and 12th grades -- we must assess our students' performance. By the year 2000, U.S. students must be first in the world in math and science skills. (Applause.) And every American adult must be a literate worker and citizen. Every school in America must offer the kind of disciplined environment needed for our kids to learn. (Applause.) And this other goal, every school in America must be drug-free. (Applause.)

Here in California, we've designated Los Angeles as a "high intensity drug trafficking area" -- to help this great city rid itself of the scourge of drugs. And we've got to get PCP and crack off the streets and out of the schools. And it's time we got more federal resources into the hands of those on the front lines. If we are to compete internationally, America must be drug-free, well-educated and ready to do the job right. (Applause.)

And there's another investment we must make for the future of this country to keep competitive -- and I'm talking about R&D, research and development. California can be proud of its great research institutions. Schools like these will dream the dreams and create the ideas that form the cornerstone of our economic power in the years to come. And that's why our 1991 budget includes a record-high \$71-billion proposal for research and development. And with the best young minds of the next generation on our side, America will win the research and development race.

Education, a drug-free workplace, and research and development are part of the mix for economic competitiveness. But there's one more important ingredient -- and many here know this -- savings and investment. And together, they create jobs and promote opportunity for all Americans. And so we've proposed the Savings and

MORE

Economic Growth Act, which includes our family savings account proposal and provisions to allow first-time home buyers to make an early withdrawal from those IRAs without penalty. (Applause.)

And it does one more thing; it proposes a cut in the rate in the capital gains tax. (Applause.) Last year, a majority in both Houses of Congress showed their support for this capital gains tax cut. And this year, with your help, we'll pass that tax cut to give our competitors a run for the money and keep the American economy going strong. (Applause.)

But to remain competitive, government must also reflect the new world emerging around us -- like the National Training Center base I've just visited in Barstow -- that Barbara and I were at today -- and later going to the Strategic Air Command base near Omaha. As the nature of the threats to the American security change -- and they are changing -- so, too, must our response change. Our forces will remain robust, well-trained, highly professional but geared to the new challenges of the '90s. And I believe that we can do that. I'm in a big battle in Congress, and I'd like to have your support to keep reasonable levels of defense. I'm not going to miss an opportunity to cut, but I want to do it prudently, and I want to get something from the other side when we do it. (Applause.)

Finally, one more thought here -- kind of competitiveness I'd like to talk to you about. Let me tell you a story about a summer night, 1981, when a group of California Democrats sat in a restaurant in Sacramento with a pencil and a paper, redesigning California's political landscape. They drew what one of them called at the time their "contribution to modern art" -- it was their words. Well, we've got a name for it, and we call it gerrymandering.

Lines were drawn across communities, towns, even streets into twisted, contorted crazy shapes -- without the slightest regard for either the will of the people or the rules of elementary fairness. Since those lines went into effect, there have been 135 general elections for California's congressional seats, and only once has a seat changed party control.

In 1984, in fact, Republican congressional candidates together received more total votes than the Democratic candidates and yet won nine fewer seats. The 1990 Census may, and probably will, give California up to seven new congressional seats -- meaning that nearly one out of every eight congressmen in Washington will represent California. And all existing California congressional district lines will have to be redrawn -- this time not with pencils in a restaurant, but by state-of-the-art advanced computers. The time has come for redistricting reform. And we've got to end the charade of that Phil Burton Democratic gerrymandering that has deprived this state of fair representation. (Applause.)

Look, unlike the Democrats, we don't need gerrymandering because Republicans can win on the issues. You heard Duke say it. In fact, we can put the Democrats out of business -- on the issues. Look at what this Governor's Republican administration has accomplished since 1983: the unemployment rate was 11, cut to 5.2 percent; 2.7 million new jobs created in this great state.

The list keeps growing: 14 new and expanded prisons open in 1991, education funding more than doubled, drug education now included in every school from grades four to eight. California now has some of the toughest environmental laws in the nation, with thousands of acres of sensitive lands acquired and preserved. And thanks to common-sense policies and strong leadership, California is better off than it ever has been. Let's keep it that way. Let's keep it Republican, and let's elect Pete Wilson next November to be governor of this great state. (Applause.)

Unfortunately, Pete couldn't join us tonight. He's in Washington -- a crucial vote in the Senate on education. I appreciate his work, for he's a proven winner -- and the voters know it. And he's a strong environmentalist, a leader of the war on

MORE

drugs, key member of our team in the United States Senate. And believe me, we'll miss Senator Wilson, but come to think of it, I really like the sound of Governor Pete Wilson. (Applause.)

You know Pete will be leading a solid team of candidates for state office to victory, and with him they'll be the ones to keep the taxes low, the environment clean and the economy strong.

People say I'm a cautious guy, and I can understand that -- well, I really can't understand it. I'm going to go out on a limb tonight and make a prediction: 1990 will be a great year for the Golden State because Pete Wilson will be your next governor. (Applause.)

So my plea, in the tradition of Ronald Reagan and George Deukmejian, let's keep California great and keep it Republican.

Barbara and I are delighted to be with you. Thank you for what you're doing for this party, thank you for what you're doing for the campaign for governor and the other statewide races. Thank you all, God bless you, and God bless the United States of America. Thank you very much.

END

8:43 P.M. PST

REMARKS: REPUBLICAN SENATORIAL IN
UNION STATION, WASHINGTON
OCTOBER 2, 1989
9:00 PM

THANK YOU, DON [SEN. NICKLES]
THE FINE WORK YOU'RE DOING AS CHAIRMAN
CIRCLE. AND LET ME SAY HELLO TO A FEW
SENATE WHO HAVE TURNED OUT TONIGHT
TO ANOTHER FINE ENTERTAINER -- LEE

Ruth

Mary Kate
Grant

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Please call
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no
remarks
from
last year

- 2 -

BARBARA AND I ARE DELIGHTED TO BE HERE -- DELIGHTED
TO SEE SO MANY FRIENDLY FACES.

AND I'M DELIGHTED TO BE IN WASHINGTON. IN THE PAST
TEN DAYS I'VE BEEN TO NEW JERSEY, MAINE, MASSACHUSETTS,
NEW YORK, VIRGINIA, SOUTH CAROLINA, AND MARYLAND.

I TOLD JOHN SUNUNU I'D DONE ENOUGH TRAVELLING FOR AWHILE -- AND HE PROMISED HE'D KEEP ME OFF AIR FORCE ONE. THAT'S WHY I GOT A LITTLE BIT SUSPICIOUS WHEN HE TOLD ME TONIGHT I'D BE GOING TO UNION STATION....

[PAUSE]

I'VE KNOWN MANY OF YOU ACTIVE IN THE INNER CIRCLE FOR YEARS, AND I'VE ALWAYS VALUED YOUR FRIENDSHIP AND SUPPORT.

I AM PLEASED TO SHARE THIS EVENING WITH YOU AND SO MANY SPECIAL GUESTS. [[I HEARD I MISSED A GREAT ROUTINE BY FRED TRAVALENA -- BUT BARBARA TELLS ME IT'S NOTHING I HAVEN'T SEEN BEFORE.]]

TONIGHT IS THE 10TH ANNIVERSARY OF THE INNER CIRCLE. I WANT TO CONGRATULATE ALL OF YOU WHO HAVE MADE THESE PAST TEN YEARS TEN OF THE VERY BEST YEARS EVER FOR THE REPUBLICAN PARTY.

BUT IT'S THE NEXT TEN YEARS I WANT TO TALK ABOUT
✓ TONIGHT -- AND HOW WE CAN MAKE THE 1990S THE DECADE THE
GRAND OLD PARTY BECOMES THE MAJORITY PARTY IN AMERICA.

I KNOW THERE ARE PLENTY OF BASEBALL FANS HERE.

[[MUST BE A FEW OLD SENATORS FANS IN THIS CROWD....]]

✓ THIS IS THE TIME OF YEAR WHEN THE TEAMS AT THE TOP ARE
WATCHING THAT MAGIC NUMBER THAT WILL BRING THEM THE
CHAMPIONSHIP.

✓ WELL, THE REPUBLICAN PARTY HAS A MAGIC NUMBER OF ITS
OWN, AND THAT NUMBER IS 5: 5 SEATS STAND BETWEEN US
AND A SENATE MAJORITY. AND WE'VE GOT A LUCKY NUMBER,
TOO: 13 -- 13 MONTHS UNTIL THE 1990 ELECTIONS.

✓ THAT'S WHY WE'VE GOT TO MAKE TODAY THE FIRST DAY OF
THE REPUBLICAN "STRETCH DRIVE" FOR THE SENATE. AND
MAKE NO MISTAKE: WE CAN PUT THE SENATE BACK IN
REPUBLICAN HANDS.

AND I DON'T NEED TO TELL YOU HOW MUCH IT MEANS DOWN ON MY END OF PENNSYLVANIA AVENUE TO HAVE A MAJORITY ON THE HILL. PRESIDENT REAGAN AND I HAD A REPUBLICAN MAJORITY IN THE SENATE FROM 1980 TO 1986. IN THOSE SIX YEARS, STEADY SENATE SUPPORT HELPED US LAUNCH THE ECONOMIC RECOVERY -- 82 MONTHS AND STILL GOING STRONG.

IT HELPED US RESTORE AMERICA TO A POSITION OF STRENGTH AND RESPECT IN THE WORLD -- AND IT HELPED US PUT THE VALUES OF FAITH, FAMILY, HONEST WORK AND OPEN OPPORTUNITY BACK WHERE THEY BELONG: AT THE CENTER OF ALL AMERICA STANDS FOR.

AND A REPUBLICAN SENATE IS WITHIN REACH. EVEN A SMALL SHIFT CAN PUT US BACK ON TOP.

IN 1986, 35,000 MORE REPUBLICAN VOTES IN THE 6 TIGHTEST SENATE RACES WOULD HAVE GIVEN US A 51-49 MAJORITY. THINK ABOUT THAT: THAT'S A FRACTION OF 1 PERCENT OF ALL VOTES CAST.

WE'RE PRIVILEGED TO HAVE HERE TONIGHT TWO OF THE TALENTED CANDIDATES WHO CAN HELP US TAKE BACK THE SENATE: CLAUDINE SCHNEIDER AND BILL CABANISS. ALONG WITH LYNN MARTIN, TOM TAUKE AND HANK BROWN -- THAT MAKES 5 GREAT REASONS WE'RE LOOKING TO 1990 TO BE THE BEGINNING OF THE GOP DECADE.

I HOPE YOU'RE OPTIMISTIC -- BECAUSE I AM. THE REPUBLICAN PARTY IS BUILDING AN AGENDA FOR THE 1990S -- AN AGENDA FOR A NEW AMERICAN CENTURY.

WHATEVER THE ISSUES -- ECONOMIC GROWTH. THE WAR ON DRUGS. THE ENVIRONMENT. EDUCATION. AMERICA'S PLACE IN A CHANGING WORLD: WE'RE THE PARTY WITH IDEAS. WE'RE THE PARTY WITH EXPERIENCE. WE'RE THE PARTY WITH SOLUTIONS.

WE OCCUPY THE HIGH GROUND. WE STAND FOR THE SOLID VALUES OF MAINSTREAM AMERICA. IT'S TIME THE REPUBLICAN PARTY BECAME THE MAJORITY PARTY -- THE PARTY AMERICA PUTS ITS FAITH IN.

THAT'S OUR GOAL FOR THE 1990S. AND WITH THE INNER CIRCLE'S HELP, WE'RE GOING TO MAKE THE SENATE OUR FIRST STEP. [[AND I CAN'T THINK OF A BETTER SETTING THAN THIS, TO POINT OUT THAT THE REPUBLICAN PARTY IS ON THE RIGHT TRACK, AND WITH YOUR HELP, WE'LL LEAVE OUR OPPONENTS AT THE STATION.]] [PAUSE]

IT'S BEEN MY PLEASURE TO JOIN YOU TONIGHT. GOD BLESS YOU, AND GOD BLESS THE UNITED STATES OF AMERICA.

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THE WALL STREET JOURNAL

KV NO. 29

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EASTERN EDITION

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FRIDAY, FEBRUARY 9, 1990

WHITE OAK, MARYLAND

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STREET JOURNAL
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What's News

Business and Finance

GEORGIA-PACIFIC WON a major court victory in its battle to acquire Great Northern Nekoosa for \$63 a share, or \$3.47 billion. A judge said Georgia-Pacific needed only a two-thirds vote of Nekoosa's shares to oust the paper company's board at a scheduled March 2 meeting. Analysts said the decision could herald the end of a long and bitter takeover fight.

(Story on Page A3)

Nynex units were fined a record \$1.4 million and ordered to refund \$35.5 million for excessive markups on goods and services sold by the Bell firm's purchasing arm to its telephone subsidiaries. Nynex indicated it would fight the FCC's charges.

(Story on Page A3)

Stocks and bonds edged up as the Treasury completed its quarterly re-funding without incident. The \$10 billion of 30-year bonds were sold at an average 8.50% yield, up sharply from the last offering but below some fore-casts. The dollar

World-Wide

BAKER DISCUSSED arms-control, other issues with Shevardnadze in Moscow. The secretary of state and the Soviet foreign minister reportedly made progress toward treaties to curb long-range nuclear weapons, ground troops, tanks and combat aircraft in Europe as well as to ban production of chemical weapons. During the more than seven hours of talks, the officials also reportedly considered a condemnation of Israel's resettlement of Jewish immigrants in the West Bank. Baker is to meet with Gorbachev today. In Vienna, NATO presented to the Warsaw Pact a proposal by Bush to cut U.S. and Soviet troops in Central Europe.

Bush said in Washington that he hoped a trade agreement with the Soviet Union could be negotiated by the time of his summer summit with Gorbachev.

West German Chancellor Kohl plans to meet with Gorbachev this weekend in an effort to allay concerns about Soviet security interests as the Germans move closer to reunification. In Bulgaria, the Communist premier formed an all-Communist cabinet after falling to persuade opposition groups to join a national unity coalition.

Inside Today's Journal

A REPORT ON

EDUCATION

- Smarter Jobs, Dumber Workers: America's Future?
- High-Tech Training
- Bottom-Line Education
- Are Schools the Business of Business?

Newspeople's Bars Become Casualties Of Changing Times

Philadelphia's Pen & Pencil, Host to U.S. Presidents, Closes Its Doors Tonight

Washington Wire

A Special Weekly Report From The Wall Street Journal's Capital Bureau

BUSH'S TROOP "FLOOR" in Germany rapidly becomes a ceiling instead.

His new proposal to cut U.S. troop levels is being overtaken by events. Germany's fast-moving reunification may mean a far greater and faster Soviet pullout than expected. Democrats on Capitol Hill already begin pressing the Pentagon to accept deeper troop cuts. Speaker Foley says the final number to be left could be closer to 100,000 than the 195,000 Bush wants.

The administration argues that bigger withdrawals could seriously weaken NATO by encouraging its members to cut back their own commitments. But former Defense Secretary Schlesinger says that resisting major troop cuts could delay rather than accelerate the pace of Soviet withdrawal.

Rep. Schroder says the unstated rationale for keeping troops is shifting from watching the Russians to watching the Germans.

BRADY-PLAN CHANGES are mullied to boost the flagging Third World debt plan. The just-signed Mexico agreement—leaving that country with billions in interest obligations, but...

WALL STREET JOURNAL

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FRIDAY, FEBRUARY 9, 1990

WHITE OAK, MARYLAND

**** 50 CENTS

NEWS—

World-Wide

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Chancellor Kohl plans to achieve this weekend in an ef- cerns about Soviet security Germanys move closer to Bulgaria, the Communist an all-Communist cabinet ersuade opposition groups l unity coalition.

police fired tear gas in Al- p to disperse hundreds of a tour by an English defied an anti-apartheid minister said that the un- a state of emergency and against Nelson Mandela release from jail.

an leaders agreed to a on after Syrian-backed ons on fronts facing the Hundreds of people fled western Beirut as Chris- unced the truce between nese Forces chief Gea- fires have collapsed.

in Florida ruled that rial on drug-trafficking jecting a defense mo- court hadn't any juris- ay, a U.S. magistrate nest for an immediate on of materials seized amanian leader.

Inside Today's Journal

A REPORT ON

EDUCATION

- Smarter Jobs, Dumber Workers: America's Future?
- High-Tech Training
- Bottom-Line Education
- Are Schools the Business of Business?

Newspeople's Bars Become Casualties Of Changing Times

Philadelphia's Pen & Pencil, Host to U.S. Presidents, Closes Its Doors Tonight

By CATHY TROST
Staff Reporter of THE WALL STREET JOURNAL
PHILADELPHIA — The door buzzer sounds at the Pen & Pencil Club at 7:08 on a Friday night, and the lone bartender, A.J. Hefley, perks up. "Oh, a customer!" she says. "Either that, or someone wanting change."

A writer from the Philadelphia Inquirer ambles through the door, shaking off the night's rain. Except for him, the nation's oldest press club is still empty of customers.

A string of Christmas lights and a pinball machine shine feebly through the deserted gloom. "Journalists don't drink anymore," says the writer, as he sips a Miller beer and appeals for anonymity to avoid "complications" with his wife. "If we served carrot juice and had Nautilus machines upstairs, we'd have a far greater membership."

Terminal Sobriety

The 98-year-old Pen & Pencil Club could barely survive more nights like this. So tonight, it is shutting down.

Washington Wire

A Special Weekly Report From The Wall Street Journal's Capital Bureau

BUSH'S TROOP "FLOOR" in Germany rapidly becomes a ceiling instead.

His new proposal to cut U.S. troop levels is being overtaken by events. Germany's fast-moving reunification may mean a far greater and faster Soviet pullout than expected. Democrats on Capitol Hill already begin pressing the Pentagon to accept deeper troop cuts. Speaker Foley says the final number to be left could be closer to 100,000 than the 195,000 Bush wants.

The administration argues that bigger withdrawals could seriously weaken NATO by encouraging its members to cut back their own commitments. But former Defense Secretary Schlesinger says that resisting major troop cuts could delay rather than accelerate the pace of Soviet withdrawal.

Rep. Schroder says the unstated rationale for keeping troops is shifting from watching the Russians to watching the Germans.

BRADY-PLAN CHANGES are mullied to boost the flagging Third World debt plan.

The just-signed Mexico agreement—leaving that country with billions in interest obligations but few banks to help finance its \$4 billion current-account deficit—leads U.S. officials to consider shifting more emphasis back to continued bank lending.

The changed approach is likely to be visible in forthcoming agreements with Venezuela, Brazil and other heavily indebted Latin American countries. A recent agreement between the Philippines and its banks gives about equal weight to further loans and cutting back credits.

HOT POTATO: Congress faces fights over special-interest money.

Fearing a backlash from Senate scandals, Democratic leader Mitchell pushes for action next month to ban "soft" money—the unlimited donations used for party overhead and voter drives. But his plan draws fire from top party hand Paul Tully, state chairman and, despite his own ethics woes, Sen. Cranston. One reason: 29% of all Democratic National Committee contributions last year were soft money.

In the House, meanwhile, bickering slows progress toward bipartisan agreement on curbing PACs. Rep. Swift says...

Saga of a Sequel

'Godfather III' Film Begins After 15 Years And 3 Studio Regrets

Director Coppola Pledges

Will Stick to His Budget But Hollywood Doubts

Changing Story to Fit In

By LAURA LANDRO

Staff Reporter of THE WALL STREET JOURNAL

ROME—In a cavernous, chilly stage at the Cinecitta movie studio, 16 extras in black-tie regalia are milling around a set designed as a formal party in a glamorous New York penthouse. Scattered among the eager unknowns are familiar faces: Al Pacino, Diane Keaton, Andy Garcia, Bridget Fonda, Talia Shire, Joe Mantegna, George Hamilton.

Two dozen silk-covered tables are laden with crystal goblets and gold-plated utensils. Bouquets of lilies, roses and orchids perfume the air. A buffet table groans with real stuffed quails, lobster tails, smoked salmon, caviar, petits fours and canapés. Waiters scurry about with bottles of Veuve Clicquot champagne, and a tuxedoed orchestra rehearses music from "Kismet."

With the cry "Silencio!", the cast and crew snap to attention. Director Francis



Francis Ford Coppola

Ford Coppola lay out the scene: "You are at Michael Corleone's party in New York in 1979. He is a very important man who does charitable work and has a foundation worth millions. You are either a relative or a friend or a judge or a senator or some important person—any years ago, you wouldn't have gone to his father's party." He waits as each instruction is translated into Italian, then

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EVENTS

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POLITICS & POLICY: Sen. Dodd gains
clout on Central America, A12.

INTERNATIONAL: East Germany
faces economic chaos, A8.

MEDICINE: Gallstone treatment
shows less promise, B1.

REVIEW & OUTLOOK: Ringo Starr's
advice for Eastern Europe, A10.

OPINION: Education spending—How,
not how much, is what counts, A10.

LEISURE & ARTS: Hal Prince
production of 'Faust' at Met, A9.

companies. While the leaders haven't com-
mitted to backing the cut, they acknowledge
clear majorities in both chambers favor it.

GORBACHEV CATCHES flak at this
week's party plenum over Bush's strong
praise for him. One foe cites Lenin's warn-
ing against receiving too many accolades
from enemies. But Gorbachev allies believe
Bush's words help, on balance. "It has made
it clear to critics of Gorbachev that if they
sacrifice him, they may be sacrificing im-
portant links to the West," says an official
of the Soviets' U.S.A. and Canada Insti-
tute.

SUNUNU'S EMERGENCE as environ-
mentalists' nemesis may undermine his ef-
fectiveness as a broker, even some allies
fear. The chief of staff's recent weakening
of Bush pronouncements on wetlands and
global warming have drawn sharp criticism.
But defenders note he also sided with EPA's
Reilly on tougher clean-air provisions.

GOP LAWMAKERS are irked by com-
ments from Robert Reischauer, director of
the nonpartisan Congressional Budget Of-
fice, that were construed as critical of
Bush's new budget. Sen. Domenici and Rep.
Frenzel, the top Republicans on the two
budget committees, both express concern.
Reischauer acknowledges that "my lan-
guage may have been a little more electric
than it should have been."

TURF WARS over child care portend a
possible legislative mess.

The House stalemate concerns whether to
funnel increased child-care aid through an
entitlement program—giving Ways and
Means control of it—or make it a grant pro-
gram—which would give the Labor Commit-
tee a role. The Children's Defense Fund,
which has publicly blasted key Democrats
backing the Ways and Means plan, accuses
the committee of a power grab.

Leaders of the advocacy group say they
want the congressional leadership to step in
and resolve the issue. But top Democrats in-
stead say they may take the whole dispute
and battle it out on the floor next month.
Strategists say they are determined to pass
a bill one way or another.

*Bush continues to press for a tax
credit but won't say whether he would
veto a combination approach like the
one the Senate has passed.*

MINOR MEMOS: Bush describes meet-
ing Arnold Schwarzenegger's infant daugh-
ter: "I bent over to kiss her and she tried to
bench-press me." . . . Friends in high
places: Former President Ford writes Bush
a three-page letter opposing a planned dam
near his home in Vail. . . . Ambassador to
Czechoslovakia Shirley Temple Black has a
dog named Gorby. . . . After a Capitol Hill
publication labels Sen. Biden the least
wealthy member of Congress, racquetball
buddies jokingly give him a handful of
candy bars to feed his children.

—Compiled by RICH JAROSLOVSKY

most successful film sagas in history.
Much is at stake. With locations in Italy
and New York and special effects that one
assistant director promises "will set new
standards in screen violence," "Godfather
III" is likely to cost \$75 million or more to
produce, market and distribute world-
wide. And that assumes Mr. Coppola—who
swears that his days of enormous cost
overruns are over—can stick close to the
\$44 million production budget. Although
Paramount says the movie is on budget
and on time, Hollywood is rife with rumors
that it is about \$10 million over budget and
three weeks behind schedule.

The potential rewards are huge. Since
the first "Godfather" was released in 1972,
it and "Godfather
II" have totaled
more than \$800 mil-
lion in theatrical,
video and television
revenues. Today, a
blockbuster on the
scale of "Batman"
can eventually reap
world-wide revenues
topping \$1 billion.
For Paramount,
which boasts Holly-
wood's best record
of exploiting a
movie library and
turning sequels into long-running "fran-
chises," getting "Godfather III" made has
become a corporate Holy Grail. "I've
never spent so much time and effort in my
life trying to make one thing happen,"
says Paramount Chairman Frank Man-
cusio.

Paramount has reason for concern. It is
producing a record number of big-budget
movies this year. But for Mr. Coppola, the
stakes may be even higher. Last month, he
and his Zoetrope Studios filed for protec-
tion from creditors, listing Zoetrope's lia-
bilities at \$28.8 million and its assets at
\$22.1 million. The filings came just a few
days after the collapse of settlement talks
on Mr. Coppola's eight-year court battle
with a creditor who helped finance his 1982
megaflop, "One From the Heart."

Mr. Coppola will reportedly receive \$4
million to \$6 million for directing, produc-
ing and helping write "Godfather III," plus
millions more from his share of the gross
if the movie is a big hit. The first two
"Godfather" movies catapulted him into
the ranks of Hollywood's most respected
directors, but little he touched afterwards
made money. He badly needs a hit. "God-
father III" is my one shot to get my com-
pany going again and to do the things I
want to do," Mr. Coppola says.

In the six weeks since filming began,
"Godfather III" has already survived one
actress's nervous collapse, myriad revis-
ions to accommodate—and then elimi-
nate—big stars such as Madonna and Robert
De Niro and hassles over everything
from Al Pacino's personal trainer (the
budget couldn't handle it) to Robert Du-

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Frank Mancuso