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# News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, DECEMBER 11, 1990  
6:00 A.M. EST EDITION

## INTERNATIONAL NEWS

Lithuanian Leader Calls For Clear U.S Support Against Soviet -- Lithuanian President Landsbergis met President Bush Monday and urged him to make strong statements of support for Lithuania's independence from the Soviet Union, comparing his country's plight to that of Kuwait. (Washington Post, Reuter)

White House Lobbies For Force Option -- With speculation rising worldwide about the possibility of a negotiated settlement of the Persian Gulf crisis, Bush administration officials went on a verbal offensive Monday, seeking to maintain public support for possible military action should Iraq refuse to withdraw from Kuwait. (Los Angeles Times, Washington Post, Washington Times, New York Times)

## NATIONAL NEWS

NASA Told To Shape Up -- The National Aeronautics and Space Administration must scale back its \$37 billion space station, phase out the space shuttle, start a new launch system, focus on science and learn to live within its means, a White House panel said Monday. (Washington Times, Washington Post, New York Times)

## NETWORK NEWS (Monday evening)

**GULF** -- Instead of celebrating the hostages' newfound freedom, President Bush focused on the crimes of the man who held them captive.

An ABC News poll shows that support for a war against Iraq is eroding, down to 58 percent as compared to 63 percent one week ago.

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## **INTERNATIONAL NEWS**

### **BUSH GIVES LITHUANIAN PRESIDENT LOW-KEY WELCOME Landsbergis Seeks 'Political Protection' for Republic; U.S. Renews Call for Self-Determination**

Lithuanian President Landsbergis appealed to President Bush Monday for strong public support of his republic's effort to gain independence from the Soviet union. In return, he got a low-key restatement of longstanding U.S. policy that calls for self-determination for the Baltic states....

Landsbergis said after the session he was confident that Bush would "take an active policy when we are in danger" but would not specify what that might involve. He said he is seeking "some very clear statements in response to Soviet pretensions that they have sovereign rights over Lithuania."

Landsbergis, comparing the plight of Lithuania with that of occupied Kuwait, said "I do not want to wish upon Kuwait the same that we have experienced, 50 years of waiting for our independence."

Landsbergis repeated his argument that attempts by Soviet republics to break away from Moscow do not amount to a disintegration of the Soviet empire but are a positive form of decolonization. He predicted a "commonwealth" of former Soviet republics.

(Ann Devroy, Washington Post, A14)

**Lithuanian Leader Calls For Clear U.S Support Against Soviet** -- Lithuanian President Landsbergis met President Bush Monday and urged him to make strong statements of support for Lithuania's independence from the Soviet Union, comparing his country's plight to that of Kuwait.

But there was no indication that the U.S. would engage in strong rhetoric or take other measures against Moscow over Lithuania, given the warming trend between the superpowers and their cooperation against Iraq in the Gulf crisis....

Landsbergis sought Bush's help during a half-hour meeting in the Oval Office and said afterward that his session "has given me a great deal of confidence in the United States."

He said he needed help against various threats and intimidation made by the Kremlin since Lithuania declared its independence from Moscow last March....

He said since the U.S. had never recognized the Soviet Union's 1940 annexation of Lithuania, "I have reason to believe that the U.S. will take an active policy when we are in danger."

But as far as a specific commitment, Landsbergis said, "The President promised that he would consider various possibilities to help us in consultations with his advisors."

(Steve Holland, Reuter)

**HOSTAGE RELEASE RAISES AMERICAN PUBLIC'S HOPES**

The hopes of the American public to avoid war with Iraq have been raised by the release of the hostages, an ABC News poll showed Monday.

The percentage of Americans expecting war dropped 14 percent in a single week to 61 percent, ABC reported, the first drop since Iraq invaded Kuwait.

Support for starting a war after Jan. 15 if Iraq fails to leave Kuwait also dropped slightly, from 63 percent to 58 percent.

The release of the hostages also encouraged the public to believe more strongly that economic sanctions might work, increasing from 30 percent to 38 percent in a week.

There is still strong support for insisting that Iraq leave Kuwait, despite the release of the hostages. The poll found 83 percent supporting U.S. insistence that Iraq leave.

The survey also found opposition to linking settlement of the Gulf dispute to settlement of Israel's occupation of the West Bank and Gaza Strip.

The telephone survey of 518 Americans conducted Sunday has a margin of error plus or minus 5 points, ABC said. (Reuter)

**HOSTAGES RETURN; MORE TOUGH TALK  
156 Jubilantly Arrive At Andrews**

While friends and relatives cheered and waved, 156 former hostages touched down in the United States Monday, ending their four months of hardship and uncertainty as "human shields" and bargaining points for Iraqi President Hussein....

Meanwhile, President Bush used a White House ceremony observing Human Rights Day to continue his attack on Saddam's treatment of the hostages and of Kuwaiti citizens. Bush, shaking his head in apparent disgust, said reports from released hostages on their treatment and on conditions in Kuwait amount to "a catalogue of human misery," including torture, rape and murder....

At the White House Monday, Bush said, "The eyewitness accounts that I have heard from Kuwaiti citizens are a catalogue of human misery: looting, torture, rape, summary executions, acts of unspeakable cruelty. What has happened in Kuwait is more than an invasion. It is a systematic assault on the soul of a nation."

"Human rights are gaining ground the world over," Bush said. "Nowhere is that situation more tragic and more urgent today than in Kuwait." Bush said that the nation is "now in the grasp of a tyrant unmoved by human decency."

The President was joined in his sharp rhetoric by Secretary Cheney, who warned Saddam to withdraw from Kuwait "with his tail between his legs" and "restore some security and stability" to the Persian Gulf....

Officials Monday were trying to decide whether to have U.S. Ambassador Nathaniel Howell and the other four diplomats left at the [U.S. Embassy in Kuwait] stay for one last effort to see whether anyone else wants to leave.

(Sue Ann Pressley, Washington Post, A1)

**White House Lobbies For Force Option** -- With speculation rising worldwide about the possibility of a negotiated settlement of the Persian Gulf crisis, Bush administration officials went on a verbal offensive Monday, seeking to maintain public support for possible military action should Iraq refuse to withdraw from Kuwait.

From President Bush on down, officials expressed relief about the release of hostages held in Iraq and Kuwait. But they also stressed that an end to the hostage saga would not end the broader confrontation with Iraqi President Hussein.

"I don't believe Saddam Hussein deserves any credit for stopping a practice that obviously is abhorrent to the civilized world," Secretary Cheney said in a speech to the Defense Preparedness Assoc., a group of defense industry officials and former military officers....

At the White House, Bush used the signing of a Human Rights Day proclamation to denounce the "catalogue of human misery" in Kuwait that released hostages are beginning to describe. "As long as such assaults occur, as long as inhumane regimes deny basic human rights, our work is not done," he said....

Vice President Quayle gave the most explicit statement of the administration's concern. Iraq's release of hostages, he said, is part of a deliberate attempt by Saddam to wage a "political war" aimed at influencing Congress and U.S. public opinion.

"Saddam's purpose in all this is perfectly clear. He hoped to encourage Congress to deprive the Bush administration of its option to use force," Quayle said in a speech for Republican governors in North Carolina....

And in a speech in Chicago, CIA Director Webster stressed the need to maintain a credible military threat to persuade Saddam Hussein to withdraw. (David Lauter, Los Angeles Times, A17)

**Quayle, In Sharp Attack, Accuses Some Democrats Of 'Playing Politics' On The Gulf** -- Pinehurst, N.C. -- Vice President Quayle charged Monday that some congressional Democrats holding hearings on the deployment of American troops to the Persian Gulf were "playing politics" and undermining the United States' position in the crisis.

"A Congress solidly united behind the President would strengthen our chances for peace," the Vice President said. "But that would require Congress to resist the temptation to use the current hearings on the Gulf for partisan political advantage..."

Mr. Quayle said..."Despite the efforts of some in Congress, the fact of the matter is that the American people support the President. Once again, the American people are ahead of their Congress..."

The tough, partisan comments by the Vice President seemed consistent with the role he has played in other recent confrontations between the administration and Congress....

"He looks real comfortable in that role," said William Lucas, director for liaison services in the Justice Department.

(Ronald Smothers, New York Times, A16)

**Cheney Links Gulf Crisis To Eastern Europe** -- Secretary Cheney Monday raised a new argument for thwarting Iraqi leader Saddam Hussein -- the survival of struggling democracies in Eastern Europe....

Mr. Cheney said that if Mr. Hussein is allowed to "acquire an even deadlier arsenal" and "sit astride the world's supply of energy" then people should ask what it means for the prospects for democracy in Eastern Europe where Poland, Czechoslovakia are wrestling with trying to make the transition to a free market economy, a democratic society."

"There are real consequences worldwide for it," he told a Washington defense group, "and we have to continue to hammer away to point to the American people that this is an enormously important proposition." (Rowan Scarborough, Washington Times, A8)

## **2 KEY DEMOCRATS BACK BUSH IN THREAT OF FORCE AGAINST IRAQ Hill Vote Needed Before Action, Mitchell, Aspin Warn**

Two leading Democratic members of Congress expressed support Monday for President Bush's threat to use force against Iraq in order to free Kuwait, but warned that he must get congressional authorization before ordering U.S. troops into action.

"I believe that the President is trying to use the threat of war to prevent war," Sen. Mitchell said, adding that Bush "does not need the approval of Congress to threaten war."

"But he does need the approval of Congress to make war," Mitchell continued in a speech prepared for delivery late Monday to the Los Angeles World Affairs Council.

Rep. Aspin...said only a credible threat of attack will secure concessions from Saddam "at the 11th hour and 59th minute."...

Aspin implicitly sided with the administration's response to Mitchell and other Democrats who urge that sanctions be kept in place for a year or more before any decision is made to resort to war.

He said testimony before his committee had convinced him that sanctions may reduce Saddam's ballistic missile capacity, but "won't do diddly" to diminish his capacity to wage chemical warfare....

In a speech to Republican governors Monday, Vice President Quayle criticized Congress for evading the "burden of accountability" for U.S. military action in the Persian Gulf by holding hearings but refusing to return to Washington to vote on a resolution supporting the use of force....

A senior administration official said the administration has made a "conscious decision to be pro-active in dealing with Congress" over the next two weeks because "it is a mistake to let these voices be out there without answering them."

(Walter Pincus & John Yang, Washington Post, A16)

## **TWO IRAQI JETS HEAD FOR KUWAIT TO COLLECT HOSTAGES**

BAGHDAD -- Two Iraqi Airways jets flew to occupied Kuwait Tuesday to carry British and American hostages to Baghdad for onward flights home, Western diplomats said.

They told Reuters the airliners, chartered by the British and American embassies, were due to carry 350 to 400 hostages, who have spent more than four months in hiding in the Gulf emirate since its invasion by Iraq Aug. 2.

(Reuter)

**U.S. Ready To Fly The Last Captives Out Of Baghdad** -- Baghdad --  
...An American official here said he thought that a single charter flight on Tuesday with 175 seats could retrieve all of the remaining Americans in Kuwait and Iraq who want to leave.

The development means that half or more of the 750 Americans the State Department had said remained in the two countries are probably either members of Iraqi or Kuwaiti families, or have chosen to stay for other reasons. Some may not have known that they could leave. (Patrick Tyler, New York Times, A1)

**SHAMIR, IN NEW YORK, SAYS GULF SOLUTION  
MUST NOT BE AT ISRAEL'S EXPENSE**

NEW YORK -- Israeli Prime Minister Shamir Monday night warned the world community not to try to solve the Persian Gulf crisis at his country's expense by heeding Saddam Hussein's calls for linking his withdrawal from Kuwait to the fate of Palestinians under Israeli occupation.

"We will not be surprised if soon a number of states, not only Arab governments, will move to appease Saddam Hussein at the expense of Israel," Shamir said in a speech on the eve of a White House meeting Tuesday with President Bush.

"The well-known argument will be that Israel should make a contribution, ostensibly for the sake of world peace," Shamir added. "Let me, therefore, state at the very outset: Israel in 1990 is not Czechoslovakia of 1938. We shall not acquiesce to any deal with enemies who wish to destroy us. We trust the American government's determined stand not to permit Saddam Hussein to link the Gulf crisis with the Arab-Israeli conflict and the Palestinian issue."...

His speech Monday night hinted that Shamir is not prepared to bend very much from the attitudes that have caused so much irritation in Washington. (John Goshko, Washington Post, A17)

**ISRAEL OFFERS NO NEW IDEAS ON EVE OF SUMMIT WITH U.S.**

JERUSALEM -- Israeli Defense Minister Moshe Arens said on the eve of the first Israeli-American summit in 13 months there was no need for new ideas on solving the Arab-Israeli conflict....

"There is need for new ideas," Arens...said when asked about international demands that Israel be ready with new ideas for Arab-Israeli peace once the crisis is over.

"The Arab-Israeli conflict, and as part of the conflict between Israel and the Palestinians, is one that has been around for a long, long time -- over 100 years."

"It has been looked at, discussed, chewed over, analyzed zillions of times, and throughout the period Israel has always stretched out its hand for peace with the Arab world, or with any part of the Arab world that was ready to make peace."

"The only Arab country to (do so) was Egypt and that only after 30 years of warfare," he said. (Howard Goller, Reuter)

**IRAQ MUST OFFER U.S. BIG CONCESSIONS  
TO AVOID WAR -- ANALYSTS**

The U.S. is telling Iraq it will not be dragged into protracted talks when top-level contacts begin later this month, leaving Baghdad with a choice of offering a major concession or facing war, analysts said Monday....

Assessing the standoff on this issue, analysts said Baghdad was likely to give way over the date rather than risk not holding the talks at all. Saddam's promised release of all foreign hostages clearly showed he was interested in avoiding war if possible, they said.

But the only further concession Saddam could make to change Washington's war posture short of total withdrawal from Kuwait would be to announce and implement a partial withdrawal, said former NSC official William Quandt.

"If Baker fails to find any give in the Iraqi position, then we'll have war and soon," said Quandt.... "But if there is a partial withdrawal, the U.S. military option becomes very difficult."...

"It makes sense for him to remove his troops," said Daniel Pipes, director of the Foreign Policy Research Institute and an expert on Iraq. "But my instinct is to say that he won't. He might make small concessions on the margins but not more."...

But other analysts and diplomats did not share that view.

"The Iraqis will try to indicate flexibility, keeping the door open to further discussions, perhaps by announcing a partial withdrawal," said Marvin Feuerwerker of the Washington Institute for Near East Asian Studies.

According to former assistant Secretary of State Richard Murphy, Bush's personal prestige is tied so closely to achieving a total Iraqi withdrawal from Kuwait it would be hard to accept anything less.

"I don't see room for movement on our side and if there is none on Saddam's side, that's a recipe for war," said Murphy....

He said the United States is in a strong position. It could answer a partial withdrawal by reverting to a strategy primarily relying on sanctions to achieve the remainder of its goals.

(Alan Elsner, Reuter)

**U.S.-IRAQI TIES REMAIN TENSE DESPITE SADDAM'S INITIATIVE**

BAGHDAD -- Despite Iraq's effort to comply with a principal U.N. demand by releasing foreign detainees, there has been no perceivable relaxation of tension here between the U.S. and Iraq.

While the U.S. Embassy has complimented the Iraqi government over the last few days on its efforts to facilitate the departures, there appears to be no diplomatic follow-through, according to U.S. and other diplomats and officials with contacts in the Iraqi government.

Monday, Information Minister Latif Jassim dismissed speculation that release of the foreigners could be followed by Iraqi withdrawal from Kuwait as "dreams and wishful thinking."...

Iraq's Minister of Trade, Mohammed Mehdi Saleh, said at a press conference Monday that U.N. economic sanctions have been responsible for the deaths of 1,400 infants because of the shortage of imported baby formula. The assertion...was roundly denied by Western diplomats.

(Dana Priest, Washington Post, A16)

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**JAPANESE LEADERS SEE SUPPORT  
FOR U.S. STAND IN GULF. EBBING**

TOKYO -- While in public Japan continues to back American policies in the Persian Gulf, business leaders, government officials and politicians say privately that the support is ebbing away amid concerns that the U.S. is overlooking the possibility of a compromise with Iraq.

Businessmen in particular say there is a growing consensus that their interests will suffer in a war and that the U.S. is not sensitive enough to the possibility that fighting...would alienate the Arabs from the West for generations to come.

"The sentiment of business leaders is that the United States shouldn't be holding a gun to the head of Saddam Hussein," said Kazuo Nukuzawa, managing director of Keidanren, the largest and most influential business trade association. "There are a lot of other ways to influence his behavior."

The apparent growing reluctance among Japanese to endorse the American hard-line goals was seen as lessening the chance that Japan would increase the \$2 billion it has pledged to assist the American-led military buildup in the Gulf....

"The American method of taking short cuts, behaving in an impatient way and pushing for direct reaction is making more and more people worry," said Shigeki Koyama, president of the Japanese Institute of Middle East Economics. "People are beginning to feel that more calm, realistic measures are necessary."

(Steven Weisman, New York Times, A17)

**U.S. SAID TO CRITICIZE TONE OF SWEDISH LETTER TO IRAQ**

STOCKHOLM -- The United States has criticized a letter from Sweden to Iraq prior to the release of Swedish hostages last month, Swedish radio and newspapers reported Tuesday....

Swedish radio, reporting from Washington, said the Americans were annoyed that Prime Minister Ingvar Carlsson's letter to Iraqi President Saddam Hussein did not clearly condemn the Iraqi invasion and occupation of Kuwait last Aug. 2.

Sweden was further accused of breaching international solidarity again Iraq, the radio added....

The letter said Sweden believed a military solution must be avoided, and it considered the basic conflict in the Middle East was the Palestinian question which must be settled before there could be durable peace. (Reuter)

**U.S. TROOP DEPLOYMENT MAY COST  
\$30 BILLION IN 1991, AIDES SAY**

The cost of supporting the growing U.S. military force in the Middle East could total \$30 billion for fiscal 1991, according to administration authorities....

Pentagon officials are still fine-tuning the estimates, and said that precise costs are difficult to project because of uncertainties over the length of time troops will be committed to the region and the amount of financial support to be provided by allies and Saudi Arabia.

"This assumes that there will be no shots fired in anger and that the level of force there on Jan. 15 will be there the rest of the fiscal year -- which may or may not come to pass," said one administration official. (Molly Moore, Washington Post, A18)

**Democrats, GOP Will War Over How To Pay For Shield** -- The Pentagon will ask Congress for as much as \$25 billion in extra funds this fiscal year to keep troops in the Persian Gulf, setting the stage for a partisan debate over how to finance war....

Some Democrats are talking of a "pay-as-you-go" war. Republicans are willing to let the deficit grow to avoid presenting President Bush with a new tax bill....

"It probably would be in the interest of Democrats to make the tax as visible as possible," one congressional staffer said. "And it would be to Bush's advantage to make the tax as least visible as possible."...

In making the case for a possible Desert Shield tax, leading Democrats, including Sen. Sasser, have said a supplemental budget of \$20 billion would greatly offset the \$35 billion the budget summit produced in deficit reductions.

(Rowan Scarborough, Washington Times, A3)

#### SOVIETS BACK U.S. ON DATES FOR TALKS WITH IRAQ

HOUSTON -- The Soviet Union has backed the United States in rejecting Gulf crisis talks with Iraq on Baghdad's proposed date of Jan. 12...a senior Soviet official said Monday.

Moscow's backing is another indication of strong superpower unity on the Gulf crisis and was expressed by Soviet Foreign Minister Shevardnadze in talks earlier in the day with Secretary Baker, the official said.

"We support and understand the rationale given by the U.S. administration for suggesting dates for the meeting which you all know," said the official, who briefed reporters on condition that he not be identified.

(Carol Giacomo, Reuter)

#### U.S. RESPONSIVE TO MOSCOW'S INTEREST IN FOOD AID

HOUSTON -- Soviet Foreign Minister Shevardnadze expressed interest for the first time publicly Monday in emergency food assistance from the U.S., and Secretary Baker indicated that the Bush administration would like to be helpful....

Speaking to reporters here, Shevardnadze was questioned about what kind of economic aid Moscow would most like to receive from Washington, and he answered: "Probably some food supplies.... That is the most acute problem."

Baker noted that legal restrictions imposed during the Cold War remain in place, limiting U.S. aid to the Soviet Union. But he added, "As far as humanitarian assistance, medical assistance, food assistance and that sort of thing, I know the President will be very forthcoming...."

During their meetings here, Baker and Shevardnadze are also expected to wrap up the final details on the strategic arms treaty that Presidents Bush and Gorbachev promised to finish by year's end. Moreover, Shevardnadze, touring the Johnson Space Center here with Baker, predicted the two foreign ministers will reach agreement on a joint U.S.-Soviet approach to settling the war in Afghanistan.

(David Hoffman, Washington Post, A1)

**ARABS AT U.N. SOFTEN STANCE ON PALESTINIAN ISSUE**  
**Syria, Egypt and Saudi Arabia Play Down Peace Conference**  
**Issue To Prevent U.S. Veto**

UNITED NATIONS -- In an effort to avoid a U.S. veto and to maintain the cohesion of the international anti-Iraq coalition, Syria, Egypt and Saudi Arabia have diluted their call for a Security Council resolution on the Palestinian issue that "considers" convening an international Middle East peace conference, Arab diplomats said Monday....

The three Arab countries now say a resolution need not address head-on the issue of a peace conference. The shift seemingly would allow these countries...to avoid the embarrassment of being associated with a U.S. veto on an issue of deep political resonance in the Arab world....

A U.S. official welcomed the Arabs' initiative, saying that it was important because "the original purpose of the resolution is focused on again." That focus, he said, was to find ways of improving the protection of Palestinians in the territories occupied by Israel.  
(Trevor Rowe, Washington Post, A17)

**HILLS PUT CHANCES OF REVIVING TRADE TALKS AT ABOUT 25 PCT.**

U.S. Trade Representative Carla Hills Monday said there is only a 25 percent chance of reviving the global free-trade talks that collapsed last week, despite President Bush's statements earlier in the day that he would meet with his top trade advisors in an effort to revitalize the negotiations.

In London, the new British prime minister, John Major, was reported ready to present ways to get the trade talks back on track when he sees Bush in Washington next week, Reuter new service reported government officials as saying....

Hills' staff, meanwhile, braced for an avalanche of trade complaints from U.S. industries that it fears will accompany the breakdown of the talks. Many of these complaints have been put off for years with the promise that a successful conclusion of the trade talks would settle their differences.

(Stuart Auerbach, Washington Post, C3)

**LIBYA IRKED AT MOVE OF GUERRILLAS**

N'DJAMENA, Chad -- U.S. trained Libyan guerrillas were quickly evacuated from Chad following a change of government here last week.

According to Western sources who took part in the evacuation, there was fear the guerrillas would force their way into neighboring countries.

The Libyans had been prisoners of war, captured when Chad forced the Libyan army out of the country three years ago, and then trained in secret by the United States, according to sources.

They were trapped in Chad after the victory last week of Libyan-backed rebel leader Idriss Deby....

The future of the "Libyan contras," as they were described in one document shown to Agence France-Presse, remains in doubt.

They will probably be of limited usefulness to the U.S., according to sources close to Western intelligence agencies, because African countries concerned by the threat of retaliation by Col. Gadhafi will be reluctant to offer them safe haven.

(Christian Millet, Washington Times, A7)

**BOMBS EXPLODE AT U.S., SOVIET, JAPANESE EMBASSIES IN PERU**

LIMA -- Suspected leftist guerrillas exploded bombs outside the U.S., Soviet, and Japanese embassies in the Peruvian capital Monday night, causing moderate damage but no injuries, police said....

Police said all three bombings were probably the work of pro-Cuban Tupac Amaru Revolutionary Movement (MRTA) rebels, though no group immediately claimed responsibility. (Reuter)

**EDITOR'S NOTE:** "U.S. Skeptical of Iraqi Move To Fix Border," by Gerald Seib, appears in the Wall Street Journal, A3.

"Shamir, Bush Hope To Warm Cool Relations," by George Moffett III, appears in the Christian Science Monitor, 3.

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## NATIONAL NEWS

### PANEL URGES MAJOR SHIFT IN SPACE PROGRAM GOALS Research On Environment, Cosmos Emphasized

A high-level panel of aerospace experts Monday called for a sweeping reform of the nation's space program that, if adopted, would shift NASA's primary goals away from engineering feats for their own sake and toward scientific research on Earth's environment and the cosmos.

Space science activities such as interplanetary probes and studies of global change on Earth "rank above space stations, aerospace planes, manned missions to the planets and many other major pursuits which offer greater visibility," the panel said in its report....

NASA Administrator Richard Truly said that the report is "supportive of many of the directions we have been going" and that he expects some recommendations "will be implemented" while others "may not be."...

Sen. Gore, chairman of the Senate science, technology and space subcommittee, praised the report as "a reasoned view of the space program and the changes that are needed to restore confidence and support in NASA." Gore said he will hold hearings on it soon....

Vice President Quayle, chairman of the Space Council said, "The review has been thorough and now it is our challenge to begin its implementation."

It "is not a buy-everything wish list," he said, but proposes serious reforms as well as "charting a new path."...

An administration spokesman who did not want to be identified said, "The chances are better than ever we will implement a great proportion of these recommendations," if not in specific detail, at least "in spirit."

The President is still committed to his Mars exploration initiative but "obviously some sorting out of priorities was in order."

He also said the next presidential budget will give "a strong sense of where we're going to go" on developing an unmanned booster to supplement the shuttle. (Kathy Sawyer, Washington Post, A1)

**NASA Told To Shape Up** -- The National Aeronautics and Space Administration must scale back its \$37 billion space station, phase out the space shuttle, start a new launch system, focus on science and learn to live within its means, a White House panel said Monday.

Noting "considerable criticism" directed at the space agency...the 12-member committee concluded, "Some of the concern is...deserved and occasionally self-inflicted."...

"NASA is neither as troubled as some suggest nor as good as it will have to be to carry out the program we have recommended," committee chairman Norman Augustine...said at a news conference....

Vice President Quayle said the report "clearly points out the need for fundamental changes in our civil space program," and added: "We will make changes."

(Joyce Price, Washington Times, A1)

**U.S. Advisers Urge Sweeping Change In Space Program** -- A panel formed to study the future of the nation's space program has recommended a sweeping change in the nation's efforts to explore the heavens.

In a report released Monday, the committee recommended that the agency cease its total reliance on its fleet of space shuttles by building a new, unmanned rocket booster, and that the proposed space station be thoroughly redesigned and simplified.

The 12-member committee was asked this summer by Vice President Quayle to review NASA and the future of the nation's space program. It flatly called for an overhaul in the troubled agency and suggested major shifts in its management, budget priorities and scientific direction....

Many experts said that unlike many government reports, this one was not so likely to sink out of sight because it struck notes pleasing to a wide range of interests. "This could be the dawn of a second golden age," said Dr. Bruce Murray, a former NASA official and planetary scientist who has criticized the space agency's reliance on shuttles. (Warren Leary, New York Times, A1)

#### SHUTTLE COLUMBIA MAKES PERFECT LANDING AFTER MARRED FLIGHT

EDWARDS AIR FORCE BASE, CA. -- The space shuttle Columbia swooped to a ghostly Mojave Desert touchdown Monday, ending a shortened but still successful nine-day astronomy mission with a rare nighttime landing. (UPI)

#### KEMP, BENNETT URGE GOP TO FOCUS ON AIDING THE POOR

PINEHURST, N.C. -- Incoming RNC chairman William Bennett and HUD Secretary Kemp exhorted Republican governors Monday to help the party seize the nation's domestic agenda by focusing on what it can do to aid the impoverished.

Endorsing a package of domestic initiatives dubbed the "New Paradigm," Bennett and Kemp argued that the economy can be rescued from its downturn and the nation from its social ills by giving individuals greater choice in education, housing and business development.

In his speech...Bennett cited affirmative action policies as an example of government intervention that limits choice, but to reporters afterward he said there are some instances in which affirmative action policies can be used to achieve "diversity."...

Coming on the heels of President Bush's veto of civil rights legislation, Bennett's remarks were taken as a signal the GOP planned to use opposition to quotas as a wedge to define its differences with Democrats.

But Bennett said Monday there is no such plan and that he has little idea whether such an approach would work. His remarks, he said, were "overinterpreted."...

In a speech here Monday, Vice President Quayle alluded to the "at times, contentious" divisions evident within the GOP.

"There is nothing wrong with a battle of ideas," Quayle said. "But once the President decides, it will not be Republican versus Republican, but Republicans versus Democrats."

Kemp emphasized the need for a capital gains tax cut as a component of New Paradigm thinking that he said would stimulate the economy and aid the disadvantaged.

(Gwen Ifill, Washington Post, A7)

**Kemp, Bennett Stage Oratory Duel** -- RNC Chairman-designate William Bennett and HUD Secretary Kemp, potential rivals for the 1996 GOP Presidential nomination, tried to upstage each other in appearances before the Republican Governors Conference here Monday....

Mr. Kemp's tax-cut initiatives went beyond those of President Bush....

Mr. Bennett told the governors that when the President asked him to take over the party chairmanship, he said he would have to think it over.

In fact, Mr. Bennett secretly sought and received assurance that he would have not only a say in policy making but solo access to Mr. Bush.

To test out that assurance, Mr. Bennett, during a private meeting with the President and Chief of Staff Sununu last week, said, "And now, Mr. President, I need to speak to you alone."...

Mr. Bennett refused to tell Mr. Sununu what he wanted to discuss with the President, who finally turned to Mr. Sununu and said, "Well, John, I guess you'll have to leave the room."...

Mr. Bennett and Mr. Kemp have long been associated with many of the ideas embraced by the New Paradigm. An internal White House battle is raging over whether to make those ideas the focus of President Bush's upcoming State of the Union address.

(Ralph Hallow, Washington Times, A4)

#### **COLLAPSE OF GATT TALKS COULD UNDO SOME CUTS IN U.S. AGRICULTURE SUBSIDIES**

The collapse of international trade talks threatens to undo an important element of the U.S. deficit-reduction law and could nearly halve the farm subsidy cuts enacted in the fall.

Unless negotiators reach an international accord on farm subsidies, the law requires that the secretary of agriculture lift some recently enacted restraints on farm spending and increase spending on export subsidies by \$1 billion beginning in 1992....

Secretary Yeutter isn't likely to help dismantle the deficit-reduction law, and no decisions need be made until June 30, 1992. But if farmers are hurting in the months before the next election and the trade talks are still deadlocked, the potent farm lobby and its congressional allies are likely to push the administration to use the flexibility the law provides.

(David Wessel & Bruce Ingersoll, Wall Street Journal, A2)

#### **ARMAND HAMMER DEAD AT 92**

LOS ANGELES -- Armand Hammer, a brilliantly successful international financier and well-known philanthropist who was a friend of Soviet leaders from Lenin to Gorbachev and adviser of 10 U.S. presidents, died Monday night. He was 92. (UPI)

## GREENING OF THE WHITE HOUSE

Barbara Bush raced past the mistletoe, "afraid you might think you had to kiss me," she teased the media, decked out in the usual stakeout garb for a day in the life of the White House. But then came a surprise that even her staff didn't know about -- a peek at the family quarters, spruced up for the holidays....

Monday the door was open, revealing a suite of rooms filled with the homey touches of a big and active family, from grandchildren's stuffed animals to holiday mementos, including a needlepoint creche from the First Lady's Houston church....

[Mrs. Bush] said an aide took care of her Christmas shopping and kidded her for being "extravagant" when it came to buying gifts for her grandchildren. As for herself, she said, the only thing she wants for Christmas is "peace."

"I have way too much in life, as does George Bush," she said. Even so, she is going to give him something he "needs," but she refused to say what it is.

(Donnie Radcliffe, Washington Post, D1)

**EDITOR'S NOTE:** "Presidential Commission On Carpet," by Bill McAllister, appears in the Washington Post, A21.

"Probe of Overpayments To Contractors For Attack Plane Disclosed By Pentagon," by Andy Pasztor, appears in the Wall Street Journal, A20.

-End of A-Section-

## NETWORK NEWS

(Monday Evening, December 10)

### HOSTAGE RELEASE

**ABC's Peter Jennings:** In Washington tonight, the State Department believes that by this time tomorrow night, all those Americans who want to leave Iraq and Kuwait will have left -- which will change the situation in the Persian Gulf once again. Tonight we'll begin a week of reports on how various resolutions to the Gulf crisis, including war, will have an impact far beyond the Middle East. We begin with those Americans tonight who finally got themselves far beyond the Middle East -- all the way to Andrews Air Force Base.

**ABC's John Martin** reports that the hostages came home tonight.

(TV Coverage: Former hostages departing plane at Andrews.)

The Americans were escorted away from Andrews to be debriefed by U.S. officials. Earlier, on the flight from Baghdad, some shared their experiences and emotions. One man said he'd lived in Kuwait for months in darkness with little food, losing 35 pounds. Two men praised President Bush.

(**Dennis Mosher**, former hostage: "He got me ought of here, okay? I'm alive, no Americans died. He did a great job.")

(**Former hostage:** "Thank you to George Bush and James Baker. And I really hope it won't be long that the Kuwaiti people can say the same.")

Many praised Kuwaitis, who risked their lives to protect them. They worried about the fate of the Kuwaiti people.

(**Michelle Richards**, former hostage: "They have been murdered, brutally murdered; the women have been raped; there are thousands still in POW camps.")

(**Don Lanphan**, former hostage: "They burned most of the town to the ground. It's dead. Kuwait City does no longer exist, for all practical purposes.")

Some insisted the Kuwaiti people want military help.

(**Ernest Alexander**, former hostage: "Even if it means they're under a rain of bombs, just like we would have been.") (ABC-Lead)

**NBC's Tom Brokaw:** After four-and-a-half months of living with the prospect of becoming innocent targets in a war between the U.S. and Iraq, more than 150 American hostages arrived in Washington tonight. And as they began long overdue reunions with their families, the rest of the world is wondering what President Bush will do now.

**NBC's Robert Hager** reports on the hostages' return.

(TV Coverage: Former hostages departing plane, being greeted by officials.)

About a dozen U.S. officials from the State Department and military services greeted the hostages, but reporters were kept several hundred feet away, and no interviews were allowed immediately. Most appeared in good condition. One older woman had to be carried off the plane, but she was not believed to be in serious condition. Tomorrow, the State Department says another jumbo jet evacuation flight has been arranged similar to this. (NBC-Lead)

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CBS's Mark Phillips reports in Kuwait City today, the Voice of America has begun broadcasting a new message, telling specific Americans for the first time to get on another freedom flight scheduled for tomorrow. Meanwhile, the hostages came home with opinions borne of hard experience about what should happen now.

(Ernest Alexander, former hostage: "Everyone wants peace, but the greater tragedy is if what happened to Kuwait is allowed to continue. So if it means the 15th comes and we have to remove them by force, that's what we should do.")

There are as many as 500 people with U.S. passports still under Iraqi control, although many of them are dual citizens who may want to stay behind. The State Department thinks 50-100 Americans are still trying to get out, and they're anxious to get in touch with them before the last scheduled flight leaves tomorrow.

CBS's Dan Rather interviews former hostage Ed Werner. An excerpt:

Rather: Everybody is concerned, but nobody wants to run away with propaganda. These stories of murder and rape inside Kuwait, based on your experience -- true, or still questionable?

Werner: From what I've heard, it's true.... I've [seen one murder] and heard of many tortures. (CBS-2)

#### GULF/PRESIDENT

Rather: At the White House, President Bush talked up the hard line again today against Saddam Hussein.

CBS's Wyatt Andrews:

(TV Coverage: President Bush speaking from podium.)

The President reacted to the hostage homecoming more with outrage than relief. Instead of celebrating the hostages' newfound freedom, Bush focused on the crimes of the man who held them captive.

(President Bush: "We must speak out, and stand up for the Kuwaiti people, a people whose very nation is now in the grasp of a tyrant unmoved by human decency. The reports, these eyewitness accounts that I've heard from Kuwaiti citizens, are a catalogue of human misery. Looting, torture, rape, summary executions -- acts of unspeakable cruelty.")

This White House strategy of constant, contentious rhetoric is the result of fears that Saddam is releasing hostages to soften hard-line American opinion. U.S. officials, then, were busy sending return signals: If Saddam is looking for compromise, he won't succeed.

(Secretary Cheney: "It's absolutely essential that we see the task through to its final conclusion, and that in the final analysis, Saddam Hussein go back to Baghdad with his tail between his legs.") The Iraqis were, in fact, out fishing today, for whatever goodwill the hostage release might win them.

(Ambassador to U.S. al-Mashat: "We have taken a risk by permitting all foreigners to leave the country as a gesture, as a further gesture of peace.")

The President is sounding increasingly bellicose now, and senior aides say to expect more of it. Bush has concluded that Saddam, in releasing the hostages, is merely probing for an American weakness, and that any hint of flexibility or gratitude now would be a mistake. (CBS-3)

**Brokaw:** When Saddam Hussein unexpectedly announced the release of these hostages last week, President Bush continued to talk tough about the withdrawal of all Iraqi troops from Kuwait. But the political climate has changed. NBC's John Cochran is with us tonight to size up the prospects of a change in the President's policies as well.

**Cochran:** A lot of people assume that the release of the hostages will bring us closer to peace. Those people assume that President Bush is saying one thing but will do another. The skeptics will pay close attention to how the U.S. votes on a U.N. resolution calling for a peace conference aimed at settling the conflict between Israelis and Palestinians. The U.S. says it will not cave in to Saddam Hussein's demands, which include a Mideast peace conference. So far, no action on that. But Iraq also demanded that the U.S. Embassy in Kuwait shut down -- President Bush has ordered the embassy evacuated, but not officially closed. And Iraq wanted direct talks with top U.S. officials -- that will happen when the timing is worked out. Secretary Baker says he will go to Baghdad only to show that the U.S. will walk the last mile to warn Saddam he faces destruction unless he withdraws from Kuwait. Today, an Iraqi diplomat said the talks must be more than just a warning.

**(Ambassador to U.S. al-Mashat:** "If you go to the last mile, you have to undertake negotiation -- serious negotiation, to address all the problems in the region.")

**(TV Coverage: President Bush at podium.)**

Today, Bush again said Iraq's withdrawal from Kuwait is not negotiable.

**(President Bush:** "We must speak out, and stand up for the Kuwaiti people.")

A strange coalition of liberals and conservatives today urged Bush to get even tougher by threatening war unless Saddam gives up all his weapons of mass destruction.

**(TV Coverage: Jeane Kirkpatrick at podium.)**

But some worry that Bush seems to be softening.

**(Richard Perle:** "It's all very well to say this is not a negotiation. But in much of the world, that's exactly how it's perceived.")

This congressman thinks there will be a deal to prevent war.

**(Rep. Aspin:** "And it's not going to be solved by sanctions or by war, which was the debate of a while ago, but basically, essentially, it's going to be a diplomatic settlement of some kind.")

And a senior Administration official has told NBC News he believes there will be a negotiated settlement -- not a neat and tidy one, but a messy one with jagged edges. But still one that everyone can accept. (NBC-2)

#### GULF/IRAQ

**NBC's Mike Boettcher** reports that Iraqis are convinced they can protect themselves without their "human shields." New civil defense schools have been opened up in Baghdad, and civil defense courses are now mandatory in schools and universities. Emergency preparedness drills have been broadcast on Iraqi television. But if the Iraqis are feeling more vulnerable, they aren't expressing it. (NBC-3)

**GULF/POLL**

**Jennings:** Iraq's decision to release the hostages has reduced the expectation that war is inevitable. In a poll only a week ago, 75 percent of Americans we asked thought that fighting would break out [versus 22 percent who thought not]; today that number is down to 61 percent [with 37 percent disagreeing]. That's the first time since the Iraqis invaded in August that the concern about war has actually declined. Support for the war has also eroded. A week ago, 63 percent said the U.S. should use military force if Iraq refuses to withdraw from Kuwait [32 percent said we should not]. Now, 58 percent think so [versus 38 percent against]. And to follow that curve on down, fewer than 50 percent of those we asked would support a war if all the hostages are released safely.

(ABC-2)

**GULF/PENTAGON**

**ABC's Bob Zelnick** reports senior Bush administration officials say key elements of the plan for containing Iraq include strengthening the military power of Saudi Arabia, Kuwait and other Gulf states. They would expand their armies, and the U.S. would sell them tens of billions of dollars in modern planes and other military equipment. The U.N. would deploy a peacekeeping force well in excess of 20,000 troops along Iraq's borders with Saudi Arabia and Kuwait. The U.S. would maintain a permanent military presence in the area -- surveillance and combat aircraft would be stationed in several Gulf states. Plans also include the prepositioning of tanks and other weapons, together with a modest U.S. ground presence in Saudi Arabia, and increased naval patrols. The plan also calls for international restrictions on the sale to Iraq of weapons, chemical agents, and high-tech equipment of potential military value. Some restrictions could be eased if Iraq dismantled its chemical weapons facilities and permitted broader inspection of its nuclear program. Officials say that if the talks succeed, a plan like this would be necessary to hold in check an Iraq whose military power would remain unbroken. The purpose would be to prevent Saddam Hussein from dictating the terms of any subsequent deal with Kuwait, and then going on to dominate the entire Gulf region.

**Jennings:** There are reports that the Pentagon is going to ask Congress for an additional \$12-20 billion to help pay the costs of Operation Desert Shield. The White House says only that the numbers are still being studied.

(ABC-4)

**CBS's Jim Stewart** reports that when Congress comes back next month, the Pentagon will ask for more than \$20 billion more for Operation Desert Shield. Oil accounts for most of the increase. And if the shooting ever starts:

(**Rep. Aspin:** "Any number that you've got can be doubled and tripled.")

At that rate, the money set aside in this fall's budget compromise to reduce the national debt would be eaten up in less than a month.

(**Gordon Adams, Director, Defense Budget Project:** "I think basically, we're going to head straight to the deficit.")

The bulk of the higher cost will likely fall on the U.S. taxpayer, in the form of a higher deficit or a special surtax.

(CBS-4)

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**GULF/AMERICAN AGENDA**

ABC's James Walker reports on the debates on whether or not to go to war in the Gulf. Americans want to know more than just whether sanctions are hurting Iraq. They want to know whether, given more time, sanctions will hurt so much Saddam Hussein will leave Kuwait. U.S. intelligence sources say the sanctions and the embargo against Iraq are already having a significant impact, shutting off 90 percent of its imports and 97 percent of its exports. So far, there is no evidence of food shortages in Iraq. But even if that changes, the U.N. is committed to permitting humanitarian aid, and Iraq is used to sacrifice without turning against Saddam.

(Robert Lieber, Mideast analyst, Georgetown Univ.: "Unfortunately, even severe, painful, costly sanctions will not, I think in the end, force a totalitarian regime to back off.")

The Iraqi military is having problems getting spare parts. But U.S. intelligence officials estimate that Iraqi ground and air forces can probably maintain their current levels of readiness for as long as nine months. Some military analysts believe Iraq could use the time to improve certain weapons systems.

(Brian Jenkins, military analyst: "Potentially, they could improve their chemical weapons, or improve the guidance systems in their missiles, or clandestinely acquire some sophisticated land mines that would make it more difficult to carry out an attack against them.")

And the Gulf crisis has already had a serious economic impact on the rest of the world. But economists say most of the damage has already been done.

(Robert Hormats, economist: "The bottom line is, from an economic point of view, it probably is not going to cost us much more on economic terms to wait a little longer.")

The political consequences are the most difficult to predict. Will waiting weaken or strengthen President Bush? To wait or not to wait is ultimately his call. (ABC-14)

**GULF/MARINES**

ABC's Chris Bury reports on Marine infantry combat practice in the Gulf. Some officers anticipate trench warfare and high casualties.

(Capt. Kent Bradford, USMC: "Saddam Hussein has had four months to prepare his defense of Kuwait, and he's done a very effective job of it. A frighteningly effective job of it. If we have to fight him, it's going to be an ugly and costly fight. It might be short, but it would be costly.")

American ground forces expect to be outnumbered if they attack Iraqi fortifications in Kuwait. They are counting on plenty of support, both from artillery and from the air.

(Bradford: "Realistically, I'd like to see everything we can possibly get -- everything that flies or drops bombs or shoots rockets or fires guns -- in support of us. That will save a lot of American lives.")

But Marines know that airpower alone has never won a war. (ABC-3)

**PEACE CONFERENCE/U.N.**

Jennings reports the U.N. Security Council put off once again any vote on a resolution calling for a Mideast peace conference, which Israel and the U.S. have long resisted. (ABC-8)

**SHAMIR MEETING**

**Brokaw:** Tomorrow, President Bush meets with Prime Minister Shamir, and it promises to be a blunt exchange.

**NBC's Martin Fletcher** reports that Israel's left wing is demanding peace talks with the PLO and an international peace conference. But Shamir says no to both. He wants one-on-one peace talks with Arab states, but they say no, and the Israelis are hanging tough. (**Ehud Olmert, Environment Minister:** "A peace conference is ridiculous from the very outset, because the verdict is written, and there is no need for any negotiations.") Shamir takes comfort with the massive immigration of Jews fleeing from the Soviet Union -- a million expected within two years. So when he meets President Bush tomorrow, his party feels he's speaking from a position of strength. U.S. pressure tonight delayed a U.N. vote on an international peace conference for the Mideast. But when Shamir meets Bush, it won't be a meeting of personal friends. Officials describe their relations as cold, if not hostile. Israel is worried that after the Gulf crisis, U.S. pressure will begin on Israel to talk to the PLO. (NBC-9)

**ABC's Dean Reynolds** reports that with the intifada growing more violent, Israelis want all Palestinians out of Israel. New stop-and-search roadblocks have been put in by Israeli authorities, and there have been threats and attacks by Israeli extremists against Jews who hire Palestinians. Recent polls say six out of ten Israelis would bar all Palestinian workers from Israel. Recent Soviet emigres to the country are also putting the squeeze, economically and politically, on Palestinians. (ABC-9)

**NORPLANT**

**Rather:** The most dramatic advance in birth control since the introduction of the pill. That's what family planning groups tonight called FDA approval of a major new contraceptive for women.

**CBS's Susan Spencer** reports on Norplant, which doctors say may revolutionize birth control, giving a practically mistake-free choice to women. The process involves placing six capsules containing a synthetic hormone into the upper arm, where they stay, effective for five years. It's expected to be available in this country by February. But some caution its advantages make Norplant wide open to abuse, to control some women.

(**Arthur Kaplan, biologist:** "It wouldn't surprise me to see some people within the legal system say, 'We ought to mandate that someone's whose had a baby, who abuses drugs or alcohol, have to have Norplant put in.'") (CBS-Lead, ABC-5, NBC-7)

**NASA REVIEW**

**ABC's Jim Slade** reports on the four-month review of NASA by a Presidential panel, which gave its report today. The committee wants a smaller space station, to concentrate on how humans can survive in space for long periods in time.

(**Norman Augustine, Chairman Space Program Advisory Committee:** "The space station we now have, in its present configuration, is too complex, far too costly, depends too much on the space shuttle.")

**Slade continues:**

The committee says the shuttles are too expensive and risky to be wasted on hauling satellites into space, and want them conserved for special projects requiring human presence. In addition, no more shuttles should be built; instead, a new class of cargo rockets was recommended be readied by the end of the decade. They want NASA to focus on science, concerned with the Earth's environment, like a ring of satellites to monitor pollution. The committee said recent criticism of NASA pilots is deserved, and occasionally self-inflicted. That seemed to annoy NASA Administrator Truly.

(**Adm. Truly:** "If we were in the business of constantly trying to make ourselves look good, we would plan to achieve very little, and then surprise everybody as we achieve twice as much.")

In the broad sense, committee members believe NASA is doing too much with the resources it has. (ABC-7)

**NBC's Robert Bazell** reports that the panel said that even with the changes put in place after the Challenger accident, another disaster is a real possibility.

(**Norman Augustine:** "We think we should certainly anticipate the very real possibility of losing another orbiter in the foreseeable future.")

Vice President Quayle, head of the National Space Council, was enthusiastic about the commission's findings.

(**Vice President Quayle:** "They produced a great report that takes on tough issues.")

The commission also said NASA's first priority should be science. It said NASA should continue to think about sending people to Mars, but only when the budget permits. No one believes that will be anytime soon. (NBC-5)

**CBS's Bruce Hall** reports space analysts say the report is welcome news.

(**John Logsdon, Space Policy Institute:** "Those people that have vested interest in the status quo at NASA are going to not like the criticism. But I think the recommendations are so strong, so positive and have so much common sense behind them that they will ultimately be accepted.")

(**Carl Sagan:** "I like the stress on science and exploration. That's what the NASA space program ought to be about, not manufacturing ball bearings in space.") (CBS-9)

**FEDERAL DEFICIT**

**NBC's Irving R. Levine** reports that only a month ago, after long negotiations on a budget package, the deficit was estimated to hit a record \$232 billion. And now?

(**Robert Reischauer, Congressional Budget Office:** "The deficit for the fiscal year that we're in right now will be somewhere between \$250 and \$300 billion dollars, which will represent a considerable leap over the largest deficit this country has ever experienced.") The deficit has ballooned because the slowing economy results in more people unemployed who don't pay taxes.

(**Richard Rahn, Chamber of Commerce:** "It also means increase spending by the federal government to pay for additional welfare and unemployment compensation payments.")

There's talk in Congress about a new tax increase. But that would slow the economy more and risk adding to the deficit. (NBC-6)

**S&Ls**

Rather reports that government regulators now want to lend up to \$7 billion to prospective buyers for hard-to-sell properties taken over from the ruined S&Ls. Opponents say the government might still have to repossess these same properties if the new buyers default. (CBS-10)

**AVENGER**

Jennings reports the Pentagon told Congress today it has begun a criminal investigation into overpayment on the Navy's new A-12 Avenger aircraft. (ABC-13)

**MiG-29s**

ABC's Jerry King reports NATO experts are now getting a first-hand look at twenty-four ultra-modern Soviet-made MiG 29s, which thanks to unification now belong to Germany. The jets, the type of which Iraq owns, are being put through mock air battles with Air Force F-15s. There's no definite word yet on which proved superior. Unfortunately, due to Soviet technical specifications, the MiGs can't be repaired in any NATO country. (ABC-12)

**FOOD AID/SOVIETS**

Brokaw reports Foreign Minister Shevardnadze appealed for American food aid today when he met with Secretary Baker in Houston. (TV Coverage: Baker, Shevardnadze meeting.) He said food was the most acute Soviet problem these days. Baker said President Bush would try to help. During a break from their talks, the two went to the Johnson Space Center and climbed aboard a mock-up of the space station. (NBC-8, CBS-5)

CBS's Barry Petersen reports that foreign aid is flowing into Moscow's airports, but Gorbachev's supporters fear anger against reforms and shortages could spill into the streets. (Sergei Stankevich, Deputy Mayor of Moscow: "This emergency help is absolutely necessary in order to help our newly-born democratic institutions to survive.") (CBS-6)

**YUGOSLAVIA**

Rather reports election returns indicate former communists have held onto power in Serbia, Yugoslavia's largest republic. Opposition leaders conceded defeat today. The results are expected to deepen the rift between Serbia and other republics where communists have been ousted by pro-Western movements. (CBS-7)

**HAVEL**

Jennings: President Havel has asked the Czech Parliament to give him broad new powers until the country has a new constitution. He says he fears that without it, in an emergency he may be unable to deal with threats by Slovak leaders to declare sovereignty in Slovak regions and thus break up the country. (ABC-11)

Stahl continues:

(President Bush: "How is it possible after such a short time to break bread with the men who ordered those imprisonments? Why the absence of bitterness? And she said, 'Our joy at what is now happening is more powerful than memory.'")

But there is great bitterness in Eastern Europe toward the communists, even where they are reforming. In the elections in Poland, not a single member of the party was selected by the people. Even in the Soviet Union, party members were thrown out of office. But President Bush says the people he saw are not consumed with hatred.

(President Bush on Air Force One: "They aren't dwelling on that. There's too much hope now. They're hoping to keep going with political reform, economic reform. And I think to a degree that it still is there clearly in the minds of some, but it's almost overpowered by the moves that are going on now.")

There was only one shadow on the President's mood of exhilaration at the end of his trip: a new book in which campaign consultants who worked for Vice President Quayle describe him as a "disastrous campaigner...with the attention span of a child."

(President Bush: "I don't know what they thought, but I know what I've thought all along. And I think my judgement early on is being vindicated all along. The man is serious and he's doing a first-class job. But what troubles me about it, I found those quotations personally offensive.")

In California, the Vice President had his own reaction.

(Vice President Quayle: "And it was a rather cruel hoax that some of your top advisers would speak like that behind your back. It's most unfortunate, and that probably explains a lot of the problems we had on the campaign.")

The President meets with congressional leaders tomorrow when he'll start lobbying for the \$125 million in aid he offered Poland and Hungary on his trip. Sen. Helms has already launched a campaign to fight the package. (CBS-2)

## ECONOMY

Kuralt: The country's trade deficit was shown today to have taken a big jump in the wrong direction. The country's economic growth, said Administration officials, is not going to be as great this year as they thought before, and the budget deficit isn't improving much, either. But the Bush Administration says it's not much worried by all these new figures.

CBS's Mark Phillips: The news from the docks was not good. Trade figures for May released today show the trade gap to be the biggest in five months. A sharp increase in imports and a drop in U.S. goods sold abroad brought the May trade deficit to more than \$10 billion -- a number the Administration says should not be alarming in itself.

(Secretary Brady: "I don't think we can look at one month's result. May was up, April was down.")

Despite the May figures, the total trade gap has narrowed a bit from last year, but the numbers show U.S. industry still lagging behind its foreign competition.

## NETWORK NEWS SUMMARY

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(Tuesday Evening, July 18)

### TRIP

ABC's Peter Jennings: We begin tonight with the President, home from his trip overseas, pleased with what he's seen in person, and confident, so he says, that the American vision of the future will be realized. What the President says he senses is the dawning of a new age behind the Iron Curtain. And that is precisely what he's been encouraging everywhere he's been. And so he's home.

ABC's Brit Hume:

[TV COVERAGE: The President and First Lady step out of Marine One.]

The President, who had once been criticized for failing to see the opportunity for change in the age of Mikhail Gorbachev, returned to the White House after his second trip to Europe in three months, proclaiming a new era there.

(President Bush: "I found an enormous amount of excitement -- excitement at the times in which we are living and the possibilities they offer to end the division of Europe, to make that continent truly whole and free.")

Earlier on the long flight home, he disclosed there had been spirited discussion bordering on argument with his Dutch hosts this morning about the costs of mutual defense.

(President Bush: "There's a strong sentiment among some of the party people there for the United States to pick up the check for everything.")

But generally, the President said he found European leaders willing to assume a greater share.

(President Bush: "These people realize that for many years we've been carrying a very significant defense burden for the free world, and they understand that we are not rolling in money because of our federal deficit.")

Even before he landed, domestic matters caught up with him in the form of questions about a new book quoting Vice President Quayle's campaign handlers -- descriptions of Quayle as childlike and inept.

(President Bush: "The man is serious and he's doing a first-class job. But what troubles me about it, I found those quotations personally offensive, because that's the ugly side of politics.")

The Quayle flap will likely blow over, but the President obviously hopes that the impact of his trip will not, and in particular that his two visits behind the Iron Curtain will add momentum to the very change there he was once accused of not recognizing. (ABC-Lead)

CBS's Charles Kuralt: The President, home from 10 days in Europe, was tired but seemingly excited. He said his encounters with the people of Poland and Hungary persuaded him that a new world is within reach.

CBS's Lesley Stahl: The homecoming -- a red, white and blue welcome for the President on the White House lawn. Mr. Bush talked about his trip, a lunch he hosted in Poland, where a woman from Solidarity sat with the very communists who had jailed her friends.

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'A Sad Return To The Days Of Gunboat Diplomacy'

The Soviet Union condemned the U.S. military action in Panama Wednesday, describing the action as a violation of international law and the U.N. charter.

Describing the U.S. move as an "invasion," a Soviet Foreign Ministry statement demanded that Washington "immediately stop its armed intervention in Panama." The head of a parliamentary committee for international affairs, Alexander Dzasokhov, said no motive could possibly justify armed intervention against a sovereign state....

But Gorbachev...avoided any comment on the U.S. move....

"The Americans could not have done a better thing for our military-industrial complex than to commit aggression in Panama," said Georgi Arbatov, head of the Kremlin's think tank on the U.S. and a member of the People's Deputies. "It's a sad return to the days of gunboat diplomacy that I thought had passed."

(Michael Dobbs, Washington Post, A34)

Many Governments Condemn Use Of Force In Panama

UNITED NATIONS -- The U.S. invasion of Panama threw the U.N. into a diplomatic quandry Wednesday as the Security Council debated whether Gen. Noriega or the new U.S.-backed president, Endara, should be recognized as that country's leader.

Nicaragua demanded an immediate Security Council meeting to discuss the U.S. action. But attempts to call the council into session stalled throughout [Wednesday] afternoon as diplomats debated whether a Noriega-backed ambassador or an envoy appointed by Endara should be accredited to represent Panama before the body....

Nicaragua sought to introduce a resolution at the OAS condemning the U.S. action and demanding the immediate withdrawal of foreign troops in Panama. However, ambassadors to the OAS, claiming they lacked instructions from their governments, put off consideration of the Nicaraguan proposal.

(Ethan Schwartz & John Goshko, Washington Post, A34)

Americans Voice Their Approval For Show Of Muscle

The U.S. intervention in Panama brought cheers from the heartland as Americans came out overwhelmingly in favor of the move to capture Gen. Noriega, according to early polls and calls to radio and television stations.

Talk show hosts from across the country found their phone lines jammed Wednesday morning with excited listeners, many of whom said the Bush Administration's action to oust the Panamanian dictator was long overdue.

"It's all we've been talking about this morning," said Mike Rosen, who hosts a three-hour talk show for KOA-AM radio in Denver. "Callers are overwhelmingly in support of this -- their biggest frustration is this wasn't done two months ago."

"I don't think I heard one negative comment this morning," said Telly Mamayek, a news anchorwoman at WCKY-AM in Cincinnati, after fielding about 100 calls.

(Valerie Richardson, Washington Times, A1)

Thatcher Applauds U.S. Action; S. Americans Decry Troop Use

British Prime Minister Thatcher gave her unqualified approval to the U.S. military operation in Panama Wednesday, but not one Latin American nation expressed support.

Nicaragua, Peru and Cuba joined the Soviet Union in condemning the U.S. action, while Argentina, Costa Rica and Venezuela issued cautious statements decrying the use of force. Neighboring Colombia called for an emergency meeting in Bogota of foreign ministers representing seven nations of the Latin American Group of Eight, from which Panama was suspended in 1988 after Gen. Noriega deposed its president, Eric Arturo Delvalle.

Critical statements came also from a NATO member, Spain, and from neutral Yugoslavia, which heads the 102-nation Nonaligned Movement.

(A.D. Horne, Washington Post, A34)

Latin Nations, Soviets Condemn U.S. Action

The Soviet Union used language reminiscent of the Cold War Wednesday to denounce the U.S. military strike in Panama, and leaders in Latin America universally condemned the strike....

One of the angriest condemnations came from Peru, where President Alan Garcia announced he was withdrawing his ambassador from Washington until U.S. troops leave Panama.

Mr. Garcia said a drug summit scheduled for Feb. 15 with President Bush and other Latin American presidents in Cartagena, Colombia, should be postponed as a result of the U.S. military action....

Canada said the U.S. action set a "dangerous precedent" but expressed sympathy.

"What would you have us do?" asked Canadian Prime Minister Mulroney. "Here you've got a drug runner and thug running the country. He declares war on the U.S. He assassinates some innocent American citizens."

Among other Western allies, the Dutch government said it also sympathizes with Mr. Bush, but Spain... "deeply lamented" the U.S. move.

Venezuela summed up many reactions by saying it opposed intervention but also opposed Gen. Noriega's regime....

Guatemala, Ecuador, Costa Rica and Bolivia also lashed out at the violent turn of events in Panama, but none spoke out to the same degree as Cuba and Nicaragua....

China made no overt comment....

Japan was non-committal. (Combined wires, Washington Times, A6)

(Ankara/Reuter) -- Romania's First Deputy Premier Gheorghe Oprea denied foreign news reports that up to 4,000 protesters may have been killed last weekend in his country. "It is not true there are large numbers of dead. Not even 10 have died, let alone thousands," he told reporters.

HUNGARY (Budapest/Reuter) -- The Hungarian parliament agreed to dissolve itself on March 16 next year, paving the way for the first fully free elections in the East Bloc for over 40 years. Announcing the decision, deputy speaker Istvan Fodor said the country's acting president, Matyas Szuros, would decide a date for the elections later Thursday or Friday.

CZECHOSLOVAKIA (Prague/AP) -- The Communist Party voted to immediately disband the despised paramilitary People's Militia in another concession to the country's increasingly powerful pro-democracy movement. The delegates' vote came at a special party congress aimed at shoring up the party's plummeting popularity, the state-run news agency reported.

EAST GERMAN/YUGOSLAV CHRISTMAS (Vatican City/Reuter) -- Christmas midnight mass in St. Peter's Basilica will be broadcast for the first time in East Germany next year, while Yugoslav television will carry Pope John Paul's Christmas day message and blessing.

CHINA/SATELLITES (Beijing/Reuter) -- China said that President Bush's decision to allow it to launch three American-built satellites was helpful to restoring strained Sino-U.S. relations. But a foreign ministry spokesman was unable to say whether China planned any steps to improve ties or whether the two sides were closer to easing the main source of friction -- the sheltering of dissident Fang Lizhi in the U.S. Embassy.

CHINESE REFUGEE (Buffalo/AP) -- A Chinese man jailed after he and his pregnant wife entered the U.S. illegally to flee a forced abortion in China hopes a presidential order will bring him freedom. Li Jin Lin's case is one of the first in the nation to test President Bush's directive that says fear of forced sterilization or abortion can be considered as grounds for granting an alien political asylum. The couple fears harassment and worse if they should be returned to China, and their daughter could suffer even though she is a U.S. citizen by virtue of her birth here, said Kathleen Rimar, a lawyer representing them before the INS. She said Bush's directive "doesn't grant people asylum but it gives them a better shot if they can prove they would be forced to abort or face sterilization."

INDIA (New Delhi/Reuter) -- Prime Minister Vishwanath Pratap Singh's new minority government won a vote of confidence from parliament with only one voice of dissent. The Congress party abstained from voting while communists, a chauvinist Hindu party and Sikh militants all backed Singh's centrist National Front in a voice vote.

ISRAEL/PALESTINIANS (Jerusalem/Reuter) -- The Israeli army shot dead two Palestinians, wounded at least 23 and announced it would punish parents for stone-throwing by young children. Military sources said the army would start punishing parents of young stone-throwers in the Gaza Strip by sealing rooms of their houses and seizing furniture. They said the new punishments aimed to stop protests by children under 12 who cannot be jailed under Israeli military law used in the sTrip.



# News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, DECEMBER 7, 1990  
6:00 A.M. SANTIAGO/4:00 A.M. EST EDITION

## TRIP NEWS

BUSH LAUDS FREE-MARKET ECONOMY IN CHILE, PROMISES CLOSER RELATIONS -- President Bush promised improved political and economic ties with Chile Thursday, saying the Latin American nation has undergone a transformation "every bit as far-reaching" as the upheavals of the last year in Eastern Europe.

(Washington Post, Knight-Ridder)

## INTERNATIONAL NEWS

SADDAM ORDERS THE RELEASE OF ALL HOSTAGES -- President Saddam said Thursday that all the 2,000 or more foreigners being held hostage in Iraq and Kuwait are to be released promptly and the country's rubber-stamp National Assembly scheduled a special session for Friday to carry out his order.

(Washington Post)

SOME EUROPEANS INSIDE IRAQ ARE NOT HOSTAGES, U.S. INVESTIGATORS SAY -- In apparent defiance of international sanctions against Iraq, a number of Europeans portrayed as hostages in Baghdad actually are technicians working voluntarily to keep Iraq's weapons facilities and other key industries operating, American investigators now suspect.

(Los Angeles Times)

## NETWORK NEWS (Thursday evening)

GULF -- President Bush welcomed Saddam's announcement to free all foreign hostages in Iraq and Kuwait, but there was the danger the move would undermine Bush's unyielding stand toward Iraq.

The President denied the story he'll soon call a Middle East peace conference to negotiate the future of Palestine.

GATT -- Talks on farm subsidies collapsed in disagreement.

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## TRIP NEWS

BUSH LAUDS FREE-MARKET ECONOMY  
IN CHILE, PROMISES CLOSER RELATIONS

SANTIAGO -- President Bush promised improved political and economic ties with Chile Thursday, saying the Latin American nation has undergone a transformation "every bit as far-reaching" as the upheavals of the last year in Eastern Europe.

Bush said Chile's economic policies put it in "the forefront of the free-market movement now taking hold across Latin America."...

One of the cars in Bush's entourage was hit by an egg as the President rode from the airport to the home of President Patricio Aylwin, whose inauguration last spring restored democracy to Chile after 17 years of military rule under Gen. Pinochet....

Chilean reporters pressed Bush with questions about the 1976 assassination in Washington of ex-foreign minister Orlando Letelier, a foe of Pinochet, and about the aftermath of a 1989 embargo on Chilean fruit....

Last Saturday, the White House announced it had lifted sanctions prohibiting military assistance and sales to Chile that were imposed by Congress after the Letelier bombing in Washington. The Administration justified the decision by saying that Chile had taken steps to resolve the case here, including its shifting jurisdiction of the case from the military to civilian courts....

"Chile has moved farther, faster than any other nation in South America toward real free-market reform," Bush told the Chilean Congress in the Pacific seacoast city of Valparaiso.... He said this made it "a prime candidate" for debt relief under his newly proposed Enterprise for the Americas initiative.

(Dan Balz, Washington Post, A53)

## BUSH CALLS CHILE A POLITICAL, ECONOMIC MODEL FOR LATIN AMERICA

SANTIAGO -- President Bush hailed Chile Thursday as a political and economic model for the rest of Latin America, calling its transformation "every bit as far-reaching as the revolutions that changed the face of Eastern Europe."

The lavish praise would have been unthinkable from an American president just a year ago, when Chile was in the final days of the 16-year military rule of rightist strongman Gen. Pinochet.

But the ascension of democratically elected President Aylwin has helped change Chile's image as a suppressor of human rights, and its growing economy has made it the envy of its South American neighbors.

"Chile has moved farther, faster than any other nation in South America toward real free market reform," Bush declared in a speech before the Chilean National Congress.

Nearing the end of his six-day swing through five South American nations, Bush said the strong economic performance made Chile a prime candidate for the debt-relief provisions of his Latin American assistance plan.

(Charles Green, Knight-Ridder)

## BUSH LAUDS CHILEAN DEMOCRACY

SANTIAGO -- President Bush had praise Thursday for the newly restored democracy in this nation, but the Chileans were more interested in discussing a controversial five-day U.S. ban on their grapes last year.

Standing under an apricot tree loaded with fruit on the patio at the home of President Patricio Aylwin, the two presidents fielded questions.

While the American press concentrated on the Persian Gulf crisis, Chilean reporters quizzed Bush on bilateral matters including the resentment here for the U.S. decision to remove grapes from supermarket shelves last year....

Bush said he and Aylwin would discuss the grape question. He used the Tylenol incident as an example to explain how seriously the U.S. views cases of poisoned food and medicine.

He told how the company removed Tylenol several years ago after one tampered capsule was found.

"It isn't the Chilean grape that was singled out," he said. "This is the way in the United States we approach matters that can adversely affect the health of our people."

Bush later flew to nearby Valparaiso, where he addressed the National Congress, telling its members that in spite of the "remarkable events" in Europe, the world should not lose sight of what has happened in this hemisphere. "Chile has undergone a political transformation every bit as far-reaching as the revolution that changed the face of Eastern Europe," he said.

(Kathy Lewis, Dallas Morning News)

## INTERNATIONAL NEWS

## SADDAM ORDERS THE RELEASE OF ALL HOSTAGES

BAGHDAD -- President Saddam said Thursday that all the 2,000 or more foreigners being held hostage in Iraq and Kuwait are to be released promptly and the country's rubber-stamp National Assembly scheduled a special session for Friday to carry out his order.

The surprise announcement -- which meets one of the three U.N. objectives -- was cautiously applauded by U.S. Embassy officials and visiting hostage relatives here. While there was no official indication when the hostages would be freed, Iraq's U.N. ambassador said they would be home by Christmas.

Saddam cited appeals by other Arab leaders, expressions of concern about war by U.S. Senate Democrats and pleas from a European Parliament delegation as positive factors in his decision. He said all this "encouraged" him "to respond to these good, positive changes -- changes that will have a major impact on world public opinion in general, and U.S. public opinion in particular, in restraining the evil ones who are seeking and pushing for war."

The statement, read over state-run Baghdad Radio, was applauded by U.S. and other Western diplomats here as a potential breakthrough in the hostage crisis.

(Dana Priest, Washington Post, A1)

## BUSH WELCOMES PLEDGE BUT BARS ANY CONCESSIONS

SANTIAGO -- President Bush Thursday cautiously welcomed President Saddam's decision to release the hostages in Iraq, but maintained his hard line against offering Saddam any concession to withdraw his troops from Kuwait such as linking the Persian Gulf crisis to a resolution of the Palestinian issue.

Bush said Saddam's move to release the hostages shows that the U.S. strategy of economic sanctions and the threat of war "is working," and insisted that Saddam comply fully with U.N. resolutions calling for complete withdrawal of Iraqi troops from Kuwait and the restoration of the Kuwaiti government.

"We've got to continue to keep the pressure on," Bush told a news conference here during a tour of five Latin American nations. He added later: "The release of all hostages would be a very good thing, but the problem is the aggression against Kuwait, and the man must leave Kuwait without reservation, without condition."

Bush's rhetoric, and similar remarks in Washington Thursday by Secretary Baker before the House Foreign Affairs Committee, reflected the Administration's determination to prevent mounting talk about a possible diplomatic deal from eroding the international coalition aligned against Saddam and the threat to use force if Iraqi troops have not withdrawn by early next year. U.S. officials appeared particularly anxious to ensure that a hostage release not boost sentiment on Capitol Hill and around the U.S. in favor of delaying military action against Iraq for months in order to give economic sanctions against Iraq more time to work....

The President said he wanted to "gun...down" speculation that the U.S. is supporting a Middle East peace conference as part of a deal to end the gulf crisis, saying Saddam was simply trying to justify his own aggression by insisting that an Iraqi pullout from Kuwait be linked to settlement of the Palestinian issue.

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(Dan Balz, Washington Post, A1)

EUROPEAN LEADERS WELCOME NEWS  
But Pledge Unified Stand To Force Iraqi Pullout

PARIS -- The European allies Thursday welcomed President Saddam's declared intention to free all foreign hostages and expressed the hope that their release will be followed soon by the complete withdrawal of Iraqi troops from Kuwait and the restoration of its legitimate government.

Spokesmen for European governments hailed the announcement as the result of unyielding opposition by the international community to Iraq's transgression of international law. But they stressed the need to sustain the pressure of a global consensus that Iraq must comply with all terms of the U.N. resolutions.

(William Drozdiak, Washington Post, A30)

SADDAM BIDS TO ELEVATE TALKS  
Move Seen Also As Aimed At U.S. Public Opinion

DHAHRAN -- Saddam Hussein decided to release his foreign hostages in an effort to upgrade forthcoming U.S.-Iraqi diplomatic contacts into full-fledged negotiations on Middle East issues, according to Arab diplomats and analysts.

In their view, the Iraqi leaders's surprise announcement Thursday that he would free the hostages, including 88 Americans held as "human shields," is also an attempt to weaken the international coalition arrayed against Baghdad and increase domestic pressures on the Bush Administration to delay early military action.

"Saddam wants to transfer (the upcoming talks) to negotiations. He's playing with American public opinion," said one senior Egyptian military source. "He wants to defeat Mr. Bush at home."

(Caryle Murphy, Washington Post, A1)

SOME EUROPEANS INSIDE IRAQ  
ARE NOT HOSTAGES, U.S. INVESTIGATORS SAY

In apparent defiance of international sanctions against Iraq, a number of Europeans portrayed as hostages in Baghdad actually are technicians working voluntarily to keep Iraq's weapons facilities and other key industries operating, American investigators now suspect.

Although the number of foreign nationals involved is believed to be small, investigators said they are helping to maintain key facilities, including Iraq's main chemical-weapons plant. Some are Germans who appear to be moving in and out of Iraq freely through Jordan.

The suspicions are based, in part, on accounts provided by freed hostages who have reported seeing Europeans at work, apparently voluntarily, at strategic sites where "human shields" have been held to deter a possible U.S.-led military strike.

The critical assistance poses a threat to the effectiveness of the U.N. embargo against Iraq and is a source of particular frustration to U.S. officials eager to find a way to stop the workers. German federal prosecutors confirmed that they are investigating 20 to 30 cases involving companies and individuals believed to be providing illegal services and commodities to Iraq.

(Douglas Frantz and Tamara Jones, Los Angeles Times, A41)

PARTISAN SPLIT DEEPENS IN U.S. POLICY DEBATE  
Reaction To Saddam's Move Underscores Schism

The domestic political debate on President Bush's Persian Gulf policy became more sharply partisan Thursday, with Republicans claiming that President Saddam's announcement that he will release all hostages vindicated Bush's insistence on forcing the issue, while Democrats defended a more gradual approach allowing time for sanctions to work.

The split underscored the degree to which the early congressional consensus on the gulf has eroded since Bush's decision a month ago to double the size of U.S. forces in the gulf and to threaten Iraq with military retaliation for its invasion of Kuwait....

Sen. Dole lost no time in attempting to seize the political advantage. "While President Bush and the United Nations had the courage to force Saddam's hand," he said in a statement, "Congress sat on its hands and tried to tie the President's (hands) behind his back.... No doubt about it, the President's policy is working. The last thing we need are any more timid signals from Congress."

On the other side, Sen. Sarbanes, an advocate of continuing the economic sanctions and delaying any resort to military force, said, "If the hostages are released, it represents the achievement of one of our major goals without the expenditure of any lives...which runs directly counter to what Dole is saying."

Several sources said that Rep. Solarz, one of the strongest Democratic supporters of the Bush policy, warned a closed-door Democratic strategy session Thursday that if the party appears to be denying support to the Administration and Bush orders a January attack that results in a quick Iraqi defeat, as he considers likely, then the voters "will keep us out of the White House forever."

(David Broder, Washington Post, A25)

CHENEY IS SAID TO SEEK AID FROM NATO STATES

BRUSSELS -- Secretary Cheney told other defense ministers from NATO Thursday that the U.S. would welcome additional military support for the effort to oust Iraqi forces from Kuwait, according to senior diplomatic sources.

Cheney reportedly said the U.S. wants help from other NATO members to transport a large contingent of U.S. troops and military equipment to the Persian Gulf by mid-January.... He and British Defense Minister Tom King also called for added contributions of ammunition, spare parts and medical supplies for the estimated 460,000 U.S. and British troops in or headed for the Persian Gulf.

(Jeffrey Smith, Washington Post, A25)

## DIPLOMACY SHIFTING WESTERN DEBATE FROM A STICK TO A CARROT

Although President Bush and Secretary Baker have insisted they will not negotiate with Iraq, they are being drawn inexorably into an intense period of negotiation that is not entirely within their control....

Since the U.N. Security Council voted last week to authorize the use of force against Iraq if it does not leave Kuwait by Jan. 15, the U.S. has proposed new high-level talks, Iraq has accepted, Iraqi soldiers have made a token effort to resupply the besieged U.S. Embassy in Kuwait, and now Saddam proposes to liberate the remaining hostages. There have been daily discussions between Washington and Baghdad over the details of the planned exchange of visits between Baker and Foreign Minister Aziz.

The result of this back and forth has been to shift the debate in the U.S. and between Washington and its partners from the quality of the "stick" being wielded by the alliance to the shape of the "carrot" that might be used to induce Saddam to retreat.

The risk for Bush is that the debate will be increasingly difficult to control as the U.S. is buffeted by proposals from friends and adversaries that further cloud the message of resolve that it wants to send Iraq and the American people....

Officials conceded that they have entered a new phase of the crisis that will be more difficult to manage. "It's like those vegetables they brought to the embassy," said an official, referring to the food taken to the door of the Kuwait embassy. "It certainly means there is movement. But is (he responding to) this massive force? Is it the U.N.? Or is it some game he's playing?"

(David Hoffman, news analysis, Washington Post, A28)

U.N. DELAYS DEBATE ON PALESTINIAN PROBLEM  
U.S. Negotiates With Nonaligned Nations  
Over Proposal On Mideast Peace Conference

U.N. -- The Security Council Thursday delayed for a day its debate on the Palestinian problem, as U.S. and nonaligned diplomats continued negotiations over a resolution urging consideration of an international peace conference on the Middle East "at an appropriate time."

U.S. diplomats said the U.S. has not agreed to convene such a conference. The U.N. proposal "doesn't seek to convene a conference, it simply says it might be useful at the appropriate time," a U.S. official said. (Trevor Rowe, Washington Post, A58)

## IRAQIS, SAUDIS SAID TO BAR RIGHTS GROUP

Two of the leading adversaries in the Persian Gulf, Iraq and Saudi Arabia, have governments so repressive that no one is available in them to monitor human rights violations, a human rights group said Thursday.

Those countries and Albania, Ethiopia and North Korea were the worst five violators of rights cited by Human Rights Watch in its fourth annual survey of persecution of human rights monitors worldwide....

Thirty-one monitors were killed, and another eight "disappeared" after being taken into custody, the report said, citing more than 500 cases of persecution in 50 countries.

(Al Kamen, Washington Post, A19)

## TRADE TALKS AGAIN STALLED OVER SUBSIDIES

BRUSSELS -- Global negotiations to expand free trade broke down in bitterness Thursday night over the issue of farm trade subsidies, making it extremely difficult for negotiators to reach a successful end Friday of a four-year effort to expand trade rules to cover \$1 trillion in new forms of commerce.

The deadlock came after the negotiations received a sudden reprieve this afternoon when the 12-nation EC agreed to discuss the \$12 billion a year it pays farmers to help them sell in foreign markets.

But hours later the talks reached a stalemate when the EC, Japan and South Korea raised so many objections that other nations decided it was fruitless to continue negotiations on GATT.

(Stuart Auerbach, Washington Post, C12)

## PANAMANIAN MUTINEERS HAD SEVERAL AMERICANS IN GRASP

PANAMA CITY -- American troops were dispatched to surround Panamanian police headquarters early Wednesday because a handful of U.S. advisers, including two Army colonels, were trapped inside and on the verge of a shootout with munitions Panamanian police officers who had stormed the building, American officials said here Thursday.

The advisers had been inside the headquarters shortly after midnight when the rebellious officers burst in and took control of the building.

(Lee Hockstader, Washington Post, A53)

## NATIONAL NEWS

## ECONOMY, S&amp;L BAILOUT SEEN DRIVING UP DEFICIT

A weakening economy and skyrocketing costs of the S&L bailout will raise the federal budget deficit to a record \$320 billion in this fiscal year, the CBO estimated Thursday.

The deficit will surge even higher in the fiscal year starting Oct. 1, despite Congress' five-year agreement to reduce red-ink spending, CBO Director Reischauer told the House Budget Committee.

Even if there is a recession in the first half of next year, however, the deficit will start to shrink in 1993 and drop sharply thereafter as the new congressional budget actions take hold, Reischauer said.

(William Eaton, Los Angeles Times, A4)

## SUNUNU SAID TO WANT COMPTROLLER REPLACED

Chief of Staff Sununu is seeking to block a second five-year term for Comptroller of the Currency Robert Clarke, after complaining in recent White House meetings that Clarke's oversight of national banks is so tough that it has caused a nationwide credit crunch, Bush Administration officials said Thursday.

Apparently at the behest of Sununu, calls have been made this week to bankers and other business executives soliciting opinions about Clarke. While there is no firm timetable, one Administration official said he expects the President to make a decision on the nomination early next week.

"Sununu is among those who oppose Clarke's nomination," an Administration official confirmed.

Clarke's reappointment is supported by Secretary Brady.... Some Administration officials said Clarke was assured by the White House as recently as last Thursday of his reappointment, but another official flatly denied that any assurances were given.

(John Berry, Washington Post, A1)

## GEPHARDT SAYS GOP PLAYING RACIAL POLITICS

Rep. Gephardt charged Thursday that President Bush and other Republican strategists are using opposition to civil rights legislation "to divide white working people from black working people, and thereby distract them from their common interests."

Setting the stage for a renewed fight over the civil rights legislation expected when a new Congress convenes next month, Gephardt dismissed Bush's contention when he vetoed the bill in October that it would force businesses to impose racial quotas. And he criticized Republicans who he charged are planning to use quotas as a polarizing issue in the 1992 elections:

"The ideologues on the right are following a new trail of racial resentment and recrimination blazed by David Duke, then trod successfully by Jesse Helms, and now given a tarnished patina of intellectual respectability by William Bennett."

RNC spokesman Black dismissed the charges as "nonsense. They are hitting below the belt in trying to rope David Duke, a former Democrat, into this equation. There is a legitimate difference between the president and the liberal Democrats and what ought to be in this (civil rights) bill. If they try to convert it into a quota bill again, he will oppose it."

(Thomas Edsall, Washington Post, A14)

## NETWORK NEWS SUMMARY

(Thursday evening, December 6)

## GULF

ABC's DIANE SAWYER: Words Americans have been hoping to hear: the hostages -- Saddam Hussein's guests -- may be coming home. There are more than 6,000 Western and Japanese citizens still detained or hiding in Iraq and Kuwait, 930 of them Americans. Thursday morning Hussein announced they will be free to leave, maybe within days. The Voice of America has already started telling them preparations are under way. The administration called it a welcome and significant development, a sign that the international pressure on Iraq is working.

ABC's KAREN BURNS reports from Baghdad that news of their release came as a surprise to the hostages.

(BURNS: "Why are the hostages being released all of a sudden? NAJDI AL-HADIPHI, gen. dir. of government information: "There has been some changes, positive changes, in the world public opinion, including the American public opinion.")

Iraqi officials and Western analysts here believe Saddam agreed to make concessions in meetings two days ago with King Hussein and Yassir Arafat. Both want linkage to the Palestinians issue. One Iraq official says the hostages are being released just because they are no longer needed.

(AL-HADIPHI: "The Iraqi forces took advantage of this period to complete their deployment in the province of Kuwait and now they are fully prepared to deter any aggression on Iraqi territory.") American officials are still waiting to see if Saddam's promise is kept.

(JOSEPH WILSON, U.S. Embassy Charge: "I have put a bottle of California champagne in the ice box. I will uncork it when I see these people with their exit visas and on the up-ramp.")

Friday the Iraqi National Assembly will vote on Saddam's proposal to release the hostages. If they vote as they are expected to, the hostages could be released immediately.

SAWYER reports ABC News has learned that in addition to telling Hussein to release the hostages, the PLO and King Hussein have also urged him to get out of Kuwait and try to make a separate deal with King Fahd. Under the deal, Iraq would gain access to the sea and keep the oil fields along the Iraq-Kuwait border.

The reaction from President Bush Thursday was: keep the pressure on.

ABC's BRIT HUME: Word of the Iraqi announcement had reached President Bush aboard Air Force One as he flew into Santiago. Mr. Bush could not do other than welcome the news, but there was the danger that it would undermine his unyielding stand toward Iraq.

(TV coverage: President walking with President Aylwin.) He said nothing about it until asked at a joint news conference with Chilean President Aylwin.

(PRESIDENT: "The release of all hostages would be a very good thing, but the problem is the aggression against Kuwait, and the man must leave Kuwait without reservation, without condition.")

The President insisted there is no behind-the-scenes diplomacy between the U.S. and Iraq.

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HUME continues:

(PRESIDENT: "There are no secret negotiations, direct or indirect, with Iraq over this question. None, and there will be none.") And he denied the U.S., which is working on a compromise U.N. resolution on a Middle East peace conference, is trying to give Saddam a face-saving concession for leaving Kuwait.

(PRESIDENT: "I don't care about face, he doesn't need any face. He needs to get out of Kuwait without trying to complicate this matter by talking about some Middle East peace settlement or peace conference.")

However that plays out, the release of the hostages, assuming it happens, achieves a major goal of the administration's Gulf policy, but it also removes one justification for the use of force at the very time when many in Congress and elsewhere are claiming that force is unnecessary because the policy is working without it.

SAWYER reports Saddam mentioned a number of positive developments, among them the fact that Democrats in Congress have been urging patience. Thursday, Secretary Baker got an earful from members of the House.

ABC's JOHN McWETHY reports the more Saddam gives ground, the rougher it seems to get for Secretary Baker to sell administration strategy. House members repeatedly asked Secretary Baker why the administration was in such a hurry to threaten a war; why not wait and give sanctions time to work?

(SECRETARY BAKER: "When you say wait, wait, wait, wait, wait, that undercuts a strategy that is showing every possibility of working.")

Baker was asked if fighting to save Kuwait would be worth the deaths of 15,000 or more American soldiers.

(REP. KOSTMAYER: "It seems to me essential that we have to ask ourselves as a country whether or not the object is worth the loss of life. Is there a more fundamental central question --

SECRETARY BAKER: "It is a question, Mr. Kostmayer, that should be asked --

REP. KOSTMAYER: " -- as to how many Americans, Mr. Secretary, will die in the Persian Gulf if we go to war?"

SECRETARY BAKER: "The question ought to be asked: if, as and when there is a decision made to use force, that's when it ought to be asked.")

Baker was also asked about rumors that the U.S. was now, for the first time, willing to support a U.N. resolution calling for an international conference on the Arab-Israeli question, something Saddam Hussein, among others, has wanted.

(SECRETARY BAKER: "We are not now recommending that an international conference on the Arab-Israeli conflict be held, nor are we supporting a resolution in the Security Council that would seek to convene such a conference.")

But the U.S. does not have to support such a resolution; it could abstain, allowing the measure to pass. That would keep America's Arab coalition partners happy and signal to Iraq that the U.S. is, in fact, willing to negotiate.

ABC's DEAN REYNOLDS reports from Tel Aviv that Israeli opposition to any such conference has not changed. On a London stop-over before flying to the U.S., Prime Minister Shamir firmly rejected the talk of an international peace conference on the Middle East.

REYNOLDS continues:

(PRIME MINISTER SHAMIR: "If such a decision will be taken by anybody, any foreign body, we will not participate in it. We will not participate in it.")

Addressing the Palestinian situation in an international conference would, in Shamir's opinion, mean international isolation for Israel and world-wide pressure to give up the occupied territory he has vowed to keep forever. Thursday night, Israeli television showed Secretary Baker denying any change in the U.S. policy about a Mideast conference, but privately Israeli officials remain suspicious that some change may be in the wind. Relations between Jerusalem and Washington have seldom been worse than they are now and the mere mention of an international Mideast peace conference will do little to improve the atmosphere for Mr. Shamir's meeting at the White House next week. (ABC-Lead)

ABC's DEAN REYNOLDS reports from the Saudi desert on American troops training there.

SAWYER reports another American soldier was killed in an accident in Saudi Arabia, crushed between a truck and construction material. Fifty-three American soldiers have died since Operation Desert Shield began.

ABC's BILL GREENWOOD reports on gift-boxes sent to troops in Saudi Arabia by a charity called Help Hospitalized Veterans. Critics say the group should not be spending 50 percent of its funds raised on advertising. (ABC-2)

NBC's FAITH DANIELS: A diplomatic bombshell out of Baghdad Thursday night: Saddam Hussein apparently blinks, saying he'll release all foreign hostages from Iraq and Kuwait. There are about 6,000 foreigners being held, more than 1,000 of them Americans.

NBC's MIKE BOETTCHER reports from Baghdad that Saddam said he was allowing all foreigners to leave with "our apologies for all harm and forgiveness in God almighty." Saddam appeared on Iraqi television with religious leaders who urged that he release the foreign hostages. In a later statement, he said that requests from other Arab leaders like King Hussein and what he perceived as a shift in American and world opinion against going to war convinced him to allow the hostages to leave. Hostages and their wives are already celebrating at a Baghdad hotel, so they expect their release very soon. In releasing the hostages, Saddam would like to avoid a war and would like to be the hero of the Arab world. If he can tie a negotiated settlement of Kuwait to the issue of the Palestinian homeland, then he would be that hero.

DANIELS: If there's one thing President Bush doesn't want to do it's make Saddam a hero, and to that end he was hanging tough. The President will not budge on any attempt to link a solution of Kuwait to the broader Mideast peace problem, mainly Israel and Palestinians in the occupied West Bank.

NBC's JOHN COCHRAN: Saddam's promise to release the hostages got the kind of cautious response we've come to expect from George Bush. President Bush first heard the news on board Air Force One as he flew into Santiago. Later, at a joint news conference with Chile's President Aylwin, Bush made it clear that even if Saddam does free the hostages, the threat of war will continue.

(TV coverage: Presidents Bush and Aylwin reviewing Chilean troops.)

(PRESIDENT: "The release of all hostages would be a very good thing, but the problem is the aggression against Kuwait, and the man must leave Kuwait without reservation, without condition.")

Bush also said he is not impressed by Saddam's recent gifts of food and drinks to Americans trapped in the U.S. Embassy in Kuwait.

(PRESIDENT: "Well first, I don't consider a couple of cases of Pepsi Cola a serious release on our beleaguered embassy in Kuwait.")

Bush ruled out any secret deals when he meets with the Iraqi foreign minister later this month.

(PRESIDENT: "I don't want any people to think there are secret negotiations going on or that I, on behalf of this world-wide coalition, will even consider making a concession, if you will.")

But how about reports that American diplomats at the United Nations are preparing a resolution that Saddam wants, calling for a peace conference for Palestinians and Israelis? But the resolution might give Saddam a face-saving way to withdraw from Kuwait.

(PRESIDENT: "I don't care about face, he doesn't need any face. He needs to get out of Kuwait without trying to complicate this matter by talking about some Middle East peace settlement or peace conference.")

But administration officials say the U.S. is ready with a resolution which simply restates the American position that someday a Mideast peace conference may be a good idea.

DANIELS: Why would the U.S. want to do that?

COCHRAN: It's a small bone for Saddam Hussein, just restating American policy, but if it makes him happy so much the better say American officials. They hope he will blink again by possibly withdrawing from Kuwait. They think he's already blinked big-time Thursday with his promise to release the hostages.

NBC's JOHN DANCY reports from the State Department on Secretary Baker's testimony on Capitol Hill. A testy and combative James Baker told a House committee Thursday Saddam's announcement was a sign the policy of economic and military pressure is working. If it's succeeding, said Rep. Hamilton, why rush into using force?

(SECRETARY BAKER: "If we want a peaceful solution, it should be crystal clear to them that force is not going to be ruled out as an option, it is a real, live, credible option --

REP. HAMILTON: "And you appreciate --

SECRETARY BAKER: " -- wait just a minute. You asked me a question, you let me answer, just let me answer the question. That is my answer to you when you say wait, wait, wait, wait, wait, that undercuts a strategy that is showing every possibility of working, Mr. Hamilton."

REP. HAMILTON: "There are costs, of course, to waiting. There are also very heavy costs of going to war.")

SECRETARY BAKER: "Absolutely.")

DANCY continues: Baker also tried to put out a fire at the U.N. The U.S. is for the first time considering a Security Council resolution that calls for an international peace conference on the Middle East. A vote on the resolution could come as early as Friday. Baker said that U.S. policy had not changed.

(SECRETARY BAKER: "We have taken the position for a long time that an international conference, properly structured, at an appropriate time, might be useful.")

But, said Baker, not in the middle of the Gulf crisis.

(SECRETARY BAKER: "This is certainly not an appropriate time for an international conference.")

That seemed to satisfy pro-Israel members of Congress, but on the larger issue of the Persian Gulf the administration is still under attack despite Thursday's news on the hostages.

NBC's MARTIN FLETCHER reports from Tel Aviv the government's heart missed a beat at reports of a possible international peace conference, but when that proved a false alarm you could feel the relief all around Jerusalem. With the Palestinian uprising becoming more deadly, Israel wants to keep a free hand to deal with the Palestinian violence.

(MOSHE ARENS, Israeli Defense Minister: "We will fight fire with fire.")

Even if Washington can negotiate the peaceful end to Saddam's occupation of Kuwait, Israel is still worried.

(BENJAMIN NETANYAHU, deputy prime minister: "The question is really, how do we ensure that these weapons of destruction, these missiles, these chemical weapons, the nuclear program that he is fast accelerating in Iraq, that these do not pose a threat in the aftermath of the crisis, assuming he gets out of Kuwait?")

Israel still wants the U.S. to defeat Iraq militarily but won't say so in public. Instead, government sources say that in Washington Prime Minister Shamir will promise there'll be no unilateral Israeli action against Iraq and that Israel will stick to the American line to give peace talks a chance. (NBC-Lead)

NBC's KEITH MILLER reports from Saudi Arabia that there was no let-up in the U.S. military build-up. Many soldiers welcomed a possible hostage release as a signal Saddam may be seeking peace. Among the soldiers from the countries allied against Iraq, many believe peace in the Gulf can only be achieved by eliminating Saddam.

DANIELS reports that while Saddam declared his forces are now fully prepared to fight, the Pentagon said Iraq has put 50,000 new troops in and around Kuwait.

NBC's FRED FRANCIS reports from the Pentagon that officials fear that a protracted diplomatic process will put a great burden on U.S. forces. It puts pressure on them to either act swiftly or be prepared for a long wait in the sand. Military planners say the pressures of mobilization and waiting for combat are mounting. There is a fear that Saddam could begin a very slow withdrawal from Kuwait, a pace fast enough to forestall an attack but which could drag us into 1992.

(LT. GEN. WILLIAM ODOM (ret.), military analyst: "And I think we would have little option but to keep a fairly significant force in Saudi Arabia throughout that entire period.")

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FRANCIS continues: A long and expensive deployment in the sand could erode public support, especially if the world wants to believe that Saddam is pulling out. All that against the conviction of U.S. intelligence that sophisticated Iraqi military hardware will begin to fail without spare parts by summer's end. Thursday's developments suggest there could be a long wait to avoid war. If the sanctions are lifted, it's almost impossible to keep Saddam from getting a nuclear weapon and a missile to deliver it, and that's what worries this President. (NBC-2)

NBC's ROGER O'NEIL reports Americans in the streets don't trust Saddam's offer to release the hostages. The message to President Bush: hang tough. (NBC-3)

NBC's JOHN CHANCELLOR comments on America's oil addiction. We're addicts, so we keep two sets of ethical books. We didn't try to rescue Tibet when China took it over -- no oil. We looked the other way when Morocco annexed Spanish Sahara -- no oil. Americans will have to risk fighting for oil as long as their country won't conserve it. Conservation is a joke; gas prices are lower than in any big country because that pleases the voters. There is no national energy strategy. (NBC-7)

CBS's DAN RATHER: Is there a deal in the making in the Persian Gulf crisis? Two major moves Thursday gave the question new significance. Saddam Hussein said he was releasing all of the thousands of hostages and President Bush confirmed he has had the U.S. join United Nation's talks about a possible international conference on all Mideast problems. The Iraqi ambassador to the U.S. said the hostages should be home for Christmas. Touring South America, President Bush and his aides said the moves shows their pressure against Saddam is working.

CBS's ALAN PIZZEY reports from Baghdad on the news of the release. The hostages are jubilant.

CBS's WYATT ANDREWS: The promise to release the hostages Thursday put President Bush in an awkward position. His attitude seems to be he wants the hostages out but does not want to owe Iraq anything.

(PRESIDENT: "One, I hope it is credible. Two, no single hostage should have been taken in the first place, and I hope that it shows that the strategy is working and that Saddam understands that his hostage policy has incurred the condemnation of the whole world.") Mr. Bush's wariness reflects his overall distrust of Saddam Hussein. Iraq last week offered to resupply the Kuwaiti embassy, but the President said the result was only two cases of Pepsi Cola. The White House has been denying rumors floated almost daily by Iraq saying the President is secretly dealing with Saddam.

(PRESIDENT: "There are no secret negotiations, direct or indirect, with Iraq over this question. None, and there will be none -- secret negotiations of that nature.")

Thursday Mr. Bush specifically denied the story he'll soon call a Middle East peace conference to negotiate the future of Palestine, in essence complying with Saddam's demand to equate the occupied West Bank with occupied Kuwait.

(PRESIDENT: "The United States of course remains interested in a solution to that other question, but there is no linkage with what has to happen in Kuwait.")

ANDREWS continues: Despite the potential good news for the hostages, the White House does not think it necessarily improves the chances for peace. Instead of seeing a man working to reduce tension, the White House views Saddam Hussein now as a man maneuvering on every front except Kuwait itself.

CBS's BILL PLANTE reports on Secretary Baker's testimony on Capitol Hill.

(SECRETARY BAKER: "If we are to have any chance of success, Mr. Chairman, I must go to Baghdad with the fullest support of the Congress and the American people.")

Members of Congress kept recalling testimony from one former official after another, almost all of whom counseled giving sanctions time to work.

(REP. KOSTMAYER: "All of the former military leadership, distinguished men and women, have told us you're wrong and we should wait. None of them agree with you.")

SECRETARY BAKER: "I simply do not agree with that, that all of them have said we are wrong.")

Baker refused to speculate how many American lives would be lost in a campaign against Iraq.

(SECRETARY BAKER: "The loss of one life is too much. Let me say to you that the President has not made a decision to use force.") There was a lack of enthusiasm for those the U.S. is protecting in the Gulf.

(REP. STUDDS: "We are there in defense of a regime in Saudi Arabia which is, among other things, sexist, anti-Semitic and which wouldn't know an election or a democracy if it saw one.")

SECRETARY BAKER: "No one is defending the form of government of each and every one of our multi-national coalition partners.")

Despite all the rhetorical fireworks, the administration knows it can't do very much about what's being said in Congress. What frustrates them most here is the feeling that members in Congress are hedging their bets. We've invited them to take a vote, said one official, but they'd just rather sit there and pontificate.

RATHER asks SEN. NUNN: What about the argument that if Saddam praises you, you must be doing something wrong?

SEN. NUNN: ...If Saddam is praising my position, he's praising someone who has advocated bringing Iraq to its knees with an economic embargo unless they get out of Kuwait and also one who has made it very clear from the very beginning that I agree with President Bush's overall policy and still do. And also, I believe we ought to have a military option. The only difference is whether we use the embargo in a slow way of bringing pain or whether we use military force immediately. So there's not much difference of opinion here....

RATHER: What about Secretary Baker's argument and that of President Bush that the best course for Democrats...is to sit down, be quiet and swing in unity behind the President's policy?

SEN. NUNN: Everything I've heard from the President and the secretary and the secretary of defense also is that they welcome these hearings as a way of basically bringing the American people in on the overall question of our policy in the Persian Gulf.... I have objected to building a military force so large that we don't have patience to let the embargo work....

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RATHER: If the hostages are released and if Saddam gets out of Kuwait, are you in favor of backing away at that time or continuing to try to get him to disarm...?

SEN. NUNN: ...In either event I think we ought to continue the embargo on all weapons of high-technology and certainly nuclear weapons.  
(CBS-Lead)

CBS's MARTHA TEICHNER reports on the Israeli reaction to events in the Gulf. The timing could not have been worse, as Prime Minister Shamir is hoping to repair Israel's image with a trip to London to meet Prime Minister Major and to Washington for his first meeting with President Bush in more than a year.

(PRIME MINISTER SHAMIR: "I think that Israel will not agree that any foreign body will decide about its future and safety.")

For Palestinians, an international conference is their prize for backing Saddam and linking their situation with the Gulf crisis.

(CHASAN EL-HATIB, Palestinian leader: "All the time we thought that an international conference and international legitimacy is the best approach to deal with the Middle East issue.")

But even Israelis who supported the international approach in the past think it's a mistake now.

(SHIMON PERES, Israeli Labor Party leader: "If this is a cost to maintain a certain coalition, I'm not convinced that this is a necessary cost.")

But it's a cost some analysts are convinced the Americans are willing to pay -- at Israel's expense -- linkage even if it's disguised.

(AHIVA ELDAR, political analyst: "They will tell Saddam Hussein, first of all, you have to leave Kuwait, but we promise you now that we will deal with the Gulf issue and the Palestinian dispute after your problems have been solved.")

Israeli leaders are praying the U.S. will not betray them in its efforts to bring the Gulf crisis to an end.

PROF. FOUAD AJAMI, of Johns Hopkins University, says that the linkage is what Saddam has wanted all along. If we do end up talking about an international conference and we sanction an international conference, then this is a major change in American policy. The Israelis would never go along with it.

GEN. GEORGE CRIST (ret.), military analyst, says that Iraqi troop strength in Kuwait represents a country prepared to fight, not withdraw.

AJAMI comments that there is still a big possibility that we will go to war on January 15 because we didn't find any other options.

RATHER: Is the U.S. military now in the position to move instantly to offense?

CRIST: No, we will not be until January 15...and that's one of the reasons we're going to keep talking.  
(CBS-2)

## TRADE TALKS

SAWYER reports according to one U.S. trade representative, talks on farm subsidies collapsed in bitter disagreement. Japan, Korea and the EC are all resisting efforts to open their markets to agricultural imports and to lower subsidies to their farmers.

(ABC-6)

## AUTO MILEAGE

ABC's NED POTTER reports on America's addiction to gas-guzzling cars. American troops are now massed in the desert partly because our cars need seven million barrels of oil a day.

(CHRISTOPHER FLAVIN, Worldwatch Institute: "The best way to reduce our dependence on imported oil is to improve the fuel economy of our cars. In effect, Detroit is our biggest oilfield out there.") Cars are already in development in Europe and Japan that could save gas without giving up safety, speed or size. Americans are still in love with powerful cars, though. They can afford it because gas taxes are so low in America.

(ROBERT LUTZ, President, Chrysler: "The real way to get the public's attention and to drive the public to want more fuel efficient cars is, unfortunately, to raise the price of fuel.")

The Energy Department has already thought of that, suggesting higher gas taxes or talk of efficiency requirements for auto makers, or higher taxes on big cars coupled with rebates to people who buy efficient ones. So far, each idea has drawn fire from other branches of the administration as limiting people's freedom.

(SECRETARY SKINNER: "We're not going to wean them away from those big automobiles by mandating certain requirements. They're going to have to recognize that it's in their best interest to do so.") The result is that while the administration is divided, the U.S. waits. Meanwhile, its foreign competitors do research on the high-mileage cars Americans someday may need.

(ABC-7)

## NORIEGA

RATHER reports there was a possible big break for U.S. government prosecutors in the Noriega case. A former top aid to Noriega, Luis del Cid, pleaded guilty to charges of delivering hundreds of thousands of dollars in drug money to Noriega.

(CBS-4)

## BUDGET DEAL

RATHER: The Congressional Budget Office predicted Thursday that in spite of the recent federal budget deal, including higher taxes and spending cuts, the federal budget deficit could soon soar again to record levels, perhaps, this office says, even topping \$260 billion in 1992 before settling back down. Many in Congress think it will be much higher than even that....

(CBS-5)

## SHUTTLE COLUMBIA

ABC's JIM SLADE reports the astronauts on the Columbia have been focusing the shuttle's telescope by hand after the failure of the computer guidance system. The delays have caused the mission to meet only half its schedule.

(ABC-4, NBC-5, CBS-3)



# News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, JANUARY 31, 1990 -- 6 a.m. EST EDITION

## TODAY'S HEADLINES

### NATIONAL NEWS

Congressional Democrats Harshly Criticize Budget Director, Proposed Budget -- In a bitter start to the year-long spending battle, the White House budget director, Richard Darman, came under harsh Democratic criticism Tuesday, with legislators accusing him of authoring a "slide-by budget" based on a process that "stinks and lies."

(Boston Globe, Washington Post)

### INTERNATIONAL NEWS

ABC News Says Soviets Sent Helicopters To Nicaragua -- A shipment of Soviet-made MI-17 HIP helicopters arrived in Nicaragua in the past few days aboard a Soviet freighter, despite Moscow's assurances that it had stopped all arms shipments to Central America, ABC News reported Tuesday. (UPI)

Gorbachev Says Resignation Report Groundless -- Soviet President Gorbachev said Wednesday he had no intention of resigning as Communist Party chief and dismissed as "groundless" a U.S. television report that he was about to step down. (Reuter)

### NETWORK NEWS (Tuesday evening)

**BUDGET** -- Democrats attacked the President for proposing what they called a sham budget and for not showing more leadership aimed at cutting the deficit.

**GERMAN REUNIFICATION** -- East Germany's Communist Party for the first time endorsed reunification with West Germany.

**FLIGHT 52/DRUGS** -- At least two of the passengers from the ill-fated flight face charges of drug smuggling.

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INTERNATIONAL...A-8

NETWORK NEWS...B-1

EDITORIALS.....C-1

FOREIGN MEDIA...C-3

## NATIONAL NEWS

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### DEMOCRATS VENT RAGE AT DARMAN OMB Chief Defends Bush Plan On Hill

House Democrats erupted in frustration Tuesday over President Bush's proposed \$1.23 trillion budget and lashed out at the spending plan's chief architect, OMB Budget Director Richard Darman.

"This is not a serious effort," said Rep. Panetta (D.-Calif.), who joined other Democrats in accusing Darman of crafting a budget that is riddled with accounting gimmicks, unrealistic economic projections and shopworn deficit reduction measures that have no chance of passage.

Quoting Darman's own words from an introduction to the budget that called on the government to be "serious" about cutting the deficit, Panetta added, "If the President is not serious about deficit reduction, why should Congress?" ...

"There are two Dick Darman's," charged Rep. Schumer (D.-N.Y.). "There is Dr. Jekyll-Darman the pamphleteer and Mr. Hyde-Darman the budgeteer -- and the two don't add up." ...

Calling Darman's appearance "Act One of the smoke and mirrors game," Rep. Slattery (D.-Kan.) charged that Bush was frittering away his extraordinary popularity. "He tells [the public] what they want to hear when they want to hear it, the way Ronald Reagan did," said Slattery.

But the most extraordinary outburst came from Rep. Russo (D.-Ill.)...who said he is delighted that his six-year "sentence" on the budget panel is drawing to a close.

Condemning the budget process that "stinks and lies," Russo assailed Darman for leaving the hard choices to Congress and perpetuating what he called fiscal dishonesty. In particular, he cited the accounting devices used last year in the savings and loan bailout.

(Tom Kenworthy, Washington Post, A8)

### Congressional Democrats Harshly Criticize Budget Director, Proposed Budget

In a bitter start to the year-long spending battle, the White House budget director, Richard Darman, came under harsh Democratic criticism Tuesday, with legislators accusing him of authoring a "slide-by budget" based on a process that "stinks and lies."

Meanwhile, the House and Senate Democratic leaders, in separate press conferences, questioned whether Bush had violated his "no new taxes" pledge. He has proposed several billion dollars in new revenues this year, such as increased fees on airline tickets and certain Medicare benefits.

"It's not a budget free of revenue or tax increases," said Rep. Foley (D.-Wash.), adding that he understood that Darman "didn't object to revenues being discussed."

The Senate majority leader, George Mitchell (D.-Maine) also said new revenues were on the negotiating table because Bush had already proposed some in his budget. However, Mitchell stressed that he was not proposing any new taxes.

(Michael Kranish & John Mashek, Boston Globe)

## GAP SEEN BETWEEN BUSH RHETORIC, BUDGET PROPOSALS

...A wide gap separates the rhetoric of of Bush's budget from the substance of his proposals, according to a number of analysts. The President's fiscal 1991 blueprint, they said Tuesday, offers little in the way of significant initiatives to address the problems it cites.

"The rhetoric in the budget focuses on the future, but the substance of the budget does very little to meet any of the needs that Darman identifies, whether it be the U.S. savings rate, or whether it be our problems in education or drugs," said Carol Cox, president of the Committee for a Responsible Federal budget, a bipartisan group of former policy-makers.

In particular, Cox and other analysts said, the budget offers little evidence that Bush is prepared to make a major assault on the federal deficit despite language and figures in the document suggesting that the nation's long-term prospects depend on a major reduction in the government's red ink.

Instead, critics say, the first budget drafted entirely by the Bush Administration essentially is a recycled version of Reagan administration budget proposals that relies on optimistic assumptions, spending cuts that Congress repeatedly has rejected, and a smattering of accounting gimmicks.

(Paul Blustein, Washington Post, A1)

## HILL SEES POLITICAL HARM IN BASE-CLOSINGS Aspin Calls For Independent Commission To Study Pentagon Plan

House Armed Services Committee Chairman Aspin (D.-Wis.) charged Tuesday that the Bush Administration's plan for closing military bases puts "a political gun to the head" of members of Congress and called for creation of a new independent commission to select bases for closure.

Aspin's comments came amid angry cries from Democrats that nearly all the domestic bases targeted by the Administration for shutdown are in districts represented by Democrats.

Reacting to Defense Secretary Cheney's proposal to close or scale back 72 domestic installations or units and 14 overseas facilities, Aspin said, "the substance is right but the process stinks." ...

"That creates hostages for the Administration," Aspin said at a news conference. "Vote against a veto override, your base is safe. Vote to override, your base is threatened. This puts a political gun to the head of a member with a base in his or her district." ...

Rep. Schroeder (D.-Colo.)...joined Aspin in a separate analysis, concluding that 19 of the 21 domestic bases slated for shutdown by Cheney are in districts represented by Democrats....

"I do not think Republican National Committee Chairman Lee Atwater could have devised a more partisan, less-logical military base closure list than the one Defense Secretary Dick Cheney released yesterday," Schroeder said.

But House Speaker Foley (D.-Wash.) declined to accuse the Administration of partisanship on the issue, saying he heard "some Republicans are very angry" with the choices.

(Helen Dewar, Washington Post, A8)

BUSH'S PLAN FOR SOCIAL SECURITY HIT  
Deal With Surplus Now, Not In 1993,  
Moynihan Tells AARP Panel

Sen. Moynihan (D.-N.Y.) Tuesday ridiculed the Bush Administration's plan to wait until after the next presidential election to deal with the Social Security surplus.

Moynihan said that waiting until 1993 to stop using the Social Security trust fund surplus to finance day-to-day operations of the government is like declaring "there will be integrity after the next presidential election. Starting in 1993 we don't do this bad thing anymore."

(Spencer Rich, Washington Post, A8)

BUSH'S ENVIRONMENT POLICIES FAULTED BY ACTIVISTS

If you read his lips, George Bush looks as though he is living up to his pledge to be the environment president. He talks about battling pollution every chance he gets, from summertime visits to Maine to nationwide treks promoting his clean aid bill.

But if you read his budget, legislative program and agency directives, a far different image emerges, environmentalists said: While he is a huge improvement over Ronald Reagan, Bush has failed to provide the aggressive leadership needed to tackle today's imposing pollution problems.

Nowhere is the gap between problems and solutions clearer than with global warming, critics add. As evidence of the danger mounts, Bush's only response during a year in office has been to call for an international conference to talk things over, and some Washington observers doubt the meeting will materialize.

"He doesn't pass the test against a standard of what needs to be done," said Ali Webb of the League of Conservation Voters, a Washington group that rates politicians' performances on the environment. "Our overall grade would be a C-minus or D-plus." (Larry Tye, Boston Globe)

ROBOTICS TAKES A GIANT STEP IN BUDGET FOR R&D FUNDS

The Bush Administration has seen the technological future, and it looks like robots....

"If the space program research leads to more autonomy in robots, that's going to be seen in applications from medicine and agriculture to harvesting oranges and strawberries," according to Harry Stefano, professor of electrical engineering at George Mason University. "Intelligent robots will be a major factor in helping the U.S. catch up with Japan and Europe."

The Administration's requested 28 percent increase in research and development funding for robotics dwarfs the four other advanced technologies discussed in the fiscal year 1991 budget.

(Willie Schatz, Washington Post, D1)

BUSH SET TO TOSS LIFE PRESERVER TO FOUNDERING  
CAPITAL GAINS CUT

The Bush Administration will try to rescue its beleaguered capital gains tax cut plan by returning it to Congress folded into a bill with two popular tax breaks aimed at average savers.

Treasury Secretary Brady announced the plan Tuesday to boost proposed Family Savings Accounts, which would exempt some savings interest from income taxes, and the Home Ownership Initiative, which would allow first-time home buyers to use up to \$20,000 from an IRA account.

Mr. Brady refused to discuss the possibility of a veto if all three parts of the bill are not enacted together, saying he didn't expect that to happen.

"I think each one of these stands on its own bottom," he said.

(Frank Murray, Washington Times, A4)

BUSH PLANS TO TOUCH ALL THE BASES IN  
STATE OF UNION

President Bush will give himself a thumbs-up televised report card Wednesday night in his first State of the Union speech, telling Americans they must learn more, save more, spend less and stay vigilant.

Bush is at the peak of his popularity so far, with 79 percent of Americans approving his job performance. His speech will boast about a successful first year but aims to avoid gloating.

White House Chief of Staff Sununu says Bush's speech will be "coherent" but has no new initiatives and no "grand thematic title."

"I think you're going to hear a good speech that somehow has the style that can reach the American public," Sununu said.

"It may not be the kind of speech that they train you to give in Rhetoric I or Rhetoric II.... It is a straightforward, honest expression by a President that really cares about the country, about what he thinks is going on now and what he expects to get done over the next year."

(Ann McFeatters, Scripps Howard)

Bush's Speech To Focus On Education Goals

President Bush spent much of Tuesday honing his maiden State of the Union speech and rehearsing delivery of a message portrayed as more philosophy than legislative laundry list.

He plans to call on the Congress at 9 o'clock Wednesday for action on his "unfinished agenda" and will divide the half-hour speech between foreign and domestic policy with emphasis on education goals he advocates to improve the schools, according to White House Chief of Staff Sununu.

"He will try to give a little focus to what he thinks are the underlying principles of what he's trying to accomplish," Mr. Sununu said in an interview Tuesday night with reporters.

"I don't think I'm surprising you by saying I would bet that [the education goals] are in there," he said.

To buttress the theme, Education Secretary Cavazos will hold a press conference Wednesday at the White House and Mr. Bush will travel Friday to universities in North Carolina and Tennessee to talk about education.

(Frank Murray, Washington Times, A3)

BUSH'S SPEECH WRITERS: NOT THE IDEOLOGICAL BREED  
OF YEARS PAST

...As George Bush prepares to deliver his first State of the Union address Wednesday night, there may be passionate partisans lurking in his speech-writing operation, men who are dreaming the words that capture the essence of the President and his policies. But if there are, they are hidden. And so, mostly, are their words.

White House Communications Director David Demarest, who hired and supervises the all-white, all-male staff of speech writer, said he "believes" the five Bush speech writers are Republicans, but "I'm not 100 percent sure." He is, however, certain that none of his speech writers is an ideologue, and equally certain that speeches are a less important form of communication for Bush than they were for Reagan or many other presidents.

"It is safe to say that we don't try to over-rely on speeches to carry the President's message," said Demarest.... He noted that Bush has used news conferences, travel, short statements and other devices more than speeches. "He's awfully good off-the-cuff," Demarest said.

"That," sniffed one Administration official, "is because Bush does not give speeches. He gives remarks."

Said a Republican with close ties to Bush: "The President's speeches are mediocre at best. They have no weight. They have no sense of history. They rarely reach out to America."

(Ann Devroy, Washington Post, A19)

LAST MINUTE OBJECTIONS DELAY BILL  
TO EASE VOTER REGISTRATION  
White House, Michel Worry About Cost And Fraud

A bipartisan House bill to ease voter registration was derailed at least temporarily Tuesday by last-minute objections from the White House and Rep. Michel (R.-Ill.).

The measure would provide automatic voter registration for anyone getting a driver's license, require registration by mail and at major government offices in all states and take other steps designed to reduce barriers to voting.

Months of negotiation had brought support for the measure from such key Republicans as Rep. Gingrich (Ga.) and Conference Chairman Lewis (Calif.). But when the White House and Michel weighed in this week with strong objections to the potential cost of the bill and its anti-fraud provisions, the result was a sharp partisan exchange and a party-line vote Tuesday in the Rules Committee.

House Speaker Foley (D.-Wash.) set a procedural vote on the measure on the House calendar for Wednesday but agreed to Michel's request that the bill not be debated until next week.

(David Broder, Washington Post, A2)

GREENSPAN: RECESSION RISK SLIGHT  
Fed Chairman Says Danger Has Declined

Federal Reserve Chairman Alan Greenspan said the current slowdown in U.S. economic growth is not likely to turn into a recession, but he cautioned that it will be spring before anyone can be sure.

Greenspan's assessment that the risk of a recession has declined substantially since last fall, coupled with an assertion that the nation's 4.5 percent inflation rate is "unacceptable," was taken by investors as an indication that the inflation-conscious central bank is not likely to lower interest rates again soon to ensure continued economic growth.

(John Berry, Washington Post, D1)

EARLIER USE OF AIDS DRUG URGED  
AZT Is Found To Help Before Symptoms Start

A federal advisory committee Tuesday unanimously recommended that the FDA vastly expand use of the drug AZT, a step that would permit physicians to prescribe it for hundreds of thousands of Americans who are infected but show no overt signs of the illness....

The recommendation is based on the fact that the human immunodeficiency virus (HIV), which causes AIDS, destroys the immune system progressively but the first illness does not develop until late in the process. Currently the FDA recommends that doctors wait to give AZT until patients reach the later stages of the process....

"We have excellent evidence from well-designed, well-conducted studies that AZT has a beneficial effect," on people not yet sick, said Paul Lietman, a professor at Johns Hopkins School of Medicine and a consultant to the committee. "We may never have enough information to make a perfect decision, but I certainly feel comfortable with this one."

(Michael Specter, Washington Post, A1)

U.S. WANTS EMPLOYEES TO HELP POLICE PENSIONS  
Ways Sought To Ease Filing Of Lawsuits

The Labor Department, fending off concerns about the financial safety of the nation's private pension plans, is exploring ways to make it easier and less expensive for individuals to sue their former employers in pension disputes.

Labor Secretary Dole said the department is trying to find out "if there aren't ways to see if private individuals could bring [legal] action" as a way of overcoming a shortage of federal regulators to police the nation's \$1.7 trillion private pension system.

At the same time, the department has asked Congress to increase the number of enforcement officers from 200 to 300 in the coming fiscal year to help police more than 900,000 private pension plans....

"The number of pension plans and assets has been increasing, but there has not been an increase in the number of inspectors," Dole said. "This is one area where we clearly need to add inspectors."

(Frank Swoboda, Washington Post, A4)

JUDGE ORDERS REAGAN  
TO GIVE DIARY EXCERPTS TO POINDEXTER  
Executive Privilege Claim May Be Made

A federal judge Tuesday ordered former President Reagan to turn over excerpts from his personal diaries to former National Security Advisor Poindexter for use at his Iran-contra criminal trial, finding that the journals "contain information of significance" for Poindexter's defense....

The decision gives a boost to Poindexter's efforts to show that Reagan knew of and authorized his activities, and that the national security adviser therefore believed they were legal and had no motive to conceal them from Congress....

However, Judge Greene said, Reagan may still assert "executive privilege" -- a claim on which Greene has not yet ruled.

(Ruth Marcus, Washington Post, A1)

WISCONSIN LAWMAKERS KEEP ABORTION PENALTIES

MADISON -- State lawmakers decided Tuesday not to vote on a measure to repeal unenforceable criminal penalties for doctors who perform abortions, but they continued debate on a bill to require minors to get permission for abortions.

The Assembly voted 57 to 39 to keep the repeal bill in the amendment stage and not bring it to the floor for a final vote, a move that abortion-rights advocates said effectively kills the measure....

The bill would have repealed an outdated state law that provides criminal penalties, including prison terms, for doctors who perform abortions.

(AP, Washington Post, A3)

EDITOR'S NOTES: "Rules Change Save Retirees' Health Coverage," by Judith Havemann, appears in the Washington Post, A19.

"SEC Chief To Ask Congress For Power To Issue 'Cease And Desist' Orders," by David Vise, appears in the Washington Post, D3.

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## **INTERNATIONAL NEWS**

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### **PENTAGON COULD CHANGE '91 BUDGET, CHENEY SAYS** Possible Treaties, Aircraft Review Cited

Defense Secretary Cheney said Tuesday that conventional arms control agreements with the Soviet Union and a Pentagon review of its most expensive aircraft programs could force major revisions in his new budget before Congress votes on the controversial spending plan.

Cheney described his proposed \$306.9 billion for fiscal 1991 as "our best guess of what we need" and said defense officials are still struggling to shape a budget in the midst of volatile world events and continuing weapons studies.

The defense secretary, who has been criticized on Capitol Hill for making only shallow budget cuts in response to a dramatically reduced military threat in Europe, said Tuesday he might approach Congress with changes before it begins final mark-up of the defense bill late this spring.

While the defense secretary said he may be willing to recommend further cuts in conventional troops and weapons, Cheney said he is adamantly opposed to cutbacks in modernization of strategic forces outside those negotiated in the current round of START talks in Geneva.

(Molly Moore, Washington Post, A16)

### **Cheney's Wary First Step**

Defense Secretary Cheney's budget represents a first step toward restructuring the military but stops short of the major overhaul that some members of Congress and outside experts have advocated as a response to the diminishing Soviet threat and changes in Eastern Europe.

As revealed in the \$295 billion Pentagon budget for the fiscal year 1991, Mr. Cheney's vision is rooted in an intuitive caution that has been deepened by the concern over the political uncertainty of Soviet President Gorbachev.

In Mr. Cheney's view, which is shared by President Bush, the U.S. will continue to need a large Navy to deal with brushfire conflicts and threats to American interests in places like Latin America and Asia.

He also believes that this is the wrong time to forego modernization of strategic forces, since the Soviet Union is modernizing its own arsenal.

Another factor in shaping the budget is politics. Some of Mr. Cheney's requests appear inflated to serve as a bargaining lever with Congress -- the \$900 million increase in funding for the space-based antimissile system, for example, which Congress is certain to cut back.

(news analysis, Michael Gordon, New York Times, A1)

### Cheney Defends Slashes In Budget

Defense Secretary Cheney Tuesday defended his 1991 budget decision to protect expensive strategic weapons at the expense of conventional forces, saying the Soviet Union continues to modernize its missiles and bombers.

"They [the Soviets] aren't going to give up all their nukes," Mr. Cheney said, anticipating attempts by congressional budget cutters to target the MX and Midgetman missiles, and the \$70 billion B-2 Stealth bomber program....

But congressional Democrats immediately pounced on the \$295.1 billion budget as an inadequate response to the diminishing Soviet threat.

Rep. Aspin (D.-Wis.) called the budget "a fairly timid proposal." He predicted Congress would reduce the five B-2 bombers the Pentagon wants to buy next year for \$5.5 billion.

(Rowan Scarborough & Peter Almond, Washington Times, A3)

### U.S. OFFERS COMPROMISE ON MILITARY PLANES IN EUROPE

New Position Addresses Warsaw Pact Demand  
To Exclude Trainer Aircraft From Limits

The Bush Administration has crafted a compromise proposal to reduce military aircraft in Europe, and the Western alliance may present it at an international conference in Ottawa next month, U.S. and diplomatic sources disclosed Tuesday.

The compromise is intended to help speed current negotiations on a landmark accord slashing Warsaw Pact conventional forces by settling one of the principal disputes, the sources said.

They explained that it was crafted partly in response to a Soviet negotiating shift on military aircraft last October and partly in recognition of the reduced security threat from the Warsaw Pact since recent political reforms in Eastern Europe.

The sources said the new U.S. proposal moves the West closer to a Warsaw Pact demand that about 5,700 military aircraft, used strictly to train pilots, be excluded from a limit on combat planes deployed within the region covered by a new accord. (R. Jeffrey Smith, Washington Post, A16)

### SCHLESINGER URGES RADICAL CUT IN EUROPE

U.S. Troop-Cut Plans Called Insufficient

The U.S. should plan for a radical reduction of its forces in Western Europe as a result of East European political reforms that have all but eliminated the Warsaw Pact military threat, former defense secretary James Schlesinger said Tuesday.

"The military balance has been radically altered," Schlesinger told the Senate Armed Services Committee. "The role for the American forces [in Europe] has now been superceded" by pressure from Moscow's allies for a swift withdrawal of Soviet troops from their territory," he said.

Schlesinger...urged that U.S. troops in Europe eventually be cut from the current level of 305,000 to between 75,000 and 100,000.

(R. Jeffrey Smith, Washington Post, A12)

**\$500 MILLION IS ASKED IN AID FOR EAST EUROPE**  
**Senate Democrats' Plan Surpasses Bush's**

Democratic leaders of the Senate Foreign Relations Committee Tuesday proposed to increase President Bush's \$300 million plan for economic aid to Eastern Europe to more than \$500 million in the first move in this year's congressional maneuvering over assistance to the world's emerging democracies.

The plan, unveiled by committee Chairman Pell (D.-R.I.) and members Biden (D.-Del.) and Simon (D.-Ill.) would expand last year's Poland-Hungary aid package to include Czechoslovakia, East Germany, Romania, Bulgaria and Yugoslavia.

In addition, ...the Democratic proposal would hold out the possibility for the first time of limited assistance to the Soviet Union....

Asked where he would get the additional \$511 million, Pell told reporters that it "hopefully will come out of the defense budget."

(Helen Dewar, Washington Post, A12)

**ABC NEWS SAYS SOVIETS SENT HELICOPTERS TO NICARAGUA**

A shipment of Soviet-made MI-17 HIP helicopters arrived in Nicaragua in the past few days aboard a Soviet freighter, despite Moscow's assurances that it had stopped all arms shipments to Central America, ABC News reported Tuesday.

ABC News, which attributed its report to intelligence sources, said the Soviet helicopters had been delivered in crates by a Soviet merchant ship that docked at the Nicaraguan port of Corinto....

At the Malta summit in December, Soviet leader Gorbachev pledged not to send additional weapons to Nicaragua. ABC said U.S. officials view the delivery of the helicopters as a violation of Gorbachev's promise.

The report said the issue would be high on the agenda when Secretary Baker meets Soviet Foreign Minister Shevardnadze Feb. 8-9 in Moscow. (UPI)

**SANDINSTAS PREPARE SITE FOR SOVIET MISSILES**

The Marxist Sandinista regime in Nicaragua is building emplacements for surface-to-air missiles that U.S. intelligence analysts believe could be the first step toward the introduction of advanced MiG jet fighters.

American intelligence agencies detected "site preparations" for Soviet-made SA-2 missiles at Punta Huenté, a military airfield outside the capital of Managua, over the past two months, U.S. intelligence sources said.

The 12 surface-to-air missile sites were first uncovered through a series of photographs obtained by a U.S. intelligence satellite and are characteristic of SA-2s....

Nicaraguan military defectors have told U.S. intelligence agencies that the Sandinistas were preparing to deploy MiGs and that Nicaraguan pilots were being trained to fly the aircraft since 1981.

(Bill Gertz, Washington Times, A3)

## SECRET SERVICE FACES A TOUGH TASK IN CARTAGENA

Facing what a security source called "one of the hardest assignments" in its history, the Secret Service has prepared three secret routes for safely delivering President Bush to the Andean nations' drug summit in the violence-plagued Colombian resort of Cartagena, a White House official said Tuesday.

Despite frightening reports that the President may be targeted for death by the cartels, Mr. Bush has been adamant in his determination to carry out the mission....

Bush's insistence on pressing ahead with the meeting, said a former senior government official, carries with it more than simply a commitment to Barco, which Bush is said to feel very strongly.

"It demonstrates one more time that he's not a wimp -- he's macho man. Everybody says, 'Don't go, it's too dangerous.' He's going to show them," the former official said. But, he added, there's another "perception around town -- that it is grandstanding."

(James Gerstenzang, Los Angeles Times)

## QUAYLE TRIP: RESENTMENT DRAMATIZED

Vice President Quayle's trip to Latin America and the Caribbean was supposed to allay some of the region's resentment over the U.S. invasion of Panama, but instead it seems to have dramatized the depth of that resentment.

The three-day trip...underscored the problems still facing the Bush Administration as a result of the invasion, including pressure from some Latin American leaders for fresh elections to establish the legitimacy of Panama's new government.

The government of President Endara wants to be recognized and respected by its neighbors in the hemisphere, but it also wants American troops to remain on its territory. These goals appear to be mutually exclusive. Venezuela, Peru, Mexico, Jamaica and other countries will not fully accept the Endara government as long as the U.S. invasion force remains in Panama. (news analysis, Robert Pear, New York Times, A16)

## SOVIETS OBJECT TO BUSH ADMINISTRATION'S REQUEST FOR MORE SDI FUNDING

MOSCOW -- The Soviet Union strongly objected Tuesday to President Bush's budget proposal to increase spending on SDI, calling it "out of step" with recent world events and suggesting that it could hamper the U.S.-Soviet agreement reached at Malta last month to move quickly toward a 50 percent cut in offensive arsenals.

The sharp Soviet reaction...was made public by the Soviet Foreign Ministry nine days before the scheduled arrival here of Secretary Baker on a mission that includes an important element of arms control negotiations.

Spokesman Vadim Perfilev noted that at their December meeting at Malta, Bush and Soviet President Gorbachev set a target date of this June's U.S.-Soviet summit in the U.S. for reaching accord on all major issues standing in the way of 50 percent cuts in each country's strategic offensive arms.

"Why in this light is it necessary to build up Star Wars?" asked Perfilev. "Why now?" when the U.S. and Soviet Union are moving closer to agreement on many major issues, he asked.

(Don Oberdorfer, Washington Post, A16)

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### GORBACHEV SAYS RESIGNATION REPORT GROUNDLESS

MOSCOW -- Soviet President Gorbachev said Wednesday he had no intention of resigning as Communist Party chief and dismissed as "groundless" a U.S. television report that he was about to step down.

Journalists attending a photo session between Gorbachev and Brazilian President-elect Fernando Collor de Mello in the Kremlin said the Soviet leader looked taken aback when asked about a report by the CNN network that he was considering quitting.

"I have no intention of doing so," he said. "No one has said this and I certainly didn't make any such statement. Any such suggestions are groundless."  
(Reuter)

### GORBACHEV SHIFTS ON UNIFICATION Opposition Muted In E. German Talks; Cautious Pace Urged

MOSCOW -- Soviet President Gorbachev appeared Tuesday to soften the Kremlin's long-standing opposition to German reunification in talks with East German Prime Minister Modrow, while emphasizing that the issue should be solved jointly by East and West.

At a news conference here following a day of talks with Soviet leaders, Modrow spoke of a "stage-by-stage" union of East and West Germany, describing reunification as a real possibility. He said he had discussed the idea with Gorbachev and the Soviet leader had not ruled it out....

The official Soviet news agency Tass quoted Gorbachev as saying that the question of reunification "was not unexpected," and adding: "No one casts any doubt upon it."

"Time itself is having an impact on the process and lends dynamism to it. It is essential to act responsibly and not seek the solution to this important issue on the streets," he said.

(Michael Dobbs, Washington Post, A1)

### SENATE PASSES BILL INCLUDING CHINA TRADE SANCTIONS

President Bush is expected to sign legislation that provides for trade sanctions against China, but allows the President to suspend them if he finds it is in the national interest.

The Senate voted 98-0 late Tuesday for the measure, which was passed by the House in November before Congress' two-month holiday break....

Most of the sanctions reflect actions Bush himself had already taken in the wake of the bloody suppression of pro-democracy demonstrations in Beijing on June 4, and their place in the bill is mostly regarded as symbolic.  
(Jim Drinkard, AP)

## NETWORK NEWS

(Tuesday Evening, January 30)

### GORBACHEV

ABC's Diane Sawyer: We don't know how many unlisted telephones there are in Washington and Moscow, but it's safe to say many of them were ringing off the hook today with everyone trying to find out what was going on inside the Kremlin. Mikhail Gorbachev is preparing for a critical leadership meeting, and it has touched off a swirl of rumor and speculation about his political future. The only hard fact out today is this: Even before the latest round of rumors, Secretary Baker decided to delay an important visit to Moscow.

ABC's John McWethy reports that the one-day postponement of the meeting between Secretary Baker and Foreign Minister Shevardnadze was initiated by Baker himself in a phone call to Shevardnadze. (Margaret Tutwiler: "It simply makes more sense to have the Soviets complete their plenum before beginning this important ministerial.") Spokeswoman Tutwiler was referring to next week's meeting of the Communist Party Central Committee, where Gorbachev is expected to be fighting for the continuation of his reforms and, in the view of some, for his political survival. U.S. officials say Baker wanted to give Shevardnadze enough time to shift gears between the intense infighting of the party plenum and what U.S. officials say is expected to be an extremely important Baker meeting with Shevardnadze and Gorbachev. ABC News has learned that one issue high on the U.S. agenda will be what American intelligence sources say is the delivery of four Soviet-made Mi-17 helicopters to Nicaragua in the last few days. Intelligence sources say the helicopters, in crates, were delivered by a Soviet merchant ship to a Nicaraguan port. In the view of U.S. officials, this is a gross violation of Gorbachev's pledge not to ship further weapons to Nicaragua. (ABC-Lead)

Sawyer: Both the White House and the State Department said today they had no information about a televised report on CNN that Gorbachev was considering resigning as head of the Soviet Communist Party.

ABC's Jim Laurie reports that informed sources said Mikhail Gorbachev presided over a Politburo meeting yesterday. While at a dacha outside Moscow, his chief aides and speechwriters were working on a major Gorbachev address to the Central Committee next Monday. For weeks now Moscow has been awash in rumors and speculation at what might happen at that meeting. There are rumors that members of the Politburo, both conservative or liberal, might step down; rumors that the Central Committee might vote to end the supremacy of the Communist Party; rumors that conservatives might try to take over; and rumors about Gorbachev himself. For nearly a year, some observers have suggested if Mikhail Gorbachev was unhappy enough with the pace of party reform he might bolt from the party, build a new power base as state president, and try to run the country without the Communist Party. It's only speculation, but as one Soviet said tonight, if he did try, without Gorbachev, the Party would fall apart. (ABC-2)

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Sawyer: Here's another indication of how much Americans worry about Gorbachev. A new ABC News poll finds that with Gorbachev in power, 63% of Americans believe they can trust the Soviet Union; 30% say no; 7% did not know. But if Gorbachev were not in power, only 30% say they would trust the Soviet Union; 52% say they would not; 18% do not know. (ABC-3)

NBC's Tom Brokaw: Mikhail Gorbachev: Is he getting ready to resign as head of the Soviet Communist Party, to keep only his job as state president? CNN today quoted a source in the Party as saying the Soviet leader was contemplating just that, and it quickly became the report heard round the world. There has been no confirmation of the story, but the attention it is receiving is the reflection of Gorbachev's uncertain position. Gorbachev did appear on Soviet television tonight with East German Prime Minister Modrow, but they were discussing German reunification, not Gorbachev's future. To be sure, Gorbachev does have problems. His decision to send troops to Azerbaijan was...not popular. Republics still are demanding more independence than Gorbachev wants to grant. And at home, the restructuring of the Soviet economy, perestroika, still is not working. The Soviet people are increasingly unhappy with the shortage of consumer goods. It is against this backdrop that we must measure the story that Gorbachev is about to resign as head of the Communist Party, but keep his job as president of the Soviet state.

Brokaw discusses the Gorbachev story with NBC's Bob Abernethy.

Brokaw: Have you been able to find any Soviet authority who can confirm this speculation?

Abernethy: No one to confirm it, no one to deny it, but there are a lot of reasons to be very skeptical about it. First of all, Gorbachev has been accumulating power to himself, not giving any of it up, and it would be unlike him to do that. He believes very strongly in the role of the Party as the leading force, wants to reform it but certainly not abandon it.

Brokaw: He is a shrewd political operator, and already there is speculation here that he is maybe putting out this story so that the Party will rally behind him so he'll consolidate his power even more. Would that be like him?

Abernethy: It wouldn't be the first time that a major politician had done that at a time of crisis in order to get people to...rally around and say, "Oh no, don't do that, we need you." It also is possible that some of his opponents might wish that he would do this very thing, and might have put out that story because they would like it to happen. (NBC-Lead)

Brokaw: And here in Washington, the White House and State Department were busy checking with the American ambassador in Moscow and other intelligence sources but, so far, no confirmation. Secretary Baker did postpone by a couple of days his trip to Moscow next week, but that was because of the Communist Party Central Committee meeting, not this report; and it was Baker's decision.

NBC's John Dancy reports that there's been a lot of speculation at the State Department that in fact Gorbachev would try to do something like this; but even so, the State Department was blindsided by what happened today, so much so that they had to send out inquiries to the ambassador in Moscow and to the Soviet Embassy in Washington to try to find out the truth of the situation. They still don't know what it is. Secretary Baker said this afternoon that it is still just a rumor. That doesn't mean it is necessarily not true, but simply that the State Department can't confirm it.

Brokaw discusses the report with Dancy.

Brokaw: If this does prove to be the case, if he gives up the Party post, this Administration has a lot invested in Mikhail Gorbachev. What's the analysis of what that would mean?

Dancy: Well, for one thing, it would set Gorbachev at war with his own Party, even more than he is already. But, keep in mind it might also be a bluff; he might not have to give up the party post. He might, in fact, get a vote confidence from the Party. Even so, even if he had to give up the Party post, he would then become head of the Supreme Soviet, the supreme elected body in the country. Gorbachev is placing his own personal popularity at stake here and saying, I am more popular than the Party. (NBC-2)

CBS's Dan Rather: Rumors -- so far, nothing more than that -- rumors are circulating in Moscow and elsewhere that Mikhail Gorbachev is considering resigning, the latest refueled by a news report to that effect this afternoon by CNN. That network said its report was based on "informed sources" it did not identify. The official United States government position is, It's only a rumor; if it's true, we don't know it.

CBS's Anthony Mason reports that the story is rampant across Moscow tonight; even Communist Party officials are talking about it. It comes at an especially sensitive time: the eve of the Central Committee plenum after two of Gorbachev's most troubled weeks in power. When Gorbachev greeted East German Prime Minister Modrow this morning, it was the first time he'd been seen publicly in more than a week. Gorbachev is due to chair a critical plenum of the Central Committee beginning next Monday, and there are strong divisions within the Kremlin over his handling of the unrest in Azerbaijan and the independence movement in Lithuania. Military leaders are known to be bitter that the army was not ordered in sooner to put down the Azerbaijani nationalist uprising. And Gorbachev's highly public and personal appeal to the Lithuanians has done nothing to quiet demands there for secession. But publicly, Soviet leaders say there still is no alternative to Gorbachev. Talk of Gorbachev's resignation from the Party leadership may be nothing more than inside political speculation. But it is an indication of the growing political tension.

Rather discusses Gorbachev with Mason:

Rather: If Gorbachev is to announce anything approaching resignation, would it be likely to come at next week's big Central Committee meeting?

Mason: If it were to come then, it would be a bombshell, and it would almost certainly upset the [Soviet] government. That's why most people seem to think that's very unlikely. There is a lot of talk tonight, a lot of speculation, many people think this is really just insider gossip that's going on, people trying to play out scenarios. But there is concern, and the committee plenum is going to be important.

CBS's Bill Plante: Even before the rumor began to circulate, the State Department announced today that Secretary Baker will postpone by one day his scheduled visit next week with Foreign Minister Shevardnadze. Did the Secretary know something was up in Moscow? His staff swears not. They say that the one-day delay was Baker's idea, not Moscow's, and that the Secretary had no advance knowledge.

(Secretary Baker: "All I can tell you now, Bill, is that it's a rumor, and therefore it's not something that I think that we should respond to or react to.")

Rumor or not, that didn't stop others from interpreting the meaning of it all. To the Senate Minority leader, it was a caution not to cut defense spending.

(Sen. Dole: "Is he in or out? We don't know. But one thing is certain -- let's slow down, let's look at reality, and let's call off this mad rush to spend a dividend we don't even have yet.")

Others thought the news, even if true, wouldn't change much.

(Sen. D'Amato: "He may be seeking the opportunity to govern in the future and sees the Communist Party as an impediment.")

If this is a tactical maneuver by Gorbachev to downplay the importance of the Party, specialists say the tip-off will be the installation of one of his own trusted lieutenants as the Party secretary. If it happens, and it's someone else not close to Gorbachev, then watch out, because that'll mean he really is in trouble. (CBS-2)

Rather discusses Gorbachev with Princeton Univ. Prof. Stephen Cohen.

Rather: ...Is it plausible that Gorbachev could be, would be considering resigning at this point?

Cohen: We've got...two facts. Opposition to him has been growing for six or seven months; Azerbaijan...may have been the last straw. Secondly, we know that he threatened to resign at a meeting of this same Central Committee only a month ago in December. So it's plausible, though it's only a rumor.

Rather: Could he...effectively be a powerful force if he resigns as head of the Communist Party and holds on to the newer title of President?

Cohen: I think not. Some of his radical supporters have urged him to do this, to make this symbolic gesture: throw aside the Party, stand tall as the elected president. But the reality is, this parliament has no power: doesn't control the budget, doesn't control the armed forces, doesn't control the administration of the country. All that is still in the hands of the Party apparatus.

Rather: What if Gorbachev resigns, or is forced out?

Cohen: Even if he's just weakened, I think it is a terrible blow to this great reform movement that's been underway for five years, and the question really is not whether the reforms will go on, but what will replace them. And one can imagine some not-pretty alternatives.  
(CBS-3)

#### VOLGAGRAD/COMMUNIST PARTY

Rather reports that the entire ruling Communist Politburo of Volgograd -- formerly Stalingrad -- resigned today after three days of mass demonstrations against Communist leadership.  
(CBS-4)

#### BUDGET/CONGRESS

ABC's Sheilah Kast: Budget Director Darman came well-prepared to defend the budget.

(TV Coverage: Darman placing huge attache case on table.)

And committee Democrats were equally prepared to attack it.

(Rep. Panetta: "This is not a serious effort at trying to achieve deficit reduction. I guess my question would be, that if the President is not serious about confronting the deficit issue, why should the Congress be serious about it?")

Darman: "It's almost regrettable that I should even have to say this, but of course the President's serious. Of course I'm serious."

On defense spending:

(Rep. Schumer: "It is not a cut, it is an increase. And at a time when Communism's crumbling around us, President Bush simply says he's greeting peace by charging us for it.")

On Medicare cuts:

(Rep. Russo: "This, you don't know what a tough choice is. Do you think 5.5 cutting out of Medicare is a tough choice for you? It's easy for you. You've been doing it for all these years, you're party's been doing it! Tough choice is for me to cut 5.5 billion. Tough choice for you is soak the rich, and make them pay higher taxes.")

Darman: "When you say no tough choices, there may not be as many as you would like, but I don't think it's entirely fair to say none are.")

And in one of the sharpest exchanges, Slattery of Kansas called on Darman to stop counting Social Security funds against the deficit.

(Rep. Slattery: "And to the extent that you're accumulating new debt and not retiring old debt with Social Security trust fund surplus, you are perpetrating a dishonesty on the American people, Dick.")

Darman: "...What I resent on this point, if I may say so -- "

Rep. Panetta: "Mutual rhetorical comments and, uh, I was just going to make clear I don't think anybody's accusing you, Mr. Darman, of being dishonest."

Darman: "I would like to understand it that way, but the words are strong words, Mr. Chairman, and I -- "

Rep. Slattery: "Mr. Chairman, I meant them to be strong words, Dick, and I'm not going to back off of that."

At this point, no one's backing off.

(ABC-4)

Sawyer: Here's another number to consider when you hear about the proposed cuts in defense spending: the number 3,285,000. That's how many people have jobs in defense-related industry.

ABC's Bob Zelnick reports that with the Soviet threat receding and more cuts in defense expected, defense-related companies and their workers are facing an uncertain future. Some companies are already adapting. When the officials of one company which makes parts for jet engines, 95 percent of which goes to the military, saw Pentagon spending going down, they converted some of their products for commercial aviation. For them, profits and employment have never been higher. Not every subcontractor will be able to survive cutbacks in military spending, but many will emerge stronger than before, and most believe that in the long run reduced international tensions will mean more business opportunities and more jobs. (ABC-5)

Brokaw: A day after President Bush presented his 1991 budget, Democrats attacked the President for proposing what they called a sham budget, and for not showing more leadership aimed at cutting the deficit.

NBC's Andrea Mitchell: Budget Director Darman has been lecturing Congress about the need to get serious about cutting the deficit. Today, leading Democrats told him he had ignored his own advice. (Rep. Schumer: "It's a totally different Dick Darman. It's almost as if we have Dr. Jekyll -- Darman the pamphleteer -- and Mr. Hyde -- Darman the budgeteer.")

(Rep. Panetta: "At a time when we need bold leadership, what we've been presented with is another slide-by budget. If the President is not serious about confronting the deficit issue, why should the Congress be serious about it?")

Darman: "But of course the President's serious. And of course I'm serious.")

Democrats complained that the Administration had made the deficit look smaller than it really is through accounting gimmicks; proposed recycled cuts that have no chance of passing, like cuts in mass-transit subsidies; rosy forecasts of economic growth and declining interest rates; and using the Social Security surplus to pay current expenses.

(Rep. Russo: "This budget process stinks, and lies. We know that's a charade and we know that's a lie.")

(Rep. Slattery: "It's the biggest lie that we have told the American people, maybe in this generation.")

Darman: "The words are strong words, Mr. Chairman, and I -- "

Rep. Slattery: "Mr. Chairman, I meant them to be strong words, Dick, and I'm not going to back off of that.")

Democrats' sharpest criticism was that Bush proposes too much defense spending.

(Rep. Boxer: "You've missed it, you've blown the opportunity for economic growth by spending more on the military. You've blown it!")

Democrats say they're willing to consider cuts in entitlements...but that Bush must consider more defense cuts and higher taxes.

(Sen. Mitchell: "We've got to compromise and we've all got to give something up and make some choices that we'd rather not make.")

But the President says taxes are not on the table, leading people here to predict another year of budget stalemate. (NBC-4)

Brokaw: The President, of course, complains that the Democrats are the big spenders, and he has the same complaint about the rest of us. So, the President is now proposing what he says is a way for families in this country to spend less and save more. No surprise -- the Democrats have something to say about that, as well.

NBC's John Cochran reports that during the 1980s, the U.S. rate of savings fell to eighteenth among the 21 top industrial countries.

(Alan Greenspan: "What's wrong with our economy, if one can say there's something fundamentally wrong, is that we do not save enough.")

To turn that around, President Bush is proposing his family-savings plan. Families could invest up to \$5,000 a year in a tax-free account. But, the money must remain in the account seven years to get the tax break.

(Secretary Brady: "If Americans increase their savings as a result of this proposal, we will generate more of the funds needed for investment, from domestic sources, strengthening our economy.")

Almost everyone agrees that if Americans save more, interest rates will go down, and American companies will not have to rely so much on foreigners to supply investment capital. But would the Bush family-savings plan provide enough capital to make a difference? Democrats say, not nearly enough.

(Sen. Sasser: "Most middle-income taxpayers simply are living from paycheck to paycheck now, and they can't put aside savings for seven years just on the likelihood that the interest on those savings would be tax-free.")

On one thing, Democrats and the President agree: Americans must discipline themselves by saving more. The question is whether Congress and the President can discipline themselves by agreeing on a plan to encourage savings. (NBC-5)

Rather: President Bush's new election-year budget came under heavy attack in Congress today. Democratic leaders said it combined cuts in domestic programs and phony economic predictions to create a false impression that something is being done about the deficit when it actually isn't.

CBS's Bob Schieffer: It's become a ritual: On the first day the President releases the budget; on the second day, Congress dumps on it. And everywhere you looked, you knew this was the second day.

(Rep. Lawrence Smith: "This country ought to be ashamed of this Administration!")

(Rep. Sander Levin: "This is deja-vooodoo: cut taxes, and raise revenue.")

Plans to close some military bases drew some of the heaviest flak.

(Rep. Schroeder: "Ninety-nine percent of civilian personnel that will be laid off by base closures are in Democratic districts.")

Even the mild-mannered House speaker interrupted a picture session with the British Foreign Minister.

(Speaker Foley: "This certainly is not a budget that takes dramatic steps forward.")

But it was the Administration's budget director, Richard Darman, who caught the brunt. He was hardly seated at the House budget committee when Democrats accused him of using rosy economic forecasts to make the deficit look smaller than it is.

(Rep. Panetta: "If the President is not serious about confronting the deficit issue, why should the Congress be serious about it?")

Darman: "It's almost regrettable that I should even have to say this, but of course the President's serious. Of course I'm serious.")  
Schumer of New York didn't think so.

(Rep. Schumer: "You warned of deficits to go into the next century, but your budget pretends the deficit will evaporate by 1993.")  
Democrats all around said the country isn't getting the straight talk it needs: Either cut spending, or raise taxes.

(Rep. Slattery: "But instead, what we see is a little bit more of the smoke-and-mirror game.")

(Rep. Russo: "As somebody who is starting his sixth year on the Budget Committee, I can't wait till my sentence is over with. This budget process stinks, and lies.")

Few here would disagree with that, but despite all the Democratic posturing today about reducing the deficit, few of them are really interested in cutting back their pet projects or taking the lead on raising taxes. After all, it is an election year. (CBS-6)

#### BUDGET/COMMENTARY

NBC's John Chancellor: ...If you're an ordinary citizen...nobody is giving you an honest reading of the country's accounts.... The White House looks at the deficit through rose-colored glasses. Its estimate of the deficit is \$124 billion. The Congress...forecasts a larger deficit. And along comes Sen. Moynihan, who says the government is cooking the books, using money from the Social Security trust fund to make the deficit look smaller. Moynihan says the true deficit is \$206 billion. Actually, it's even bigger than that: the cost of bailing out the S&L industry is another huge expenditure that isn't counted against the deficit. If a business had an accountant who couldn't figure out the real size of a company's debt, the company would fire the accountant. Taxpayers can't do that, but at the very least, the public should demand honest bookkeeping. The way to start is to stop all the gimmickry, close down the smoke-and-mirror machines, and make the government tell the truth about the real size of the deficit. (NBC-10)

#### IRAQI TORTURE

Sawyer reports that Amnesty International said today it's received reports that Iraqi troops have killed or wounded large numbers of unarmed civilians in a search for army deserters. Yet despite the continuing charge of human rights abuse in Iraq, ABC News has learned that the Bush Administration has overridden Congress and made Iraq eligible for \$200 million in loan guarantees, saying such credits are in the national interest. (ABC-6)

#### E. GERMANY

Rather reports that East Germany's Communist Party today for the first time endorsed reunification with West Germany. A new Communist-led government that includes members of the opposition will be announced tomorrow. (CBS-10)

S. AFRICA

NBC's Robin Lloyd reports that police today arrested scores of demonstrators protesting a British cricket team playing in South Africa. Anti-apartheid activists say they will step up demonstrations this week to demand the immediate release of Nelson Mandela. But with the current wave of political unrest, the government may be having second thoughts about it and may be afraid to release him.  
(NBC-3)

REAGAN DIARIES

Sawyer reports that a federal judge today ordered former President Reagan to turn over portions of his personal diary to John Poindexter. His lawyers say the diaries may show Reagan knew and approved of Poindexter's activities during the Iran-contra scandal.  
(ABC-12, NBC-6)

CBS's Rita Braver reports that former President Reagan or the Bush Administration can still raise one more obstacle to the judge's order by invoking Executive Privilege.  
(Paul Rothstein, Georgetown Univ.: "The President has to come forward with some concrete reasons why it would be damaging to the public interest to reveal the presidential information.")  
Neither President Reagan's attorneys nor the Bush Justice Department has decided whether to try to claim Executive Privilege in this case.  
(CBS-5)

LONGSHOREMEN'S UNION/JUSTICE DEPT.

Sawyer reports that ABC News has learned the Justice Department will ask a federal court next week to, in effect, take over the international Longshoremen's Union and name a trustee to run it. The Justice Department will argue that the union is now controlled by organized crime.  
(ABC-7)

FLIGHT 52/DRUGS

Brokaw reports that at least two of those passengers from the ill-fated Avianca Flight 52 now face charges of drug smuggling.

NBC's Bob Jamieson reports that authorities say one of the two passengers is believed to have swallowed 70 packages of cocaine, with a street value of \$250,000. More and more Colombians and people from other countries are willing to swallow drug packages to smuggle them into the U.S. Miami authorities saw an alarming six-fold increase of such smuggling last year. And at New York's Kennedy Airport, the destination of Avianca Flight 52 and the country's busiest international gateway, arrest of those who swallow drugs doubled last year. They will probably double again this year. Customs officials say West African heroin smugglers are now using the technique.  
(NBC-8, ABC-11)

## FLOURIDATION

CBS's Deborah Potter reports that the government is taking a new look at flouridation. A study to be released this week by the national toxicology program says it may cause a rare form of cancer in laboratory animals. The results are preliminary, but they've already reignited the long-simmering fight over flouridation. Dentists are mounting a counterattack. The EPA is now reviewing the new study to see if the limit on the amount of flouride permitted in drinking water should be lowered. (CBS-8)

## EARTHQUAKE RELIEF

Rather reports that after the California earthquake of 1989, the air was bright with promises from the White House and the federal government. But today, in the shadows of reality, those promises for too many are deferred; and, for too many, the dreams are destroyed.

CBS's John Blackstone reports that amid the earthquake's destruction, there was hope: the federal government's pledge of billions in emergency aid. But by now, some two-thirds of those faced with the paperwork for disaster loans have just given up. One woman whose apartment building was so badly damaged it made the cover of Time magazine said she never dreamt that after three months there still would be no answer from anyone about loans. FEMA is becoming accustomed to hearing complaints.

(Tommie Hamner, FEMA coordinator: "All of the federal programs will operate at their fullest, and there's going to be people that fall through the cracks, absolutely fall through the cracks.")

(Woman with apartment: "That's one of the things they keep saying is, 'You fell through the cracks.' Well, what do you do to not fall through the cracks? Who do you contact?")

More than three months after the earthquake, the figures show the overwhelming majority of those who have asked for help have not received any. More than 35,000 people applied for grants to pay for temporary housing, but fewer than 12,000 have received any money. Of 30,000 applications to replace lost furniture and clothing, just 12,500 checks have been sent. Eighteen-thousand have applied for low-interest loans to rebuild houses and businesses, but fewer than 2,000 checks have been put in the mail. The officials overseeing all this paperwork insist they are moving efficiently; the problem, they say, is a mistaken public perception that relief money should be easy to get. The reality is, when the politicians proudly announced massive amounts of money for relief, they left a lot of strings attached that they didn't talk about. Most of the relief money is not given away, it's loaned at low interest rates. But applicants complain the government wants more proof than most banks that the loans will be paid back. Even with a multi-billion dollar federal recovery program, many earthquake victims are coming to realize that self-reliance is their only choice. (CBS-11)

## EDITORIALS/COLUMNISTS

### THE BUDGET

The Hour Of Positive Thinking -- "...President Bush's budget...mentions by name one serious problem after another, yet makes clear that most of them will be around long after Washington spends the allotted \$1.23 trillion. One that may even be worse is the rate at which the federal government goes into debt.... Economists generally think that the national debt could well grow by as much as Bush promises it will shrink.... What the White House says is that it will have it both ways. It anticipates both a higher rate of growth and falling interest rates, even though if business were as good as the White House projects, the Federal Reserve Board probably would jack up interest rates to fight inflation.... The President again puts politics and a campaign promise ahead of smart policy and rules out even minimal increases in taxes that could get government out of the red.... Despite White House forecasts, the economy is wallowing through a sluggish period that could as easily end in recession as in better times."  
(Los Angeles Times, 1/30)

Worthy New Goals In Bush Budget -- "Despite its cute references to 'Cookie Monster' and 'Hidden Pacmen,' President Bush and Budget Director Darman say their first attempt at a federal budget should be taken seriously.... And as an indication of how Washington should shift its priorities, it deserves that consideration. Bush wants to put more money into areas neglected by his predecessor.... He also wants to make further reductions in the deficit, maintain a strong defense, encourage family savings and boost investment by reducing the cost of capital through a cut in the capital gains tax. All are worthy objectives.... Bush wants to accomplish them with no significant new taxes or spending cuts. That's where his budget proposal turns into the usual political mush. He claims that it satisfies the \$64 billion target.... But that's a phony figure, because the budget once again counts the...Social Security Trust Fund as revenue.... President Bush has given Congress a budget that avoids the rigid ideology of the past. That's refreshing. But it also avoids any significant steps to eliminate the deficit and, with it, our dependence on foreign capital."  
(Chicago Tribune, 1/30)

Plan Balances Fiscal Reality And Social Needs -- "...There is much to like about President Bush's budget, as well as elements to find fault with. On the plus side, the President is making a big push for investment incentives to keep the economy rolling.... Bush, also to his credit, is responding to a variety of social needs.... And he recommends stepping up outlays for the war on drugs. Similarly appealing is the President's proposed expansion of several federal housing programs aimed at empowering tenants.... More problematic is the President's budget proposal for the Pentagon.... Local leaders must seek creative ways to soften the economic blow that [base-closing] decisions will have on the affected areas.... The Administration may be most vulnerable to criticism that it is trying to reach the...deficit target...by relying on overly optimistic economic assumptions.... Granted, [President Bush's] recommendations may not be everything that some Democratic lawmakers want. But, in many cases, they are what the government can afford."  
(Cleveland Plain Dealer, 1/30)

Wonders In Darmanland -- "...The deficit really is fading away. If Congress passed Bush's budget, the federal deficit would decline to about 1% of GNP in 1991. That's...about the same as the average for America's six major trading partners. It soon may be impossible for tax-increasers to blame every blip in the money markets on 'the deficit.'... All of the usual tax-raising suspects are pointing out what a 'disappointment' Richard Darman is as budget director because he hasn't thrown President Bush's 'no new taxes' pledge out the window. If he keeps standing on principle, Darman might even lose his reputation as a 'pragmatist,' the Washington version of a knighthood." (Wall Street Journal, 1/30)

Bush Budget Fights The Cold War, Not The Deficit -- "George Bush says his \$1.23-trillion budget for 1991 emphasizes 'investment in the future,' but the budget appears more to reflect Cold War military priorities than the needs of a peacetime economy hamstrung by debt. Bush is due credit for plans to spend more on space exploration, environmental cleanup, air traffic controllers and Head Start.... And he's right to chop some expensive weapons systems, close bases and cut 38,000 military personnel that just aren't needed, given the shrinking Soviet threat. But Bush cuts the overall military budget by only 2 percent, and plans increases for unnecessary programs like the B-2 bomber, the MX missile and Star Wars research -- which Congress should cut.... This is a budget that, despite Bush's rhetoric, looks backward, still competing against one-time military foes at a time when it should be marshaling the country's resources to compete with economic rivals that pose a much greater long-term threat." (Newsday, 1/30)

Fighting The Deficit -- "What started as a wisp of smoke on the intellectual horizon has now billowed into a major conflagration that may lead to radical changes in federal laws about Social Security taxes, deficit reduction and incentives for savings and investment. Almost daily, a new idea issues forth.... That so many responsible elected political leaders would present so many startling proposals in such a short time...is testimony to a recognition that there are serious problems.... As it is, the deficit is not being conquered.... Despite its tough talk, [Gramm-Rudman] allows much spending and borrowing to go uncounted.... Social Security is part of the deficit charade because its surplus is borrowed by the government for current spending needs.... The U.S. investment rate has dropped from 6.9 percent of GNP in the 1970s to 4.6 percent in the 1980s.... Some of today's proposals...are worthy ideas. By mixing and matching, Congress may find a formula that leads to real deficit reduction, to a more secure and less oppressive funding scheme for Social Security and to incentives for saving and investment on the part of ordinary citizens as well as the rich." (Ft. Worth Star-Telegram, 1/29)

Pillow Power Or Not, A Good Call -- "Good for President Bush! It seems as if he might have listened to the favorable comments his wife, Barbara, made about the Head Start program last week, and has included an additional \$500 million for the successful federal preschool program in his budget proposal. Just as important, the President's proposal targets 4-year-olds, a pivotal age, according to educators, because that's when children are old enough to flourish in a group setting.... Head Start is educationally effective and cost-effective.... Most Head Start children come from welfare families or families at or below the federal poverty line.... The early intervention can help to break that cycle of poverty." (Los Angeles Times, 1/30)

## **FOREIGN MEDIA REACTION**

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### **THE BUDGET**

#### **"Peace And Cake"**

"...The drama that will absorb Congress through the months ahead is the Mystery of the Missing Peace Dividend.... Of course, Mr. Bush is anxious about the new peace; and, perhaps with an excess of caution, he does not wish to give away in a budget that which must theoretically be bargained away in Vienna and other forums. But, overall, he sends no useful signal to a Moscow busy hacking unilaterally at its generals' resources."  
(Guardian, Britain)

#### **"Time For U.S. To Drop Phony Figures"**

"The whole process of reaching these figures is deeply corrupting, and...there will be a price to pay for this corruption. The price will be paid most probably in a fall in the dollar.... The surprising thing is to see a country whose private sector, in the main, operates on tight financial discipline, fail to operate with similar discipline in the public sector. The Soviet bloc can no longer operate on phony figures. Can the United States?"  
(Independent, Britain)

#### **"No Peace Dividend Yet"**

"...Bush's attack on the deficit...is a courageous one only at first sight. The proposal is based on the assumption that taxes will increase three times faster than the state's spending rate, and that economic growth will continue at the same rate in 1990, too. The sages in Wall Street, on the other hand, are convinced that the economic growth of the Reagan era is coming to an end."  
(Sueddeutsche Zeitung, West Germany)

#### **"1991 Budget Gambles On Strong Economy"**

"The presentation of the 1991 budget was mainly a public relations operation for Richard Darman. The insolent, controversial, often bold and charming man failed to seduce Congress and to obtain the cuts necessary for the reduction of the deficit during the first year of the Bush term.... The Administration's elbow room is limited."

(Jacqueline Grapin, Figaro, France)

#### **"Bush Creative With His Accounting"**

"George Bush Monday presented Congress with details of a budget which if believable would be the stuff of dreams. The plan is to reduce next year's federal deficit to \$63.1 billion without putting up taxes and without doing much more than nibble away at defense and social security spending.... To support such a flight of fancy, he is hoping that the American economy will defy the laws of gravity."

(Daily Telegraph, Britain)

#### **"General Skepticism Over Bush's Budget"**

"President Bush's...1991 budget was received with great skepticism by economists and financial markets. Wall Street has growing doubts that the President will be able to cut the budget deficit."  
(Les Echos, France)

-End of News Summary-



# News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, JUNE 19, 1990 -- 6:00 A.M. EDT EDITION

## TODAY'S HEADLINES

### INTERNATIONAL NEWS

**BUSH WROTE TO SHAMIR IN EFFORT TO JUMP-START MIDEAST PEACE PROCESS** -- President Bush has tried to jump-start the Mideast peace process with a lengthy private letter to Prime Minister Shamir, he revealed Monday in an exclusive interview on foreign policy issues with Knight-Ridder. (Knight-Ridder)

**MANDELA IN CANADA GETS PROMISE OF CONTINUED SANCTIONS** -- Black nationalist leader Nelson Mandela, half-way through a six-week international tour to persuade Western nations not to lift sanctions against South Africa, will leave Canada with promises of cash aid and continued support. (Reuter)

### NATIONAL NEWS

**AP SURVEY: FLAG AMENDMENT TOO CLOSE TO CALL** -- An Associated Press survey of Congress shows that the vote on President Bush's anti-flag burning amendment is too close to call -- with undecided moderate Democrats in control of its fate. (AP)

### NETWORK NEWS (Monday Evening)

**FLORIDA KILLINGS** -- A man walked into a credit agency in Jacksonville, FL, and gunned down eight people and wounded six before killing himself.

**FAMILY LEAVE** -- The White House said President Bush will veto the guaranteed family leave act.

**DRUNK DRIVING** -- The Supreme Court said police may videotape drunk drivers so there is a visual record of how drunk they are.

INTERNATIONAL NEWS...A-1  
NATIONAL NEWS.....A-11  
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## **INTERNATIONAL NEWS**

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### **BUSH WROTE TO SHAMIR IN EFFORT TO JUMP-START MIDEAST PEACE PROCESS**

President Bush has tried to jump-start the Mideast peace process with a lengthy private letter to Prime Minister Shamir, he revealed Monday in an exclusive interview on foreign policy issues with Knight-Ridder.

The letter included "several suggestions" that Bush said he hoped would clear the way for peace talks in the Middle East.

In the interview, the President declined to endorse majority rule in predominantly black South Africa and spoke with great optimism about prospects for settling differences with the Soviet Union over the democracy movement in Eastern Europe.

Bush would not say what his specific suggestions to Shamir were but added that the new right-wing government of Israel... "presents some real problems" for the U.S. -- including sharp differences toward Israeli settlements in occupied territories. The President said he emphasized in the letter that peace talks between Israel and Palestinians... "should go forward."

Shamir, meanwhile, said in Jerusalem that the letter "asks me for replies and explanations about our path in the framework of the peace process," and promised a reply "to the best of our ability."

Bush also said that despite an implied threat by Secretary Baker last week that the U.S. might abandon efforts to get peace talks started, "we aren't going to pick up our marbles and go home." Bush cautioned, however, that unless Israel and the Palestinians wanted to move forward "there may be a hiatus" in U.S. peace efforts.

On the question of majority rule, Bush said, "I want to have that matter sorted out through negotiation in our country.... I think we're going to be a little careful there.... I clearly would favor the elimination of apartheid and I'd like to see full participation by all in the political process."

(James McCartney, Knight-Ridder)

### **A Bush Letter Prods Shamir On Peace Talks**

President Bush, following up on a stern public message from Secretary Baker last week, has written a "lengthy" letter to Prime Minister Shamir questioning the willingness of his new conservative government to revive the Middle East peace process.

White House spokesman Fitzwater said the letter was sent in the last few days and was both a congratulatory letter on the formulation of the government and a lengthier discussion of U.S.-Israeli relations.

Administration officials said Bush reiterated U.S. commitment to a plan that Shamir espoused and the Administration adopted last year for the election of Palestinian representatives in the occupied territories.... Officials said Bush's letter posed questions to Shamir about his government's positions on various aspects of the peace talks and expressed U.S. interest in continuing to work for progress.

(Ann Devroy, Washington Post, A17)

**SHAMIR INVITES SYRIA'S ASSAD TO MEET FOR PEACE TALKS**

**JERUSALEM** -- Prime Minister Shamir Monday invited Syrian President Assad to open peace talks with Israel and criticized the U.S. for delaying a decision on whether to continue contacts with the PLO.

Appearing before high school students in the town of Petah Tikva, Shamir expanded on one of the principal stances of his new right-wing government by calling on Assad "to come, to talk, to conduct negotiations and maybe to get to peace." ...

Shamir expressed impatience at the slowness of the Bush Administration to decide on whether to break relations with the PLO as a result of the attempted attack by guerrillas of the PLO-affiliated Palestinian Liberation Front on Israeli beaches May 31. "Week after week passes, and they are still discussing, there in the diplomatic offices in the United States, if the PLO is a terrorist organization," Shamir said. "And they can't decide."

The Bush Administration, Shamir added, "has to prove the credibility of the United States, to prove to the whole world that those who engage in terror cannot be party to negotiations."

(Jackson Diehl, Washington Post, A16)

**Shamir Tries To Prove To U.S. Israel Is Serious About Peace**

**JERUSALEM** -- Prime Minister Shamir has invited Syrian President Assad to Israel in a gesture apparently aimed at convincing the U.S. his new right-wing government wants peace.

"I hope that Syrian President Assad seriously wants peace with Israel -- we invite him to come, talk, negotiate and maybe we can achieve peace," Shamir told high school students...Monday.

Israeli analysts said he expected a negative response from Assad, one of the Jewish state's worst enemies.

(Marjorie Olster, Reuter)

**MANDELA SAYS MAJORITY RULE WILL PROVIDE  
EQUAL RIGHTS, STRONG CENTRAL RULE**

**OTTAWA** -- Nelson Mandela, on a visit to secure continued support for the anti-apartheid movement, said Monday majority rule in South Africa would lead to a strong central government with an independent judiciary enforcing a bill of rights for citizens of all races.

He also said an end to apartheid would mean a new period of growth for the South African economy. He said nationalization of industries...was only one option under majority rule. It was by no means a certainty, he said....

"We wish to see every adult South African enjoying the right to vote and having the possibility of being elected to all organs of government without discrimination on grounds of race, color or sex," Mandela said. "In addition to a democratic constitution, there should be an entrenched...bill of rights...fostered by an independent judiciary." ...

At a news conference later, Mandela said a new majority government would be "extremely careful" with the economy, giving growth the overriding priority as the best method to ensure a better standard of living for the black majority.

(Remer Tyson, Knight-Ridder)

**CANADA TELLS MANDELA: SANCTIONS STAY  
ANC Leader Given A Hero's Welcome**

TORONTO -- Nelson Mandela, receiving a tumultuous hero's welcome in a country that has championed economic sanctions against South Africa for nearly three decades, Monday asked Canada to "walk the last mile" with his ANC in the struggle against apartheid and was assured by Canadian leaders they would not relax international pressure on the white government in Pretoria.

While acknowledging that President de Klerk is "honestly committed" to a peaceful transformation to democratic rule, Mandela said that South African police and white extremist groups...continue to kill and maim blacks to protect white minority rule. "The fact of the matter is, the apartheid system is still in place," he told a joint session of Parliament in Ottawa.

(William Claiborne, Washington Post, A16)

**Mandela In Canada Gets Promise Of Continued Sanctions**

TORONTO -- Black nationalist leader Nelson Mandela, half-way through a six-week international tour to persuade Western nations not to lift sanctions against South Africa, will leave Canada with promises of cash aid and continued support....

Prime Minister Mulroney told Mandela at a dinner in Toronto Monday: "When clear and irreversible change has occurred; when the system of apartheid is on the way to oblivion it will be appropriate to ease some of the pressure of sanctions. But that time has not yet come.

"To relax sanctions now would run the risk of aborting the negotiations process before it has properly begun." ...

Mulroney...promised \$4.25 million to be spent in South Africa to repatriate and resettle South African exiles and to reintegrate political prisoners into their communities. He did not elaborate.

(Jacqueline Thorpe, Reuter)

**FUGITIVE RIGHT-WING COUNCILOR DECLARES WAR ON DE KLERK**

JOHANNESBURG -- An extreme rightist South African councilor, on the run from police after stealing arms from a military arsenal, declared war Tuesday on the reformist government of President de Klerk.

In a videotape delivered to a Johannesburg newspaper, Piet "Skit" Rudolph said the highest priority for loyal Afrikaaners was the overthrow of de Klerk, who wants to scrap apartheid.

"There is no time to plan a counter-revolution. It is now open war," said Rudolph, flanked on the videotape by masked men toting machine guns.

(Reuter)

**POSSIBLE POISON GAS FACILITIES IN LIBYA MONITORED BY U.S.**

U.S. intelligence agencies are monitoring one or more facilities in Libya on the suspicion that the regime of Col. Gadhafi may seek to produce poison gas after staging a hoax fire in March at an alleged chemical weapons complex at Rabta, 60 miles southwest of Tripoli, Administration officials said Monday.

White House press secretary Fitzwater reiterated the Bush Administration's concern over Libya's suspected chemical weapons program, saying, "We are prepared to believe the worst."

He declined to specify the location of the facilities that have become the focus of U.S. attention, but another Administration official added, "there are a couple of places indicated as possible sites and they are being watched, but nothing has panned out so far." ...

Administration officials said that a report in The Washington Times Monday asserting that Gadhafi is building a new underground chemical complex several hundred miles south of Tripoli was not correct and had not been confirmed by the CIA, as the newspaper said.

"Our basic position is that we think Gadhafi is not finished with chemical weapons," one Administration official said, adding, "Do we think there is a new facility now? No."

(Patrick Tyler, Washington Post, A17)

**U.S. Claims Khadafy Is Building Underground Chemical Weapons Plant**

U.S. officials believe that Libyan leader Col. Khadafy is building an underground chemical weapons plant in the desert, an Administration official said Monday. And a White House spokesman said the fire last March at another Libyan plant was a hoax.

The official, who spoke on condition of anonymity, confirmed reports that members of the Bush Administration think Libya is building a second facility, and that possible responses are under review.

"This is a two-step process," the official said. "There is confirming it, and then there is having a public posture. I think it's safe to say that as we look very carefully at the evidence that is available from various sources, we are formulating a public posture." ...

Speaking at a White House news conference, Presidential spokesman Fitzwater...said that the Administration had become convinced that a fire at the Rabta plant in March was faked....

"The weight of the evidence regarding the fire as a hoax really shifted last month," the [anonymous] Administration source said. While declining to elaborate on what evidence was available, the source said the government thought the Rabta plant was still capable of producing chemical weapons.

(Joshua Cooper Ramo, Boston Globe)

**White House Fears The Worst On Libyan Arms**

The White House agreed Monday that Libya may be building a second chemical arms plant and accused Tripoli of staging a "hoax" fire at its first chemical facility to defuse Western outrage over Libyans trafficking in poison gas.

"We're prepared to believe the worst," spokesman Fitzwater said when asked about a story in The Washington Times Monday that described Libyan efforts to build a second chemical weapons plant several hundred miles south of Tripoli. The Administration is evaluating reports about the second plant but "we just don't have any conclusions to give," Fitzwater said....

The White House and the State Department, meanwhile, accused Col. Gadhafi's government of faking a fire at Rabta in March.

(Paul Bedard, Washington Times, A3)

EDITOR'S NOTE: "New Libya-Chemical Arms Link," by Jessica Lee, appears in USA Today, page 4A.

**FUNDING ANGOLAN REBELS BLASTED BY BLACK CAUCUS**

The Bush Administration has asked Congress to add \$10 million or \$15 million to a secret arms program for rebels fighting the Soviet-backed government of Angola, a congressional source said Monday.

Some of the money would be used to buy Hawk anti-aircraft missiles, bolstering an arsenal of shoulder-fired Stinger rockets the rebels have used to attack government planes, said the source, who spoke on condition of anonymity.

The request for the extra money prompted an angry letter from the Congressional Black Caucus to Sen. Boren.... Rep. Dellums...said rebel land mines have given Angola the largest population of amputees in the world, according to Red Cross figures. He called U.S. aid to the rebels "morally indefensible."

(AP, Washington Times, A4)

**'FRIENDLY FIRE' KILLED 2 U.S. TROOPS**

The Defense Department said Monday that two of the 23 Americans killed during the invasion of Panama died from "friendly fire" coming from U.S. forces, and 19 of the 324 wounded were hit by rounds fired from U.S. positions.

In a statement issued in response to an article in Newsweek magazine, the Pentagon said two U.S. servicemen hit by their own troops during the night operation died at Rio Hato, where the Army's 82nd Airborne Division staged a parachute assault to seize a key base held by the PDF.

"In the case of one additional serviceman killed in action," the statement said, "it has not been determined if his death was a direct result of friendly fire." This case is still under investigation, the Pentagon said.

(Washington Post, A10)

**SANDINISTAS TO ELECT NEW LEADERS IN 1991**

**MANAGUA** -- The opposition Sandinista Front announced Monday it would hold a national congress next year to elect new leaders in a secret vote that could conceivably replace former President Ortega as leader of the party....

UNO members have predicted that Ortega will be removed from the party leadership as a result of bitterness among members over the 55-percent to 41-percent election loss. (UPI)

**BAKER OFFERS CENTRAL AMERICA HELP IN FINDING AID ELSEWHERE**

**ANTIGUA, Guatemala** -- Secretary Baker assured Central American presidents Monday that Washington would press Japan and Western Europe to increase their assistance to the region at a time of declining U.S. aid to most Central American countries.

...Baker, who arrived in Guatemala Sunday night and met individually with the six presidents Monday, is proposing an international effort by wealthy nations and international lending institutions to help Central America. The approach is patterned on the Group of 24 industrialized nations that was formed last year to rebuild Hungary and Poland....

Although the presidents expressed some doubts about the structure of the new aid mechanism and conditions that might be attached to new assistance, the general response to Baker's proposal was positive.

"The United States is taking the lead in getting the world to give aid to Central America," said President Rafael Calderon. "We all celebrate that." (Lee Hockstader, Washington Post, A12)

**U.S. Proposal Gets Mixed Reception In Central America**

**ANTIGUA** -- Secretary Baker met with Central American presidents Monday and proposed a development plan to help "consolidate democracy" that got a favorable but uneasy reaction....

"We showed Secretary Baker we were pleased with this proposal presented by the United States and specified our will that it be the Central American countries that form part of the administration to oversee the results," said Salvadoran President Cristiani, acting as spokesman for the six heads of state....

Baker's proposal did not include a direct role for Central America in the administration of the aid and foreign development assistance, and the regional presidents indicated they would push for such a role. (Michael Molinski, UPI)

**EDITOR'S NOTE:** "Baker's Aid Proposal Draws Applause From Latin Leaders," by Reuter, appears in The Washington Times, page A8.

**JAPAN PLEDGES MAJOR AID PACKAGE TO MEXICO**

TOKYO -- Japan has pledged \$779 million in aid to Mexico to control pollution and finance other projects, highlighting an official visit to Japan by President Salinas, officials said Tuesday. The Foreign Ministry officials said Prime Minister Kaifu committed the funds to Salinas during their meeting Monday at Kaifu's official residence. Prior to the meeting, Salinas called on Japan to be more involved in the international community, particularly in Latin America. (Mark Kuramitsu, UPI)

**U.S. WANTS JAPAN TO DETAIL BILATERAL PLAN**

The always unsteady U.S.-Japanese relationship could be headed for an even rockier future if Tokyo fails to provide detailed plans to implement a bilateral agreement worked out last April, U.S. Trade Rep. Hills said.

In remarks prepared for delivery to the Japan Society in New York Monday night, Hills said Japan must realize that the interim bilateral report addressing structural problems in the two economies needs to be followed up with specifics in the final report, due in July....

"Japan's foot-dragging since the announcement of our interim SII report must end. Between now and the completion of the final SII report general commitments must be augmented by detailed plans, amounts of monies to be spent and schedules for action to be taken must be specified," she told the Japan Society.

(Keith Rockwell, Journal of Commerce)

**EDITOR'S NOTE:** "Hills Slams Japan's 'Foot-Drugging,'" appears in USA Today, page 2B.

**U.S. TO RETURN LAND FROM MILITARY BASES ON OKINAWA**

TOKYO -- The U.S. said Tuesday it would hand back 23 installations on the southern island of Okinawa to the local government.... A statement by the U.S. command said the decision was approved by a joint Japan-U.S. committee that would work out details of the handover. (Reuter)

**GENSCHER, SHEVARDNAZHE DISCUSS GERMAN UNIFICATION**

MUNSTER, West Germany -- The Soviet and West German foreign ministers, meeting amid increasing calls for German unification by year's end, apparently failed to reach agreement on Germany's military future.

In a joint statement Monday after meeting for more than six hours in the historic city of Munster, Foreign Ministers Genscher and Shevardnadze said they "got closer and made progress on important issues." Speaking at a news conference after the talks...they said they had agreed to meet again later.

Disagreement on several key issues was obvious. Shevardnadze said the question of troop strength of a united Germany's defense force should be determined at the six-nation German unity negotiations, known as two-plus-four. Genscher, however, said the issue should be included in East West disarmament talks held in Vienna. (UPI)

**U.S. RELAXES LICENSING OF HIGH-TECH EXPORTS**

In another sign of the winding down of the Cold War, the Bush Administration Monday wiped away licensing requirements on the sale of \$30 billion worth of computers, telecommunications equipment and other high-technology products to allies in Western Europe, Japan and Australia.

The action, which takes effect in two weeks, expands on the decision 10 days ago by the U.S. and its allies to relax -- but not eliminate -- barriers to the sale of high-technology products to the Soviet Union and some of its former East European satellites.

(Stuart Auerbach, Washington Post, D1)

**U.S. To Lower Export Barriers For NATO Partners On Some Items**

Export licensing requirements will be eliminated on about \$30 billion worth of goods the U.S. sells annually to its NATO partners, the Commerce Department announced Monday.

The department's ruling, which becomes effective July 2, "relieves an embarrassing situation," said Peter Taylor, an expert on international trade with Export Control News, an industry newsletter. "The East bloc was winding up with more liberal export policies than our own allies."

(David Evans, Chicago Tribune)

**Easing Of Technology Export Controls May Boost Arms Smuggling In Mideast**

The recent relaxation of Western controls on technology exports to the Soviet Union may make it easier for countries in the Middle East to obtain goods crucial to the production and use of nuclear weapons, according to critics of the move.

...The change in export rules, according to a spokeswoman for the Commerce Department's Bureau of Export Administration, would allow shipment of various previously restricted items to "certain reliable Eastern European countries like Poland, Hungary and Czechoslovakia." ...

But critics of the move charge that the relaxation could accelerate the nuclear arms race in the Middle east. "This means that Iraq can order U.S. bomb triggers through front companies in Eastern Europe without breaking any laws," asserted Gary Milhollin, head of the Wisconsin Project on Nuclear Arms Control, a Washington research firm.

(John Fialka & Eduardo Lachica, Wall Street Journal, A22)

**LIGACHEV ASKS SOVIET REFERENDUM ON SOCIALISM VS. CAPITALISM**

**MOSCOW** -- The Soviet Communist Party's leading conservative, Yegor Ligachev, called Monday for a referendum on whether the country should follow a socialist or capitalist path.

In an interview with the party daily Pravda, Politburo member Ligachev obliquely questioned the wisdom of President Gorbachev's ambition to abandon the command-administrative model and build a market economy.

Ligachev said he was firmly against the establishment of private property and was concerned that the country might be headed for a "restoration" of capitalism.

(David Remnick, Washington Post, A17)

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**RUSSIA THREATENS TO CUT PAYMENTS,  
SHIPMENTS OF GOODS TO REST OF COUNTRY**

**MOSCOW** -- Russia...threatened Monday to drastically cut transfer payments and shipments of goods to the rest of the country, a move that could hasten the disintegration of the national federation.

...The new Russian prime minister, Ivan Silayev, said his republic transfers about 100 billion rubles (about \$180 billion) to the national treasury, but gets back only 30 billion rubles (about \$50 billion). Russia also sends more goods and food items to the rest of the country than it receives back in internal Soviet trade, Silayev said.

In an inaugural speech to the Russian parliament, he promised that the republican government will take steps later this year to stop these lopsided arrangements in order to "ensure Russia's real economic independence as a sovereign state in the fold of the Soviet Union."  
(Jeff Sallot, Toronto Globe & Mail)

**NO QUICK DECISION ON INDEPENDENCE MORATORIUM**

**MOSCOW** -- Lithuanian President Landsbergis said Monday a moratorium on the republic's declaration of independence was only one option for responding to Moscow's demands and some residents were hostile to it.

The moratorium, proposed by the Lithuanian Council of Ministers Saturday to meet Moscow's conditions for negotiations on secession, will probably not be formally considered by parliament until at least Friday, government spokeswoman Rita Dapkus said by telephone from Vilnius.  
(Michael Collins, UPI)

**USE OF FORCE APPROVED BY ROMANIA  
Authorities Arrest 3 Protest Leaders**

**BUCHAREST** -- The lower house of Romania's parliament Monday voted overwhelmingly to empower the Interior Ministry to remove anti-government demonstrators who for the second day defiantly blocked traffic in front of Bucharest University.

Undeterred by the vote, hundreds of demonstrators milled about, shouting anti-government slogans, but no police or soldiers could be seen....

Late Monday night, Romanian television said authorities had arrested three opposition leaders on charges connected with the protests here last week. (Jonathan Randal, Washington Post, A12)

**OFFICIALS SAY FIGHTING NOW A FULL-FLEDGED WAR**

**COLOMBO, Sri Lanka** -- Government forces overran Tamil rebel positions in the east Tuesday and repulsed an attack on an army garrison in the north as bitter ethnic rivalries escalated into full-fledged war, officials said.

The army used helicopter gunships and repeated machine-gun fire to repulse an early-morning attack by rebels on the Jaffna military garrison, said military officials who spoke on condition of anonymity.  
(Dexter Cruz, AP)

**UNEASY CALM IN LIBERIA AS DOE MAKES CONCESSIONS**

MONROVIA -- Beleaguered President Doe, in a gesture of conciliation, announced a general amnesty for all members of the rebel National Patriotic Front, legalized two opposition parties and said the insurgents could form their own party.

An air of nervous calm fell over the Liberian capital Monday. Fighting in the country's near-6-month-old civil war all but stopped, Western military officials said. (Neil Fleming, UPI)

EDITOR'S NOTE: "Baker Introduces Age Of Frequent-Flier Diplomacy," by Warren Strobel, appears in The Washington Times, page A8.

"East Europeans Want Help From West To Form Parties," by Martin Sieff, appears in The Washington Times, page A11.

"KGB Critic Specialized In Counterintelligence," by Bill Gertz, appears in The Washington Times, page A5.

## **NATIONAL NEWS**

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### **OPPONENTS OF FLAG AMENDMENT SEEKING QUICK KILL ON HOUSE FLOOR**

Buoyed by an unexpectedly quiet response at the grass roots and by an unofficial vote tally that shows they can prevail, opponents of a constitutional amendment to prohibit desecration of the flag are pushing for a quick attempt to kill the proposal on the House floor, possible as early as Thursday.

"The phone isn't ringing, the mail isn't coming in," said Rep. Durbin, who was undecided on the flag amendment last week but said Monday that he is leaning against it. "...The more political this becomes, the more skeptical people become."

"We're hearing very little from constituents," said Rep. Glickman, who will vote against the amendment.

"There is nothing driving this issue, other than Washington politicians," acknowledged Richard Viguerie, a direct-mail fundraiser for conservative groups....

"This is an issue whose time has come and gone," said one high-level Republican operative who asked not to be identified. The strategist indicated that if the amendment fails in Congress, the White House would not seek to turn it into a national campaign issue against Democrats this fall, but predicted that it would be raised in isolated Senate and House races....

However, a White House official expressed doubt Monday that the Democrats have the hard votes needed to kill the amendment, adding that the Administration has a targeted list of wavering lawmakers it plans to lobby this week.

(Tom Kenworthy & Paul Taylor, Washington Post, A8)

### **AP Survey: Flag Amendment Too Close To Call**

An Associated Press survey of Congress shows that the vote on President Bush's anti-flag burning amendment is too close to call - with undecided moderate Democrats in control of its fate.

Neither side in the politically charged battle could yet claim victory, according to the survey.... "I don't know what the vote outcome will be. I expect it will be close," Sen. Mitchell said Monday.

In the Senate, where 67 votes are needed to pass the amendment, 58 lawmakers surveyed favored it or were leaning in that direction, while 24 were against or leaning against. Of the 18 who did not take a position, 15 were Democrats.

Supporters and those leaning in favor outnumbered opponents 253 to 115 in the House, where 289 votes are required for passage. Of the 65 who were undecided or had no known position, 54 were Democrats.

The telephone survey was conducted late last week and Monday.  
(Steven Komarow, AP)

**Fulbright Calls Flag Amendment 'Great Tragedy'**

Former Sen. J. William Fulbright expressed disappointment with his successors in government, saying it is a "great tragedy" that politicians have shifted their attention from world events to debate a constitutional amendment to ban flag burning....

"I feel more optimistic about the international situation than anytime I was in the Senate," he said, adding that he believed even the Chinese would "come around" and join the world move toward democracy.

But Fulbright was clearly troubled by the response of American politicians, faulting President Bush for refusing to cut defense spending or raise taxes, criticizing the invasion of Panama and the funding of the contra rebels in Nicaragua, and accusing Democrats in Congress of timidity.

Asked to comment on the flag amendment, he said, "I think it's a great tragedy that in this time of very promising issues that we should be diverted by such an...utterly emotional and unimportant issue.... I think it ought to be left alone."

(Gary Silverman, UPI)

**FORCED CUTS COULD EXCEED \$80 BILLION, DARMAN SAYS**

On the eve of critical negotiations with Congress, the Bush Administration's budget director said Monday that the alternative to agreement on a deficit-reduction plan is at least \$80 billion in forced spending cuts, which would lay waste to most domestic programs.

Richard Darman told a group of reporters that possible revenue-raising measures will be discussed for the first time by Administration and congressional representatives when they resume their meetings Tuesday. He predicted that by Thursday, proposals for \$45 billion to \$60 billion in deficit reductions "will come from all parties -- including the Administration."

As the bipartisan budget summit prepared to move from detailed briefings to direct negotiations, with only the principals present, Darman said, "We feel a lot better about the group and the process than we did a few weeks ago." But he cautioned that the "chemistry" and mutual trust that have been built up in the past four weeks of briefings are untested. No one, he said, is under any illusions "about how hard this is."

(David Broder, Washington Post, A8)

**WARY NEGOTIATORS NEARING CROSSROADS IN BUDGET TALKS**

This may be the week something finally happens in the budget talks between Congress and the White House.

If it isn't, it ought to be, say lawmakers and officials of the Bush Administration....

"Why are people in that room?" asked Rep. Gingrich. "Mostly because they couldn't get out of it. The President's men decided it was time to have a summit, Republicans are there because they like to be accommodating to the President, and Democrats are there because they couldn't say no." ...

"Like Yogi Berra said, when you reach the crossroads, take it," said Rep. Panetta.

(Susan Rasky, New York Times, A20)

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**GOP CANDIDATES STICK TO NO-TAX PLEDGE**

Republican Bob Smith has won three House races stressing his opposition to higher taxes. The New Hampshire congressman isn't about to drop a winning strategy just because George Bush is wavering. If the President changes course, "I'll disagree with him point-blank," says Smith. He's counting on the "no new taxes" theme to sweep him into the Senate this year....

Even as President Bush edges away from his "read my lips" campaign rhetoric, Republican candidates who have staked their careers on the "no new taxes" pledge are embracing it as tightly as ever. Publicly, they won't concede anything -- even that Bush has softened his position. They say he's merely done what was necessary to open a dialogue with Congress on the budget.

(AP, Washington Times, A4)

**ANY PEACE DIVIDEND IS ALREADY SPENT, ROSTENKOWSKI TELLS MAYORS**

CHICAGO -- Rep. Rostenkowski told the nation's mayors Monday that any savings realized from defense budget cuts already have been spent on other federal priorities and are unlikely to trickle back to the cities.

Rostenkowski brought a grim message of deficit reduction, imminent tax increases and legislative deadlock to this week's annual summer meeting of the U.S. Conference of Mayors, who had been hoping for a slice of the peace dividend.

"The peace dividend, and quite a bit more, has already been invested in our savings and loans," Rostenkowski said.... "We need to slash spending and raise taxes merely to get to ground zero."

Sen. Kerrey was considerably more upbeat in a luncheon speech, declaring urban needs in education, health care, housing and transportation can be met if federal and local governments work together.

(Gwen Ifill, Washington Post, A9)

**DOW SLIDES 53 ON FEARS ABOUT RATES**

NEW YORK -- The Dow Jones industrial average skidded 53 points Monday as investors' hopes of lower interest rates sank, resulting in short-term profit-taking, traders said. New pessimism that the Federal Reserve is not likely to ease interest rates until midsummer or autumn was the prime psychological ingredient behind the decline, analysts said.

(Ralph Cato, Washington Post, D1)

**PANEL SOUGHT TO INVESTIGATE CAUSES OF THRIFT SCANDAL**

Saying "American taxpayers deserve the whole story," Sen. Bond Monday urged President Bush to establish a special commission to determine the causes behind the savings and loan scandal.

In a letter to Bush, Bond said even the appointment of a special prosecutor to look into criminal conduct of executives at hundreds of failed thrifts...would be inadequate as the government spends billions of dollars to bail out the industry....

"If we rely solely on prosecutions to punish those at fault, we leave out a wide range of venal, foolish, short-sighted and unethical behaviors that are not illegal but will cost this country just as much," he said.

(UPI)

**HOUSE PANEL TO GRILL WITNESS SUBPOENAED IN SILVERADO S&L PROBE**

The House Banking Committee is expected to grill witnesses Tuesday about how Silverado Banking, Savings and Loan of Denver was allowed to stay open for at least two years after it was clear the thrift was in serious financial trouble.

The committee is to hear testimony from developers William Walters and Kenneth Good, both large Silverado borrowers and stockholders, about their relationship with Neil Bush, a member of the Silverado board of directors....

However, the primary focus of the hearing is expected to be on Michael Wise, Silverado's former chairman, and W. James Metz, the thrift's founder and majority stockholder.

(Joan Lowy, Scripps Howard)

**ANNUNZIO ATTACKS ADMINISTRATION FOR  
LAX ACTION ON CHARGES AGAINST NEIL BUSH**

As congressional Democrats look for ways to focus taxpayers' wrath on the Republican White House for the savings and loan debacle, Rep. Annunzio wants to make an issue out of the slow pace of Administration action against President Bush's son Neil.

Annunzio, according to aides, is planning to attack the Administration on Tuesday for foot-dragging in punishing Neil Bush for alleged conflicts of interest in his role as a director at the Silverado Banking, Savings and Loan Association....

Annunzio, his aides said, plans to question the Administration's determination to pursue wrongdoing and criminal conduct by S&L executives.

Attorney General Thornburgh turned down a request that he testify before Annunzio's banking subcommittee Thursday about Administration progress in prosecuting S&L fraud cases. Instead, the head of the Justice Department's criminal division, Edward Dennis Jr., is scheduled to testify. But Annunzio plans to have an empty seat at the witness table to highlight Thornburgh's absence.

(Terry Atlas, Chicago Tribune)

**KEMP, DARMAN URGE HOUSING BILL CHANGES**

The Bush Administration took its concerns about a Senate housing bill to Capitol Hill Monday, challenging senators to delete new construction programs to favor the poor.

Secretary Kemp and OMB Director Darman met with five members of the Senate Banking, Housing and Urban Affairs Committee just before the Senate took up the National Affordable Housing Act, a major restructuring of the nation's housing programs.

Participants said there is broad agreement on the need for a housing bill this year, but significant roadblocks remain. Those disagreements, as Kemp outlined in a letter last week to Sen. Cranston...involve the Administration's concern that the Senate approach fails to address fundamental problems at HUD.

...One participant described Monday's meeting as "promising" and said Administration officials made no veto threats. Kemp aide Mary Brunette was more pessimistic. "As it stands, the Administration would oppose the bill," she said.

(Washington Post, A4)

**U.S., STATE SUES ALLEGED CORPORATE POLLUTERS**

LOS ANGELES -- Federal and state agencies filed suit Monday against eight alleged corporate polluters, accusing them of dumping toxic wastes into Southern California coastal waters for decades.

The suit, filed in U.S. District Court, invokes a long-ignored provision of federal environmental law to force polluters to both clean up toxic waste and restore damaged wildlife habitats to their natural state....

"Even though the law has been on the books since 1980, this is the first time any federal agency has pursued it," National Oceanic and Atmospheric Administration spokesman Brian Gorman said. Gorman said the legal action "reflects a new political environment under the Bush Administration" that will be reflected in other states."

(Carol Baker, UPI)

**GROUP WARNS OF CHEMICAL DAMAGE**

An environmental group warned Monday that products containing a chemical called 1,1,1,-trichloroethane are damaging the ozone shield..., and it urged the Bush Administration to support international efforts to phase out its use.

Although both House and Senate versions of proposed Clean Air Act legislation would phase out production of the chemical, the Natural Resources Defense Council said it was publicizing a list of products containing 1,1,1 both to aid consumers and to push for the fastest phase-out possible.

(Martha Hamilton, Washington Post, D2)

**BARGE RUNS AGROUND NEAR CAPE COD,  
THREATENING SECOND MAJOR OIL SPILL IN EIGHT DAYS**

BOURNE, Mass. -- A 475-foot barge loaded with 5 million gallons of oil ran aground Monday near the Cape Cod Canal, ripping open four of its tanks and threatening Buzzards Bay with a second major oil spill in eight days.

As weather conditions worsened Monday night..., Coast Guard officials said a tugboat hitched a towline to take control of the damaged barge....

Less than 200 gallons of oil leaked from the barge Monday, but Coast Guard officials warned of the potential for a much more serious spill. (William Coughlin & Sean Murphy, Boston Globe)

EDITOR'S NOTE: "Risk Of Big Spill Slight As Oil Barge Smashes Into Rocks Off Cape Cod," by Reuter, appears in The Washington Times, page A7.

**OFFICIALS: POSSIBLE ENERGY CRISIS MAY BE WORSE THAN IN 1970S**

**BISMARCK** -- An energy crisis might be coming that would be far worse than the Arab oil embargo of the early 1970s, federal and state officials said Monday.

"The focus is how to make sure this country is energy secure and is able to meet the rising demand that we're facing," Robert Gentile of the U.S. Energy Department told officials at the 29-state Interstate Oil Compact Commission meeting in Bismarck....

The Energy Department has been in the process of writing a comprehensive energy policy that will address energy needs and environmental concerns, said Gentile, assistant secretary for fossil energy....

"Hopefully, it will reopen a dialogue around this country about energy, put energy back on the nation's scope as a national concern and a national priority," Gentile said. (UPI)

**U.S. MINERALS SERVICE PRESSED TO TAKE SWIFT ACTION ON MISCONDUCT**

The chairman of the House Interior Committee is pressing Secretary Lujan to take "prompt and appropriate action" on allegations of financial and sexual misconduct by Interior Department workers in Dallas.

Rep. Udall termed the allegations against some employees of the Minerals Management Service's Dallas office serious, warning that failure to investigate and act on them "could result in irreparable damage."

Although allegations are not proof of wrongdoing, Udall told Lujan, "there nonetheless appears to be a pattern of conduct that warrants your attention in order to preserve the public faith and confidence in the integrity of the Royalty Management Program." ...

Udall made his remarks in a letter to Lujan dated June 14 and released Monday. (Steve McGonigle, Dallas Morning News)

**STUDY: NIH SLOW TO INCLUDE FEMALES IN DISEASE RESEARCH**

The National Institutes of Health has made little progress in carrying out a four-year-old policy to include more women in government-funded studies of diseases and their treatments, according to a study by the GAO described at a congressional hearing Monday.

Although an NIH memorandum acknowledged last year that underrepresentation of women in such research has caused "significant gaps" in medical knowledge, the agency has been slow and inconsistent in its efforts to get researchers to include more women in studies, said Mark Nadel, the GAO's associate director for national and public health issues....

William Raub, acting director of the NIH, said in an interview the "vast majority" of NIH studies include adequate numbers of woman and are in compliance with the policy.... "I don't believe the NIH system is grossly out of focus," he said. "We do need to do some fine tuning." (Susan Okie, Washington Post, A10)

**COCAINE SHORTAGE? EVIDENCE SKIMPY**

A major price increase for cocaine in New York and Los Angeles, seen by some as evidence supplies are dwindling, is not matched in other major cities, including Washington, experts said.

A DEA internal review of 19 major cities due to be released this week shows that in most areas the price of cocaine is holding firm and supplies are abundant.

In the District, "the price may have gone down a little," said Mario Perez, DEA spokesman for the Washington field office. "From our observation, both cocaine and crack are plentiful."

(Michael Hedges, Washington Times, A1)

**AN ABORTION STORM GATHERS OVER THE REPUBLICAN PARTY**

**SACRAMENTO** -- The conflict over abortion is fueling a fight for the Republican Party's soul that pro-life and pro-choice advocates fear could rip the GOP apart.

A cluster of newly formed GOP pro-choice political action committees wants to overturn the party's pro-life platform by promoting candidates who favor legalized abortion.

Meanwhile, pro-life activists wrapped up the weekend National Right to Life Committee convention by warning that their biggest threat may come not from the left, but from the right....

"We've got to stay energized because we've got to bring (pro-choice Republicans) back in line," said Roy Jones, a Republican political consultant. "If we don't, it will destroy the Republican Party."

(Valerie Richardson, Washington Times, A5)

**3,800 VIOLATORS FOUND IN CHILD-LABOR SWEEP**

Vowing to keep up such enforcement efforts, the U.S. Department of Labor Monday said it found nearly 3,800 children working illegally earlier this month in a nationwide, one-day sweep for child-labor violators.

Illegal child labor was found in 37 percent of the places visited, with the firms involved facing fines of more than a million dollars.

Most of the children found working illegally were 14- and 15-year-olds employed in excess of hours permitted by law, labor officials said. But 490 children, some younger than 14, were found working in jobs that posed safety hazards.

(Bruce Butterfield, Boston Globe)

**CENSUS REPORTS 95% HAVE RESPONDED**

The Census Bureau roundly criticized this spring because of the sluggish mail response to the 1990 census, now reports that nearly 95 percent of "residential units" have responded to the decennial head count....

Officials call the new figures encouraging. BUT some express concern that the door-to-door count would end weeks past the original deadline of June 6. The lag, they say, shortens the period available for follow-up surveys to check the count, increasing chances for error and inaccuracy.

(Faith Keenan, San Francisco Examiner, Washington Times, A6)

**PENSION PROTECTION BROADENED**  
**Court Decision Called 'Victory' For Retirees**

The Supreme Court Monday broadened the powers of federal regulators to protect the pensions of millions of American workers by affirming the government's authority to order corporations to reinstate terminated retirement plans.

The 8 to 1 decision in a case involving the LTV Corp. averted a potential financial crisis for the Pension Benefit Guaranty Corp., which insures \$1 trillion in private pension benefits for 40 million workers much the way the FDIC insures bank deposits. The ruling will make it harder, if not impossible, for corporations to use bankruptcy laws to "dump" their underfunded pension liabilities on the agency so they can have more cash for their creditors.

"This removes a major cloud that's been hanging over the agency for two and a half years," said James Lockhart, PBGC executive director. "The nation's retirees won a big victory today."  
(Frank Swoboda, Washington Post, A1)

**BETTER TESTS NEEDED TO DETECT FLAW**  
**THAT CAUSED IOWA DC-10 CRASH, NTSB SAYS**

The National Transportation Safety Board said Monday that a crack in an engine part that led to the crash-landing of a United Airlines DC-10 jumbo jet in Iowa last year probably could not have been detected by metallurgical tests now used on operational engines, and urgently recommended that new tests be developed for engines still in service.

The board said the defect in the engine part could have been detected at the time of manufacture -- and the crash possibly prevented -- if another test performed during assembly had been used properly.  
(Don Phillips, Washington Post, A5)

**NEA HELPS FUND GAY FILM FESTIVAL**

**SAN FRANCISCO** -- The San Francisco International Lesbian and Gay Film Festival opened this week with a showing of homoerotic movies -- thanks in part to a grant from the National Endowment for the Arts....

Frameline, the non-profit group that runs the 10-day festival but generates most of its income from the rental of homosexual and lesbian videos, received \$9,000 from the NEA, the third such grant in three years....

"The most important thing about it is that a federal agency has recognized a gay/lesbian organization," says festival Director Michael Lumpkin. "...It gives us a certain legitimacy."

Lumpkin said he signed the obscenity pledge now required of NEA grant recipients, even though he was "sure" some of the films would be considered homoerotic, or homosexually arousing.

(Valerie Richardson, Washington Times, A1)

**FLORIDA GUNMAN OPENS FIRE IN OFFICE, KILLING EIGHT, SELF  
Police Say Man's Car Had Been Repossessed**

**JACKSONVILLE** -- A man whose car had been repossessed stalked into a crowded auto financing company Monday and sprayed gunfire around the office, killing eight people before turning the gun on himself.

...James Pough...had pleaded guilty to a felony charge of aggravated assault in 1971. Under Florida state law, he thereby was barred from owning weapons, but he had at least two guns registered in his name, police said.

"Sure it disturbs me, and I wish I could tell you it was unusual," Duval County Sheriff James McMillan said of the fact Pough apparently obtained the guns illegally. "Unfortunately this happens all the time." (Laura Parker, Washington Post, A1)

**BARRY JURY SET, TESTIMONY BEGINS TODAY**

The trial of D.C. Mayor Barry is set to begin in earnest Tuesday, after selection Monday of a jury and alternates. Charles Lewis, Barry's old friend and now his chief accuser, is expected to be the first prosecution witness.

(Barton Gellman & Tracy Thompson, Washington Post, A1)

**D.C. LAWYER NOMINATED TO ETHICS POST**

President Bush made his first nomination for director of the Office of Government Ethics Monday, asking the Senate to confirm Washington lawyer Stephen Potts for the post.

At the same time, officials said that Bush has abandoned a campaign pledge to name a separate senior counselor to the President for ethics because White House counsel Gray argued his office should perform that role. (Ann Devroy, Washington Post, A8)

**EDITOR'S NOTE:** "Bush Picks Lawyer To Be Ethics Chief," by Maureen Dowd, appears in The New York Times, page A19.

**FBI DIRECTOR HAS SURGERY; AGENCY WON'T SAY WHAT KIND**

FBI Director Sessions underwent surgery last week, but the agency declined Monday to disclose many details for "security and privacy reasons."

Sessions could return to work as early as Friday, according to FBI spokesman Bob Davenport....

"He's progressing very well, no complications," Davenport said. But he would not elaborate.

(Susan Feeney & Steve McGonigle, Dallas Morning News)

**PRESIDENTIAL SCHOLARS LEFT OFF BUSH'S AGENDA**

Presidential Scholars aren't scheduled to see President Bush. And their parents are steamed.

For the first time in nearly 20 years, the 141 outstanding high school seniors will not be honored at the White House. Instead, they'll get medallions from Secretary Cavazos at Georgetown University....

"I don't mind paying my way here to have my kid's picture taken with George Bush. This is something else!" said Bob Braun, who brought daughter Jenifer from Summit, NJ. (USA Today, 4A)

**EDITOR'S NOTES:** "The Unlikely Populist: Kevin Phillips, The GOP's Maverick Pundit, Getting Angry At The Rich," by E.J. Dionne, appears in The Washington Post, C1.

"Backers Of Capital-Gains Tax Cut Beat Bushes To Locate Recruits For Their Lobbying Army," by Jeffrey Birnbaum, appears in The Wall Street Journal, page A22.

"Chaplain's Letter Irks Families Of USS Iowa," by Rowan Scarborough, appears in The Washington Times, page A3.

"Unmasking The Fallacy Of The 'Women's Vote,'" by Michael Oreskes, appears in The New York Times, page A14.

**-End of A-Section-**

## NETWORK NEWS

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Monday evening, June 18

### FLORIDA KILLINGS

**NBC's Tom Brokaw:** A man loaded for war walked into a credit agency in Jacksonville, FL, today, and in just two minutes he killed eight people, wounded six, and then killed himself.

(NBC-Lead, CBS-Lead)

**ABC's Peter Collins** reports that the gunman walked into the General Motors credit office just after it opened for business. His car had been repossessed last January. He was carrying a 30-calibre semi-automatic rifle and a pistol. The man opened fire without warning. At the rear door he put a pistol to his head and shot himself dead. About 25 years ago 43-year-old James Pugh [phonetic] was charged with assault with intent to murder, and in 1971 he was arrested for murder but served only five years of probation on the lesser charge of manslaughter. Police are trying to find out how a man with a history of violence like James Pugh was able to acquire weapons and when he got them. Florida has about the weakest gun laws in the U.S. In Jacksonville, no background checks and no waiting period are required. Ironically, the state has passed a law requiring a background check, but it will not go into effect until October. So this incident is certain to add fuel to the nationwide debate over gun laws, especially as they apply to automatic weapons. (ABC-3)

### FAMILY LEAVE

**Brokaw:** Guaranteed family leave. Congress passed it and a lot of people in this country support it. But today the White House said that President Bush will veto it, probably this week, a family leave bill that would guarantee workers unpaid leave to care for sick relatives or newborn or adopted children. Supporters of the bill say that President Bush is going back on a campaign promise.

**NBC's John Cochran:** Joan Curry spends all her time now looking after her mother, who suffers from Alzheimer's disease. Last year Joan's employer, a university, fired her, officially because of budget cuts. Unofficially she was told she had missed work too often because of her mother. The bill Congress passed would affect companies with at least 50 workers. It would guarantee 12 weeks unpaid leave each year in cases of doctor-certified serious family illnesses.

**(Joan Curry:** "I am sorry to see that President Bush is contemplating on vetoing the bill, especially at a time now where the older population is increasing.")

The family care bill also provides unpaid leave to take care of new children, a problem that candidate George Bush addressed in the '88 campaign.

**Cochran continues:**

(**Vice President Bush**, Sept. 1988: "We also need to assure that women don't have to worry about getting their jobs back after having a child or caring for a child during a serious illness.") But today White House spokesman Marlin Fitzwater said, "I'm not aware of what he said during the campaign. But we are opposed to federally mandated benefits." Bush's upcoming veto surprises some who heard Barbara Bush tell Wellesley graduates that work isn't everything.

(**First Lady**: "You will regret time not spent with a husband, a child, a friend or a parent.")

President Bush wants to leave it to workers and employers to negotiate leave policy. At AT&T the company provides one year's unpaid leave. Karen Bracy [phonetic] just returned from maternity leave.

(**Karen Bracy**: "I didn't have to worry about, okay, if I do take the year off, you know, will I have a job.")

President Bush has done some things that business executives don't like, such as compromising with Democrats on minimum wage and clean-air bills. But Bush aides say it would be too much for a Republican president to force companies to grant family leave. Not all Republicans agree.

(**Rep. Roukema**: "It's a bedrock family issue, and it's one that Republicans should get behind.")

President Bush suggested workers look for jobs with guarantees of time off for family emergencies. But some laid off workers like Joan Curry say that in the real world it's not that easy.

(NBC-4)

**DRUNK DRIVING/SUPREME COURT**

**ABC's Peter Jennings**: For the second time in a week the Supreme Court has made it easier for police to take a more aggressive stand against drunk driving. Last week the court said it was all right for the police to set up sobriety checkpoints. Today the court ruled that police may also videotape drivers so there is a visual record of how drunk they are. Twenty-three thousand lives are lost every year as the result of drunk driving. This is a powerful new tool for the police.

**ABC's Tim O'Brien** reports that Justice Brennan, writing for the court, said videotapes were similar to other physical evidence like fingerprints and blood samples, which are not governed by the guarantee against self-incrimination. Brennan went out of his way to emphasize that while police may tape answers to routine questions, they could not interrogate suspects or ask other questions designed to trip them up. All the justices agreed that other tests -- following the roving pencil or walking the straight line -- are not like testimony and may be taped without violating any right against self-incrimination.

(ABC-Lead, CBS-3)

**PANAMA INVASION**

**Jennings**: The Pentagon said today that some of the 23 Americans who died when U.S. troops invaded Panama last December were killed by fire from their own forces. At least two and possibly three American soldiers were killed and at least 19 wounded by fire from other American troops during the pre-dawn invasion.

-more-

(ABC-10, NBC-6, CBS-7)

**LIBYA**

**Jennings:** There are several reports today that Libya may be building a second chemical weapons facility several hundred miles south of Tripoli. The White House says it is not surprised. Libya is accused of having one chemical weapons plant already in operation. (ABC-9)

**ROMANIA**

**Jennings:** From the United States and Europe today, another outburst of condemnation for the Romanian government because of its violent crackdown on anti-government demonstrators last week. The State Department called for the release of those who were jailed, and foreign ministers from the EC put off indefinitely any new trade agreement with Romania. In Bucharest there were more demonstrations.

**ABC's John Donovan** reports that the protesters stood their ground in Bucharest's University Square today, their numbers and self-confidence growing, even while Romania's parliament was voting to throw them out. It was one of the parliaments first acts on its first day in session, more than two-thirds demanding that the streets be cleared by "the forces of public law and order." That apparently does not include the thousands of coal miners who took charge of the city by violent means last week. Today the American ambassador to Romania returned from Washington with a statement criticizing Iliescu's actions.

(**Ambassador Alan Green:** "Frankly I'm shocked by what I've seen and heard. It is clear that the democratic process in Romania has come to a stop.")

As for the police and the army, they have remained distant from this latest protest, watching all but doing little. The government has decided it wants to talk, inviting this group of students to meet with a senior official this evening. Student leaders, in their own statements, have begun advising against public demonstrations in the current climate.

**Jennings:** With political upheaval at home a number of Romanians are choosing not to go home. Over the weekend 35 Romanian soccer fans at the World Cup in Rome asked for political asylum, and thousands of others have left Romania in search of a better life. (ABC-7, NBC-10)

**BULGARIA**

**Jennings** reports that a runoff election in Bulgaria has ended with victory for the communists, who in at least a gesture of reform have renamed themselves the Socialist Party. Unofficial results of the second round of voting give the socialists a clear majority in the Bulgarian parliament. (ABC-8)

**POLLUTION**

**Jennings:** In California today the federal government has sued eight companies for allegedly dumping toxic waste into the waters off southern California. It is a major environmental lawsuit. The government wants the companies to clean up the mess, which the lawsuit says they have made, and restore the shoreline to its natural status.

**ABC's Brian Rooney** reports that today's lawsuit represents a major policy shift by the Bush Administration not only to stop pollution but to force polluters to go back and clean up what they dumped as long as 40 years ago. Among the companies named in the suit are Westinghouse and the Stouffer [phonetic] Chemical Corporation. Some environmentalists are surprised the government is taking such tough action.

(**Robert Sulnick**, American Oceans Campaign: "Yeah. It's the first hopeful sign that I've seen in over 12 years.")

Accidents like the Exxon oil spill in Alaska provoked the federal government to adopt a new strategy using old laws. They hope to force the companies to repair environmental damage. The defendant companies have not responded to the lawsuit. But with millions of dollars and a big precedent at stake, they're expected to put up a big fight.

(ABC-2)

**DEFENSE WASTE**

**CBS's David Martin** reports that there are 14,000 potentially hazardous waste sites at military bases in the U.S.

(**Rep. Ray:** "I would rank the environmental problem from military bases as the number two concern, right behind maybe an all-out emergency to deal with a military offensive of some kind.")

The Defense Department is the federal government's number one source of hazardous waste. Of the 117 federal facilities on the EPA's list of most dangerous hazardous waste sites, 87 belong to the Pentagon. The notion that because it performs such a vital mission the Defense Department was somehow exempt from obeying environmental laws ended last year. That's when three senior officials here at the Army's Aberdeen Proving Ground were convicted of illegally storing and disposing of toxic wastes. This Navy fire fighting school used to turn out clouds of black smoke from oil fires. Today it's fires are clean-burning, and the fire extinguishing foam is a harmless mixture of soap suds. The Air Force, which used toxic chemicals to strip paint off of aircraft, now uses a blasting technique that prevents pollution. But the biggest problem is cleaning up decades of accumulated waste. The Pentagon estimates it will cost \$10 to \$15 billion and take 15 to 20 years. But the truth is no one really knows. The Pentagon has only begun to invest the time and money needed to repair the damage that's been done. And beyond the cleanup there's the even larger task of convincing the military that protecting the environment is as important as defending the nation.

(CBS-8)

**BANKS**

**CBS's Dan Rather:** Even as the Supreme Court shored up government protection of private pension plans, worries multiplied tonight about this nation's banks. Shaky loan policies in the go-go '80s have left increasing numbers of U.S. banks collapsing or facing an uncertain tomorrow. And as failures climb, authorities may again turn to the taxpayer for help.

**CBS's Ray Brady** reports that banks are in trouble, their numbers shrinking like a spendthrift checking account, more than 200 a year going belly up, the greatest number since the Great Depression, leaving depositors angry, bewildered. Banks are being declared insolvent across the nation, and you can blame it all on what are called problem loans -- unpaid loans.

**(Rep. Schumer:** "I think some of the same problems that pushed the S&L industry off the cliff are affecting the banking industry.") Though experts stress most of the banking system is safe and sound, more than 1,000 banks are on the government's watch list, in trouble. Most depositors' funds are insured by the U.S. government, the FDIC. But that may be part of the problem. Some banks made loans fast and furious, knowing that Uncle Sam would make up any losses. As more and more banks keep failing, the bill to the government keeps mounting, a bill that may eventually have to be paid by the American taxpayer. (CBS-4)

**PENSIONS/SUPREME COURT**

**Jennings:** There was a ruling by the Supreme Court today that directly affects 30 million Americans who are covered by private pension plans. The court decided that businesses do not have an automatic right to cry financial hardship and walk out on their pension plans. It said the government has a right to keep the plans going. (ABC-6, NBC-3, CBS-2)

**MANDELA**

**Brokaw** reports that word from Washington tonight is that President Bush will assure Nelson Mandela next week that U.S. sanctions against South Africa will be kept in place at least until all political prisoners in that country are set free. Today Mandela addressed the Canadian Parliament and received several standing ovations. On a 13-nation trip to celebrate his own release after 27 years in prison, Mandela said the pressure against apartheid must be kept up until South Africa has a new constitution that ends it. (NBC-9, CBS-9)

**OZONE**

**Rather:** Two days before a major conference on the world's vanishing protective ozone layer, U.S. environmentalists called for a consumer boycott of products that contain one of the main culprit [chemicals of ozone depletion]. The list includes more than 140 items. (CBS-6)

**MEDICAL TESTING/WOMEN**

Jennings reports that in Washington today the GAO maintained that one reason doctors often don't know what effect a given treatment will have on a woman is because the research on that disease was done only on men. The government report finds that sexual bias is so common even male laboratory rats are the preferred animal for study. (ABC-11)

**ABORTION**

Brokaw reports that New York's Cardinal John O'Connor is now trying to cool a controversy over whether Roman Catholic politicians who fail to fight against abortion should be kicked out of the church. O'Connor says he was misinterpreted. Some people, however, are even questioning that. (NBC-5)

-end of B-section-

## **EDITORIALS/COLUMNISTS**

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### **CHINA**

**U.S. Leverage With China** -- "...Mr. Bush says his [trade] policy is designed to keep China open, to avoid further isolating it. But Beijing is busy isolating itself -- not the other way around. If anything, events in China since MFN was granted make the Administration's policy look silly.... What seems a tragedy today [with the Tiananmen Square massacre] needn't end as one. Sen. Mitchell says he will try to overturn Mr. Bush's MFN waiver in the 30 days Congress has to approve it. Better than that, Congress should make the MFN conditional on human rights progress. This new 'China card' offers leverage. It will put Beijing clearly on notice that come next June there's music to be faced."

(**Christian Science Monitor**, 6/14)

**Chemical Weapons -- China's U.S. Ties Jeopardized By Negotiations With Gadhafi** -- "China's negotiations to sell Libya ingredients for chemical weapons could hardly be more poorly timed.... For China to help Libyan leader Gadhafi enhance his supply of such weapons would be a gross affront to President Bush and the American people. It would come at a time when many Americans still support Beijing's preferential trade status, despite the Tiananmen Square massacre.... Much of that American public support for U.S. trade policy on China will vanish, however, if Beijing adds to Mideast volatility by helping Gadhafi produce chemical weapons. There are few leaders most Americans would less rather see with a poison-gas arsenal."

(**Cincinnati Enquirer**, 6/12)

**Bush's Shame, Not Ours** -- "Since the American people have had ample opportunity to take the measure of the proclaimed presidential 'measured response' to last year's bloody slaughter of unarmed Chinese civilians in Beijing's Tiananmen Square, at least the thoughtful and morally sensitive among us must agree with Sen. Mitchell: 'The Chinese people must be told' that President Bush's silence concerning the morality of his recent action in extending -- with no human rights conditions attached -- most-favored-nation trading status to Beijing 'does not represent the view of all Americans.'... Sen. Mitchell is right. The Chinese people must be told that this is the President's shame, not that of the American people. The students in Beijing risked all for freedom. President Bush professed his unwillingness to jeopardize the profits of 'commercial contacts.'"

(**Union Leader**, 6/6)

**Trade Status Quo With China OK, Though Dealing With Regime Stinks** -- "...With that decision [by the President to veto the Chinese students bill in lieu of an executive order], the possibility looms now that Beijing -- and people around the world -- will get the impression that China can do no wrong in the eyes of the American President. Through other gestures, other messages can be delivered, but tough actions speak the loudest to the most people.... The U.S. should not reinvent its whole approach to China because of Tiananmen. It should find an unmistakable way to express continued outrage about the massacre and the repression left in its wake."

(**Dayton Daily News**, 5/30)

**Trading With China** -- "...We are...outraged at the actions of the communist mandarins [in the Tiananmen massacre], but trying to punish them would be as fruitless as it would be counterproductive.... President Bush believes that, by maintaining our presence in China, Americans can change individual attitudes and continue to foster entrepreneurialism and a market economy. That in turn would aid internal pressures for reform. We suspect he is right. Sure, we'd like to snap our fingers and make everything right in China, but conducting foreign relations entails more than wishful thinking. Congress should put its righteous indignation back on the shelf and allow the President to do his job."  
(Pueblo [Colorado] Chieftain, 5/29)

**Bush's Favor To Beijing** -- "...[MFN trade] is not extended, for example, to the Soviet Union, largely because of Soviet resistance to Lithuanian independence, even though the Soviets have not mowed down dissidents there as did the rulers in Beijing. And what the move says is that while we may not be condoning human rights excesses, we are not exerting pressure against them, either, if it costs us very much. At least, Bush should have attached conditions to his decision. Congress is angrier than he anticipated and there is a bipartisan move to disapprove his action. This is one of those rare occasions when Congress is justified in asserting itself in foreign affairs. The advocates of freedom far away are listening for a word that gives hope, as are those who deny freedom waiting for a word that tells them they are free to proceed unbothered."  
(San Francisco Examiner, 5/27)

**Bush Right On China** -- "President Bush's one-year extension of most-favored-nation trade status for China...was not the popular thing to do but it was the right thing to do.... Cancellation of the trade status, which would have sharply raised U.S. import tariffs on Chinese goods, would have little direct effect on the leaders of China responsible for last year's bloody suppression of dissent in Tiananmen Square. They undoubtedly would have used cancellation to propagandize against the U.S., while denouncing Western values, including democratic ideals, and tightening political repression of their ill-used masses. Keeping most-favored-nation status alive will help China's economic progress and maintain an open door to the West, through which democratic reforms may enter. Predictably, many members of Congress are being quick to denounce the President's action as kowtowing to China and signaling forgiveness for the Tiananmen Square massacre. The Bush action represents neither. It reflects a sober and realistic assessment of the best interests of this nation and of the more than 1 billion politically innocent Chinese people."  
(Seattle Post-Intelligencer, 5/25)

-end of News Summary-



# News Summary

OFFICE OF THE PRESS SECRETARY

MONDAY, JUNE 25, 1990 -- 6:00 A.M. EDT EDITION

## TODAY'S HEADLINES

### INTERNATIONAL NEWS

**CHINA SAYS DISSIDENT FANG LIZHI AND WIFE HAVE LEFT COUNTRY** -- China said Monday that dissident scientist Fang Lizhi and his wife, who stayed in the U.S. Embassy in Beijing since last June, left China for medical treatment. (AP, Reuter)

**MANDELA MEETING** -- At the historic White House meeting Monday with Nelson Mandela, President Bush will express a new willingness for U.S. involvement with both black nationalist groups and the white Pretoria government as they move toward negotiating the end of apartheid in South Africa, according to senior Administration officials. (Newsday)

### NATIONAL NEWS

**JUDGE HALTS NATIONWIDE RAIDS TO HIT PUBLIC-HOUSING DRUG DEALERS** - - A federal district judge has blocked, at least temporarily, a plan by federal officials to oust accused drug dealers from public housing in a nationwide crackdown. (AP)

### NETWORK NEWS (Sunday Evening)

**AIDS CONFERENCE** -- Secretary Sullivan fought to be heard over jeers and catcalls from the floor.

**IRAN QUAKE** -- The latest estimate of the dead from the earthquake is 50,000.

**SOVIET JEWS** -- In a surprise move, housing minister Sharon announced Soviet Jews immigrating to Israel will not be settled in the occupied West Bank and Gaza Strip.

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## **INTERNATIONAL NEWS**

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### **CHINA SAYS DISSIDENT FANG LIZHI AND WIFE HAVE LEFT COUNTRY**

**BEIJING** -- China said Monday that dissident scientist Fang Lizhi and his wife, who stayed in the U.S. Embassy in Beijing since last June, left China for medical treatment....

"In view of the signs of repentance by Fang Lizhi and Li Shuxian and their illness and out of humanitarian considerations, the Beijing Public Security Bureau has decided to allow them to go abroad for medical treatment in line with China's policy of leniency towards those who participated in the disturbances," the Ministry of Public Security said.

The ministry, quoted by the official New China News Agency, did not say where they had gone. (Vergil Berger, Reuter)

### **China's Best-Known Dissident Released**

**BEIJING** -- China has allowed Fang Lizhi, its best-known dissident, to leave his year-long refuge in the U.S. Embassy and go to a foreign country, the official Xinhua news agency said Monday.

The agency said Fang...and his wife Li Shuxian had been "given lenient treatment" by the government and allowed to leave the country for medical reasons.... Xinhua report did not say where the couple had gone or when they left China.

The U.S. Embassy said it would have no formal comment until White House spokesman Fitzwater made a formal announcement early Monday in Washington. "But we're very happy," one diplomat said. (Jim Abrams, AP)

### **MANDELA CRITICIZES AID TO SAVIMBI**

Nelson Mandela criticized U.S. aid to non-communist guerrillas in Angola on Sunday after he arrived in Washington for meetings with President Bush and congressional leaders.

The pointed remarks were a sure sign that the African leader's three-day visit to the U.S. capital will have a decidedly more business-like flavor than his first four days in the U.S....

During an unusual 20-minute question-and-answer session with reporters and editors from black-owned media concerns, Mandela said the U.S. should not be providing assistance to Jonas Savimbi....

"The United States and South Africa are the main countries that support Savimbi," he said. "We strongly condemn that because...independent countries should respect the political sovereignty and territorial integrity of Angola and no assistance should be rendered to Savimbi." ...

Mandela said he had not broached the subject of Angola with South Africa's white government and he refused to divulge what he is going to tell Bush when they meet Monday. (Joan Mower, AP)

Mandela Assails U.S. Aid To Savimbi

On the eve of his meeting with President Bush, Nelson Mandela condemned one of the President's African policies, support for Jonas Savimbi's rebels in Angola.

Speaking to a group of black journalists Sunday evening, Mandela said that only the U.S. and South Africa were supporting Savimbi's guerrillas, "and we strongly condemn that." Should a settlement be reached with the South African government, he went on, "of course, we would not tolerate any further support."

The Administration is expected to bring a request for an additional \$8 to \$10 million in aid for Savimbi's UNITA...for consideration by the Intelligence Committees of both houses in the next few weeks.

One of Bush's first foreign policy acts on assuming the Presidency was to send a letter of support to Savimbi.

(John Kifner, New York Times, B8)

**MANDELA MEETING**

At the historic White House meeting Monday with Nelson Mandela, President Bush will express a new willingness for U.S. involvement with both black nationalist groups and the white Pretoria government as they move toward negotiating the end of apartheid in South Africa, according to senior Administration officials.

The President will discuss the allocation of \$10 million in U.S. aid to black groups promoting democracy in South Africa, perhaps including the ANC, as well as the possibility of moving soon to lift some of the economic sanctions now imposed against the government of President de Klerk....

The officials said Bush, determined to begin reversing years of intentional U.S. isolation from South Africa, was willing for the U.S. to undertake a riskier, higher-profile role in pushing for negotiations between Mandela and de Klerk on ending their nation's 40-year system of racial separation.

"It's an attempt to lend our good offices, facilitate, whatever -- to encourage the only way this thing can be solved in any acceptable way, and that is through a dialogue of the parties," one of Bush's top foreign-policy advisers said, speaking on condition of anonymity. "We want to encourage that in any way we can." ...

Meanwhile, among conservatives, Bush's welcome for Mandela has brought complaints that he is conferring too much credibility and status on the ANC. "The viewpoints Nelson Mandela stands for are outdated and archaic: socialism, nationalization of industry, praise for Gadhafi and Cuba, support for the South African Communist Party," complained Michael Johns, a policy analyst on African and Third World affairs at the conservative Heritage Foundation.

(Susan Page, Newsday)

**Washington, About To Receive Mandela, Is Worried About De Klerk**

When Nelson Mandela meets with President Bush and other officials on Monday, he will receive a warm welcome but polite resistance to his call for maintaining or increasing sanctions, officials say.

The principal concern of the Administration these days is in fact how to shore up Mandela's adversary, President de Klerk. Bush would greatly like to lift some of the sanctions imposed since 1986, officials said, as a show of support for de Klerk, who is regarded with admiration in the Administration....

"He's something of a visionary," an official said of de Klerk. "The problem is that he may be out too far in front of his people."

(Neil Lewis, New York Times, B8)

**Mandela Set for Businesslike Talks With Bush On Apartheid**

South African black leader Nelson Mandela, basking in the glow of the hero's welcome accorded him by Americans, is ready for businesslike talks with President Bush Monday on ending apartheid.

"Mr. Mandela is a working statesman.... He's here to do his job, to get down to business," said a spokesman for his 11-day, eight-city tour of the U.S....

The President intended to discuss the status of negotiations between the ANC and the South African government on ending apartheid as well as the future of American sanctions, according to a senior U.S. official. Assistant Secretary of State Cohen said the Administration was close to lifting its economic sanctions against the Pretoria government. It only remained for President de Klerk to take a few steps, including the freeing of political prisoners and lifting the state of emergency in Natal, he said....

Touchy issues are Mandela's refusal to disown such allies as Muammar Gaddafi, Yasser Arafat and Fidel Castro...as well as the ANC's reluctance to denounce violence. Cohen characterized Mandela's position as "disturbing," but said Bush would not dwell on the subject.

(Patricia Wilson, Reuter)

**Nelson Set For Prez, Pals**

Nelson Mandela said Sunday his talks with the South African government "have raised the hope for peace," but he appealed to President Bush to impose even stronger sanctions against the white regime to end apartheid.

He also asked for aid for his ANC to continue the struggle for freedom by South African blacks.

"I came here to put the message out that sanctions must be intensified, and to ask for resources so we could be able to address the problems that are facing our country today," Mandela said at a brief welcoming ceremony at National Airport....

He said that reforms by President de Klerk... "have raised the hope for peace." But he was quick to point out that "the government has yielded not because of a change of heart but because of the pressure put on the government inside the country and of the international community." (Barbara Rehm, New York Daily News, 7)

**A Man With A Mission: Mandela Brings Sanctions Plea To D.C.**

Nelson Mandela brought his campaign to end apartheid to the nation's capital Sunday, stepping off a chartered Trump jet on a bright afternoon to whooping cheers and clenched fists raised high in salute. The South African leader, speaking briefly to reporters at National Airport, graciously thanked the American people for their support of his cause and urged them to keep the pressure on the white minority government that rules his country.

"The people of the United States have been in the forefront of the struggle for the removal of racial oppression in our country," Mandela said. "I come here to put the message that sanctions must be intensified.... We have no doubt that the people of the United States of America will give us such support."

(Lynda Richardson & Veronica Jennings, Washington Post, A1)

EDITOR'S NOTE: "Bush Talks With Mandela To Be 'Delicate,'" by Jessica Lee, appears in USA Today, page 1A.

**ISRAELIS SET NEW POLICY ON SOVIET JEWS**

JERUSALEM -- Housing Minister Sharon, one of Israel's strongest advocates of Jewish settlement in the occupied territories, Sunday declared that Soviet immigrants to Israel will not be sent by the new right-wing government to the West Bank and Gaza Strip.

The statement to a meeting here of the Board of Governors of the quasi-governmental Jewish Agency appeared intended to satisfy demands by both the Bush Administration and President Gorbachev for guarantees from Israel on the settlement of Soviet Jews.

However, Sharon, who is overseeing the government's effort to absorb the immigrants, stopped short of offering a blanket assurance that no Soviet Jews will move to the occupied lands.

"We do not divert and we do not send any Russian immigrants or any Jew who comes from Russia to Samaria, to Judea, to Gaza, because we understand the seriousness of the situation," said Sharon.... "Our efforts in resettling immigrants are directed at this side of the Green Line," Israel's internationally recognized border.

(Jackson Diehl, Washington Post, A13)

**POLICE COMMISSIONER WARNS MORE ARABS COULD BE KILLED**

JERUSALEM -- The national police commander says "Israel will respond with severity" and more Palestinians could be killed if stone-throwing riots persist in Arab areas of Jerusalem.

Late Sunday, police lifted a three-day curfew on three Arab sections of the city after an appeal from Mayor Teddy Kollek, a political moderate.... Also Sunday, Defense Minister Arens approved the formation of civil guard units made up of Jewish settlers in the occupied West Bank, a move condemned by some as certain to fuel violence between settlers and Arabs....

Police commissioner Yaacov Turner said Sunday that if rioting persists, "We will respond with severity.... There are limits to a capability to exercise restraint. If those who live in Abu Tor, Ras el-Amud and Silwan don't catch the idea that there is a limit and...if they don't absorb this, then the significance will be that there will be more killed."

(Allyn Fisher, AP)

**PLO ASKS ARAB LEAGUE FOR EXTRAORDINARY SUMMIT**

The PLO has called for an extraordinary meeting of Arab League foreign ministers "because of the war of extermination Israel is waging against the Palestinians," the official Palestinian News Agency Wafa said.

The agency quoted Hakam Balaoui, the PLO's representative to Tunis, as saying Sunday the "war" aims at "striking the intifada."

"The flagrant Israeli threats have expansionist and aggressive aims after the American decision to suspend dialogue with the PLO," Balaoui said.

He said the Tunis-based Arab League should hold an extraordinary session "because of the war of extermination Israel is waging against the Palestinians of the occupied territories."

Balaoui added that the decision by Washington to suspend the dialogue begun in December 1988 "encourages the Israeli government to increase its organized state terrorism and exposes Arab security to dangers."  
(Michel Deure, UPI)

**PLO LAUNCHES PROBE INTO ATTACK**

The PLO will discipline Palestinian guerrilla leader Abul Abbas should an internal PLO investigation conclude that his group's seaborne attack against Israel was aimed at civilian rather than military targets, according to a senior PLO official.

The PLO's Central Committee is scheduled to meet next month to discuss the raid and take steps to prevent such attacks from occurring without approval from the PLO leadership, Khaled al-Hassan, an aide to PLO Chairman Arafat, said in a telephone interview from London.

In a statement issued in Baghdad, Abbas said he had agreed that Arafat could "take any measure he sees as necessary to protect the national achievements of our people."

(James Dorsey, Washington Times, A9)

**STRONG AFTERSHOCK TRIGGERS LANDSLIDE IN DEVASTATED AREA**

**RUDBAR, Iran** -- The most powerful aftershock in three days rocked earthquake-devastated northern Iran on Sunday, triggering a landslide that blocked the road linking this shattered town to the Caspian Sea Coast.

The casualty toll climbed to 50,000 dead and 200,000 wounded, according to a newspaper close to President Rafsanjani. Official radio put the death toll at 48,000....

In Washington, the State Department said a Red Cross charter flight carrying supplies donated by the U.S. government was scheduled to arrive in Tehran late Sunday.

Earlier, the radical newspaper Jomhuri Islami urged that no help be accepted from the U.S. and other countries whose hands "are stained with the blood of the Iranian people."

The Foreign Ministry, however, said that "due to the magnitude of the disaster," Iran would accept all aid. (Slobodan Lekic, AP)

U.S. Government, Private Groups Send Aid

The U.S. government and private agencies have given more than 40 tons of relief supplies and hundreds of thousands of dollars to help long-time antagonist Iran dig out from its massive earthquake, officials said Sunday.

The government's Office of Foreign Disaster Assistance was to send relief supplies to Tehran Sunday from stockpiles in Leghorn, Italy, the InterAction relief group said.

(Reuter, Washington Post, A15)

Iran Criticized For Not Allowing Foreign Help Sooner

TEHRAN -- The leader of a British rescue team says Iranian authorities underestimated the devastation wrought by a massive earthquake which struck northwest Iran four days ago, killing up to 50,000 people.

Iranians interviewed among the ruins of the earthquake zone...say rescue work has been inconsistent and there are still many risks for the survivors, including an estimated 500,000 homeless....

"These people have not understood the size and scope of the devastation," British rescue team leader Tom Penman told reporters in the town of Manjil, where 90 percent of buildings were demolished. Penman's comments followed a statement Saturday by the U.N. Disaster and Relief Organization which said "offers of further search dogs and search rescue teams and medical teams have been discouraged" by the Iranians.

(Simon Haydon, Reuter)

Rescue Crews Losing Hope Of Finding Iran Quake Survivors

MANJIL, Iran -- ...Iran has told the U.N. that the death toll could rise to 50,000, M'Hamed Essaafi, U.N. undersecretary general in charge of the U.N. relief effort for the quake, said in Geneva, according to Reuter. Essaafi said well over 100,000 people are estimated to have been injured and 500,000 are believed to be homeless.

A sizable aftershock Sunday hampered the Iranian government's massive relief efforts in the region.... There were no official estimates on how many people were killed or injured by the aftershock....

Foreign relief workers, primarily from Europe and Japan, have begun to fan out across the northwest, but for the most part the Iranians are handling the massive supply and relief effort by themselves.

(Steve Coll, Washington Post, A1)

SOVIET MOLDAVIANS STAGE HUGE BORDER DEMONSTRATION

BUCHAREST -- Hundreds of thousands of Soviet Moldavians massed on the border with Romania in support for the republic's proclamation of sovereignty. Soviet frontier guards had to erect iron fences to keep some of the demonstrators from being trampled, witnesses said.

The sovereignty declaration was adopted late Saturday, Tass said. It appeared similar to the one issued by the Russian republic.

(Catherine Adams, AP)

**SOVIET SUB TUNNELS ON START AGENDA**

The Bush Administration is pressing the Soviet Union to destroy a network of huge coastal tunnels that are used as underwater hiding places for ballistic missile submarines, according to Administration and congressional officials.

U.S. arms negotiators, during recent talks in Geneva, have insisted that the Soviets agree to shut down the caves -- perhaps even dynamite them -- before a START treaty is signed, according to officials who spoke on condition of anonymity.

The officials added, however, that State Department negotiators are prepared to drop the demand in favor of concluding a treaty late this year. The issue would be addressed in later START negotiations....

According to one defense official, the issue of how to deal with the tunnels in START talks was discussed by a group of arms-control experts at the NSC last week.

(Rowan Scarborough & Bill Gertz, Washington Times, A5)

**U.S. FEELS FIRM SOVIET STANDS CAN BE IGNORED**

On subjects ranging from arms control to German reunification, the Bush Administration has concluded that it can safely ignore the Soviet Union's hard-line positions, confident that Moscow will eventually retreat.

A ranking State Department official offered this assessment Saturday in explaining why the American delegation is unconcerned about tough new Soviet conditions for German unity which, on the surface, appeared to be deal-wreckers.

Talking to reporters traveling with Secretary Baker on the trip home from unification talks in East Berlin, the official dismissed the latest proposal by Foreign Minister Shevardnadze as a "wish list of issues that they would like to see resolved."

But he said Shevardnadze realizes that the other participants in the so-called two-plus-four negotiations will not go along with the Soviet approach.... And he said that Moscow is unlikely to hold out for long against the consensus of the other five participants....

The official indicated that the Administration has concluded that Gorbachev and his associates often adopt hard-line positions primarily to appeal to conservatives in the Kremlin hierarchy.... The Administration believes that the Soviets will ultimately back away if the West holds firm.

(News analysis, Norman Kempster, Los Angeles Times, A8)

**GORBACHEV U-TURN STEERS REFORM TOWARD DEAD END**

President Gorbachev has ended his brief flirtation with Boris Yeltsin in favor of an alliance with Communist Party hardliners over the weekend, a gamble likely to impede reforms and spark an exodus of party progressives.

"This is the latest in a bewildering series of U-turns," said Daniel Pipes, director of the Foreign Policy Research Institute in Philadelphia. "It's becoming ever more apparent that Gorbachev is winging it. He is improvising from crisis to crisis in an ever more desperate way."

(Martis Sieff, Washington Times, A1)

**WASHINGTON TODAY: MAYBE GEPHARDT DIDN'T BLUNDER AFTER ALL**

House Majority Leader Gephardt took a verbal beating from just about everyone when he suggested three months ago that the U.S. give economic aid to the Soviet Union.

"Maybe he'll come up with a brilliant idea one of these days," President Bush said sarcastically. The consensus on Capitol Hill was that Gephardt had committed a political blunder.

Now, with an economic summit meeting just two weeks away, the White House is mulling over -- guess what? Yes, it's U.S. participation in something much like Gephardt suggested, and the Missouri Democrat is smiling.

"The Soviet people are at a crossroads," Gephardt said last week. "They will decide in the next six months whether to continue on the road to reform, or to fall back to something out of their past. We ought to be trying to figure out what we can reasonably do." He added: "We ought to be leading. This is the grandest and best opportunity we've been presented with in 50 years."

(Jim Drinkard, AP)

**DETENTE STIRS BIG SHIFT IN U.S. SPYING**

To the U.S. intelligence community, the end of the Cold War might be summed up in two classified ads: Help wanted: Spies. For sale: Spy satellites....

The fall of the Iron Curtain has brought down many of the walls of secrecy, flooding today's spymasters with once-secret information about the Soviet military....

"No more listening for hiccups," said CIA Director Webster. "You no longer have to pry the door open for information," agrees a senior CIA official.

"There are so many Soviets talking freely that we're now in the process of sifting information rather than only collecting," the CIA official said....

Another shift: Counterintelligence agents will focus more on combatting Soviet and other snoops involved in economic espionage, which intelligence officials say is increasing as struggling governments, including U.S. allies, attempt to compete in the world market. Officials predict one major bonus from the lessened tensions with the Soviet Union -- a decrease in covert operations.

(Bryna Brennan, New York Daily News, 4)

**TOP AIDES SPLIT WITH WALESA**

**WARSAW** -- Sixty-three of Lech Walesa's senior advisers and longtime allies in the Solidarity movement broke ranks with him Sunday over his criticism of the Solidarity-led government. They said he should dissolve the national Citizens Committee in which they fought together to overcome four decades of Communist rule....

It came in a letter read at a daylong meeting of the committee.... The 200 members of the committee postponed considering the letter for one month at Walesa's behest in order the let emotions cool.

"Let's think it over. Maybe there are solutions for our further joint path," the Solidarity chairman said. The signers of the letter agreed to remain on the committee in the meantime.

(John Daniszewski, Washington Post, A1)

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**Key Solidarity Figures Desert Walesa In First Formal Split**

**WARSAW** -- A power struggle between Lech Walesa and his former allies has created the first formal split in the Solidarity movement that defeated communism in Poland.

Sixty-three top Solidarity figures resigned dramatically Sunday from Walesa's 200-strong Citizens' Committee, the body that masterminded the union's rise to power.

The mass defection...wrecked a key Walesa powerbase and followed an acrimonious debate in which former comrades accused him of undermining democracy and acting like a despot....

The mass resignation of old friends and close advisers -- including Bronislaw Geremek, leader of Solidarity's parliamentary group, and several ministers -- appeared to take Walesa by surprise.... "I'm afraid our beautiful revolution will come to nothing, that others will come along and destroy it all. That's why I give battle even to my friends," he said, looking tired and strained.  
(Mark Trevelyan, Reuter)

**SOUTH KOREA TO PAY TO MOVE U.S. ARMY OUT OF SEOUL BY 1996**

**SEOUL** -- South Korea and the United States signed a pact Monday for Seoul to pay the cost of moving U.S. army headquarters out of the capital's center by the end of 1996, South Korea's defense ministry said.

The head of the U.S. Eighth Army, Gen. Louis Menetrey, and South Korea's Defense Minister, Lee Sang-hoon, signed a memorandum of agreement Monday morning, ending the first stage of months of negotiations on moving the headquarters....

U.S. Army officials declined immediate comment on the memorandum.  
(Reuter)

**U.S., JAPAN OPEN TOUGH TALKS ON REMOVING TRADE BARRIERS**

**TOKYO** -- U.S. and Japanese officials kicked off a round of talks Monday, with the two sides still at odds over ways to reform economic practices perceived as barriers to trade.

Officials on both sides have said they hope a final report on the year-long SII can be patched together ahead of the July 9-11 economic summit in Houston....

But in recent weeks tension has increased as U.S. officials accused Tokyo of "backsliding" on trade and Japanese officials in turn made charges of "offensive" new American demands....

Trade experts predict, however, that the desire of the two sides to avoid a blow-up over trade ahead of the Houston summit means some compromise is likely to be achieved.

Assistant Treasury Secretary Charles Dallara, a leading player in the talks, said that while the U.S. favors a public works target in the form of GNP ratio, that is not necessarily the only answer.

"The real issue is not the question of the ratio...but the extent of their mid-term investment," Dallara said in an interview on NHK public television Sunday. "The numbers are moving in the right direction."  
(Linda Sieg, Reuter)

**CANADA ATTEMPTS TO CALM MARKETS  
Impact Of Constitutional Crisis Feared**

**TORONTO** -- Reflecting increasing concern over the potential impact of Canada's constitutional crisis on foreign currency and investment markets, the country's finance minister said Sunday that the government will maintain its tight monetary policy to protect the value of the Canadian dollar and control a worsening of the economy.

Michael Wilson, the finance minister, said in a telephone interview that he had spent the day talking with foreign investors, urging them to balance their concerns over failure of constitutional reforms...with an appreciation of the basic soundness of Canada's economy and its firm economic policies.

..."People forget that this country of 26 million people has been the world's eighth biggest industrial economy. The failure of the Meech Lake accord doesn't represent a fundamental split in the nation. It is simply a breakdown of a process," Wilson said.  
(William Claiborne, Washington Post, A13)

**EDITOR'S NOTE:** "Canada's Political Logjam May Hurt Economy," by Jim Fox, appears in USA Today, page 4A.

**LIBERALS CHOOSE QUEBECER TO LEAD PARTY**

**OTTAWA** -- Canada's Liberal Party, pledging to find a way to unite French-speaking Quebec and English-speaking regions of the country if it is returned to power, ended its national convention with a Quebec native as its new leader.

Jean Chretien, a lawyer and for many years a cabinet minister in the Liberal government of Pierre Trudeau, swept to victory late Saturday on the first ballot in Calgary....

Political analysts said Chretien's victory would return the party to an American-style of liberalism favored by Trudeau.  
(Laurie Watson, UPI)

**LIBERIAN TALKS TO RESUME**

**ABIDJAN, Ivory Coast** -- There was little hope that the resumption of peace talks Monday in Liberia's six-month civil war would succeed without President Doe's resignation, sources, [who asked not to be identified], said.

The talks...were scheduled to resume Monday at the U.S. Embassy in Freetown....

Nigeria and Togo are believed to have offered Doe political asylum, and U.S. officials in Africa said the U.S. is willing to grant Doe asylum or assistance in relocating to another country if he requests it. In Washington, a State Department spokesman denied there had been any offer of asylum.  
(Mark Huband, UPI)

**VIOLENCE, TENSIONS INCREASING ALONG THE U.S.-MEXICAN BORDER**

**SAN YSIDRO, Calif.** -- ...The scene was a section of U.S. land just west of the San Ysidro border crossing. Residents of nearby communities complain that the U.S. has lost control of a swath of its territory and that an upsurge of border violence has made the area a volatile, dangerous no man's land....

Led by Muriel Watson, [the widow of a Border Patrol agent], they have launched a campaign dubbed "Light Up the Border," in which they line up their cars by the hundreds with headlights beaming across a stretch of vacant land toward Mexico. The monthly demonstrations...have prompted denunciations in Mexico, charges by Chicano groups of racism and an increase in border tensions....

Although undeterred by the criticism, Watson this month decided to suspend Light Up the Border because of an unhealthy combination of mosquitoes and white supremacists. In addition, she said, police are promising concerted action to tackle the problem.

(William Branigin, Washington Post, A16)

**EDITOR'S NOTE:** "Activists Attest To Romania's Idea Of Democracy," by Michael Ybarra, appears in The Washington Post, page A17.

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## NATIONAL NEWS

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### JUDGE HALTS NATIONWIDE RAIDS TO HIT PUBLIC-HOUSING DRUG DEALERS

A federal district judge has blocked, at least temporarily, a plan by federal officials to oust accused drug dealers from public housing in a nationwide crackdown.

Federal marshals had been poised to begin raiding apartments in housing projects Monday in as many as 22 cities where the holder of the lease is a suspected drug dealer who faces possible prosecution for at least two felonies.

However, in a ruling issued late Friday, U.S. District Judge Richard Williams ordered the federal government to give tenants "proper notice and an opportunity to be heard in court" before seizing their leases. His initial order, earlier in the week, had applied only to the Richmond area.

The judge's expanded order left the plan in limbo.

The New York Times quoted Frank Keating, the general counsel for the HUD Department, as saying agency officials had yet to discuss what to do in light of the order. He said they considered filing an emergency appeal Monday morning.

"Even if officials did not immediately evict the targeted tenants, they could be arrested and put on notice they were in peril of losing their housing," Keating was quoted as saying in The Times' Monday edition. "If it was up to me, I think we should go in and make these arrests and crack in there." (James Rowley, AP)

### PROTESTERS TAKE OVER AIDS EVENT

#### Demonstrators Drown Out Speech By Sullivan As Conference Ends

SAN FRANCISCO -- Hundreds of protesters armed with whistles and air horns took control of the Moscone Center Sunday, drowning out Secretary Sullivan as he delivered the closing address at the Sixth International Conference on AIDS.

Enraged by the U.S. governments's restrictions on immigration of people infected with the HI-virus that causes AIDS, the demonstrators pelted Sullivan with condoms while chanting "Shame, Shame, Shame." ...

Despite noise so loud that speech was virtually inaudible, Sullivan delivered his entire address. As he spoke, a sea of protesters stood on their chairs and held aloft bright yellow signs saying "Turn Your Back." ...

The demonstration was led by members of ACT UP....

Even as Sullivan's address showed the continuing divisions between AIDS activists and the federal government, the Administration's chief AIDS researcher, Anthony Fauci, received a standing ovation for his address to the assembled crowd.

(Michael Specter & Malcolm Gladwell, Washington Post, A1)

**Top AIDS Official Defends Scientists Against Activists**

**SAN FRANCISCO** -- Hundreds of chanting, whistle-blowing demonstrators drowned out Secretary Sullivan on Sunday while he urged cooperation between scientists and AIDS activists.

Sullivan, asking for "cooperation, tolerance, understanding and caring" in the closing speech at the Sixth International Conference on AIDS, dodged wads of paper tossed at him as he stood at the podium behind a line of police.

"We must find the ways and means to work together for the benefit of people with AIDS and HIV infection throughout the world," Sullivan said, but demonstrators unfurled banners, blew whistles and airhorns and chanted: "We want action. No more words." Many doctors, scientists and others attending the meeting at the Moscone Center convention hall were upset by the disruption, organized by the activist group ACT-UP....

"It's sad," said Dr. James Curran, head of the AIDS program at the U.S. Centers for Disease Control. "It's an example of the fragmentation of the efforts that I most fear in the 1990s, sick versus well, gay versus straight." ...

Sullivan was able to complete his speech, though only snatches could be heard above the din. By contrast, Dr. Anthony Fauci, the government's top AIDS official, was warmly received.... "Activists are mistaken when they assume, or at least publicly state, that scientists do not care about them," said Fauci. (Daniel Haney, AP)

**Sullivan Drowned Out By AIDS Activists At Conference**

**SAN FRANCISCO** -- Several hundred angry demonstrators, many with AIDS or AIDS-virus infection, ended the Sixth International Conference on AIDS here Sunday with an ear-splitting, 30-minute demonstration that nearly drowned out a speech by the secretary of health and human services, Dr. Louis Sullivan.

Sullivan resolutely plowed through his speech against a din of whistles, air horns and angry chants.... "We die! They do nothing!" the protesters chanted.... Despite rumors earlier in the week that militants might attempt violence, there were no scuffles.

...Sullivan's address was largely devoted to generalities about the epidemic. However, he did publicly oppose a measure in the final stages of congressional passage that would exclude food handlers with AIDS or HIV-infection from protection against workplace discrimination in the pending Americans with Disabilities Act. "While some have proposed that workers who handle food be treated differently under the act," Sullivan said, "evidence indicates that blood-borne and sexually transmitted infections such as HIV are not transmitted during the preparation or serving of food or beverages."

The statement was apparently added at the last minute, as it does not appear in his prepared text.

Many AIDS specialists said Sullivan's public opposition to the food-handlers amendment was particularly important because the disabilities act is to be debated this week by a congressional conference committee.... "The Secretary's statement on food handlers is very, very important," Rep. Pelosi said in an interview during Sullivan's speech. "Now we can merchandise that in conference and try to get the amendment out."

(Richard Knox & Jane Meredith Adams, Boston Globe)

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**Noisy Protest Ends AIDS Meeting**

SAN FRANCISCO -- Boing, whistles, airhorns and thrown objects disrupted a Sunday speech on AIDS policy by Dr. Louis Sullivan, HHS Secretary....

He called for cooperation among officials, scientists and activists but was barely heard over protesters' noise....

"The AIDS epidemic can divide us or it can unite us.... Let us not turn our frustration into theater," he said....

Some conference delegates joined the protest. Others sat in apparent shock, then stood to applaud vigorously at the end of the speech....

In a press conference..., top federal AIDS official Dr. Anthony Fauci said he didn't think the disruption of Sullivan's speech caused "an irreparable schism...in the dialogue between scientists and activists." (Kim Painter, USA Today, 1A)

EDITOR'S NOTE: "Jeers At AIDS Gathering Silence Health Secretary," by Philip Hiltz, appears in The New York Times, page A12.

**HUNDREDS RALLY AT WHITE HOUSE FOR CHILD CARE LEGISLATION**

Several hundred adults and children rallied in a park across the street from the White House on Sunday to protest the slow progress in getting federal child care assistance legislation enacted.

"Working families are weary of campaign promises that vow to help America's families only to see those promises go unfulfilled," Marian Wright Edelman, president of the Children's Defense Fund, told the gathering. (AP)

**FLETCHER SAYS HE CAN'T PERSUADE BUSH TO ACCEPT CIVIL RIGHTS BILL**

The head of the U.S. Civil Rights Commission said Sunday he had been unable to convince President Bush that a proposed civil rights bill would not lead to racial hiring quotas.

But Arthur Fletcher said he hoped Bush would back away from a threat to veto the Civil Rights Act of 1990 unless it is modified.

Fletcher, who appeared on NBC's "Meet the Press" program with Jesse Jackson, was asked whether he believed Bush would veto the legislation. Fletcher responded, "I hope not." But he added, "I can't tell you what the President is going to do." ...

Fletcher...said the commission voted 7 to 1 last week to support the legislation. However, the commission wants included a statement that there is no intention to force quotas. Fletcher said he had tried to convince Administration officials that the bill as drafted would not do so.

"I obviously haven't convinced them yet, but...we don't know the language in the bill yet. When we finally see what that says, we'll know whether there is a propensity for quotas or not," he said. (Robert Naylor, AP)

**CIVIL RIGHTS ACT VOTE SET FOR MANDELA'S DAY; GOP MIFFED**

Senate Democrats have irked Republicans by scheduling a key procedural vote on the Civil Rights Act of 1990 on the same day Nelson Mandela addresses Congress.

"The timing really politicizes the bill and does not help it, it hurts it," a Republican aide close to negotiations on the bill said Sunday. "What you've got is the Democrats trying to put a thumb in our eye." ...

"It's pretty obvious what is happening here: They want to have a bill pending when Mr. Mandela is addressing a joint meeting of Congress," Sen. Dole said Friday.

(Major Garrett, Washington Times, A10)

**THORNBURGH DEFENDS ADMINISTRATION'S ATTACK ON S&L FRAUD**

Attorney General Thornburgh on Sunday fired back at critics who say the Bush Administration is not moving aggressively to ferret out savings and loan fraud.

"We're going after savings and loans crooks, whether they're Republicans or Democrats.... A very impressive record on that score," Thornburgh said during an appearance on the CBS program "Face the Nation."

His comments came as Secretary Brady said it was time for Democrats and Republicans to stop trying to affix blame for the S&L scandal and concentrate on catching culprits....

"What the American people want is a dedicated, organized, calm approach to cleaning up the problem (and)...make sure to prosecute the criminals involved," Brady said on ABC's "This Week with David Brinkley." (AP)

**CNN'S TOUGH S&L PROBE**

CNN is celebrating its 10th anniversary of gathering news by trying to uncover some. The maiden voyage of the network's new Special Assignment investigative unit continues this week with a five-part series on the savings and loan catastrophe called "S&Ls: The Full Story."

Each of the five reports will air on CNN four times daily - at 7 a.m., noon, 6 p.m. and 10 p.m. -- starting Monday with "A Fiscal Vietnam," an introductory chapter that attempts to size up the crisis....

It is, says reporter Brooks Jackson, "the worst financial disaster since the Great Depression," one that will take an entire generation to pay off. Ken Bode, the former NBC News reporter also assigned to the story, warns that effects of the scandal "could begin to ripple through the economy," perhaps contributing to a recession....

Part 4, to be seen Thursday, lays much of the blame for the crisis right on the doorstep of George Bush, the "S&L President" for whom "no new taxes" are words virtually doomed to be eaten.

(Tom Shales, Washington Post, B4)

**SOUTHWEST TO GET ECONOMIC BENEFITS IN SAVINGS BAILOUT**

The federal cleanup of the savings and loan disaster will result in a significant transfer of wealth from the Northeast states and Middle West to Texas and other states in the Southwest, many economists and politicians have concluded.

As a consequence, they say, the economy in Texas and its neighboring states...will be stronger in the years ahead and the economy in most other states will be weaker.

(David Rosenbaum, New York Times, A1)

**EDITOR'S NOTE:** "Political Furor Over S&L Bailout Adds To Complexities Of Senate Conduct Cases," by Helen Dewar, appears in The Washington Post, page A9.

**WITH EXCEPTION OF DOMENICI,  
GOP LAWMAKERS LIMIT ROLE IN DEFICIT PACKAGE TO PLAYING SPOILER**

Congressional Republicans, outnumbered in both houses, love bipartisan budget summits. It's their only chance to play in the high-stakes deficit-reduction game. Now they've got their summit. But so far their role has been limited largely to carping about the slow pace of the talks and threatening to block a deal if it risks their party's anti-tax reputation....

The exception is Sen. Domenici.... The former budget committee chairman tends to forget that others see him as a supporting player. He annoyed Richard Darman the other day by suggesting changes in Medicare premiums that he hadn't first cleared with the Administration. And sometimes he upstages the budget committee chairman, Sen. Sasser.

(David Wessel, Wall Street Journal, A16)

**GOVS OFFER GLOBAL WARMING GOALS**

The USA's governors Monday give a reluctant President Bush seven "reasonable" goals to greatly cut emissions of carbon dioxide, the main gas responsible for global warming.

...Iowa Gov. Branstad, president of the group, says in the report that, although uncertainty exists about global warming "and the costs of prevention could be substantial, we must take action."

The report's reception at the White House is uncertain.

(Dennis Camire, USA Today, 3A)

**BARGE SPILLS GASOLINE OFF RHODE ISLAND AFTER COLLISION**

**BOSTON** -- A barge carrying more than three million gallons of gasoline spilled less than 1,000 gallons of its cargo Friday when it collided with a fishing boat in the Block Island Sound off Rhode Island, the Coast Guard said.

A six-inch gash was cut in the barge, ST85, when it collided with the 58-foot fishing boat, Hunter, about 3.8 miles south of Weekapug, said Petty Officer Toni Noonan at the marine safety office in Providence.

"Less than 1,000 gallons spilled," she said. "...They (barge crewmen) plugged it up real quick and stabilized it." There was no immediate deployment of cleanup crews, Coast Guard officials said.

(Reuter)

**BUSH SUPPORTS A GENTLER APPROACH TO REIN IN NEA**

The White House, reversing its opposition to restrictions on taxpayer-funded art, is backing a moderate, broadly worded approach to eliminate subsidies for obscene and blasphemous projects, according to Bush Administration officials.

The Administration will endorse a plan by Rep. Paul Henry over tougher, more restrictive grant language proposed by Rep. Rohrabacher, the officials said....

Henry's proposal would require that any NEA grant winner demonstrate "a commitment to artistic excellence which is sensitive to the nature of public sponsorship, its religious traditions or racial or ethnic groups...(and) does not violate prevailing standards against obscenity or indecency." ...

"That kind of language is similar to the language used by other government agencies. It's reasonable," said a senior Administration official close to the issue who asked not to be identified. (Paul Bedard, Washington Times, A3)

**EDITOR'S NOTE:** "Poll Shows Most Believe Obscenity On Rise In Art," by the AP, appears in The Washington Times, page A3.

**REPUBLICANS VIEW A DEMOCRATIC STAR 'WITH TREPIDATION'**

Republicans are carefully watching [Gov. Douglas Wilder]....

"Everybody I know in the GOP views Wilder with great trepidation, as in scared [expletive]," said Republican consultant William Pascoe. "What makes him so threatening is he's a Democrat with a message that sells so well to the middle class that you don't pay attention to the color of his skin." ...

Although Charles Black, a close associate of RNC Chairman Atwater, thinks Wilder "will run for President, his real goal may be to pre-empt [Jesse] Jackson as a national spokesman" and to wrest the No. 2 spot on the ticket....

"We're not scared, but we're certainly not indifferent, either," said NRCC Co-chairman Ed Rollins. "...We see him as a future political force." ...

RNC Chief of Staff Mary Matalin sees little threat, direct or indirect. "Not nominating Jackson isn't as easy as it sounds," she said. "His guys, the left-wing libs, control the Democratic convention. They're not going to switch over to a conservative Democrat like Wilder because he's black.... It's pretty hard for the Democrats to stand for something different from the GOP when Wilder sounds every bit as Republican as our chief Republican."

(Ralph Hallow, Washington Times, A1)

**EDITOR'S NOTES:** "Republicans Say They'll Take Flag Issue Directly To Voters," by John Dillin, appears in The Christian Science Monitor, page 1.

"Flag Vote: The People Back Home," by Dirk Johnson, appears in The New York Times, page A12.

"Aging Nuclear Plants: New Questions," by Thomas Lippman, appears in The Washington Post, page A4.

## NETWORK NEWS

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Sunday evening, June 24

### AIDS CONFERENCE

**CBS's Richard Schlesinger:** In San Francisco today protesters at the final session of the AIDS conference became so emotional the police were prepared for anything. Health Secretary Sullivan fought to be heard over jeers and cat calls from the floor.

**CBS's Susan Spencer:** Police in full riot gear streamed in to protect Secretary Sullivan, who entered the AIDS conference through a side door.

(**Sullivan:** "We are here to show our concern and this Administration's commitment to doing all that we can.") But activists were having none of it. Frustrated with a lack of answers and restrictive immigration policies for people with AIDS, the nation's chief health officer was a perfect target. With bullhorns and whistles, they produced ear-splitting chaos in the hall for 10 minutes before the secretary even took to the podium. And when he did it only got louder. He was as determined as the hecklers.

(**Sullivan** at the podium: "I'm standing right here.")

A decision had been made not to stop the demo for fear of violence, and ended only after an inglorious exit by the secretary, whose spokesman was sent out to deal with reporters.

(**Kay James**, Sullivan spokeswoman: "And I think what you've seen today is an extraordinary commitment from someone who cares a great deal about this issue. I think he feels as strongly as the activists who are here today that he would not be silenced.")

(**Paul Volberding**, AIDS conference: "It would have been nice to have heard what he had to say, and we have to continue the dialogue.")

Even as the meeting was ending in chaos, San Francisco's huge gay pride parade was winding through the city streets. For all the protests this week, and despite the treatment afforded Secretary Sullivan, this conference did seem to foster a closer understanding between those with the disease and those on the front lines fighting it. At closing ceremonies one of the country's leading AIDS scientists had acknowledged the role activists have played.

(**Anthony Fauci**, National Institutes of Health: "They do have something important to say, and they can contribute constructively to our mission. Some of them are better informed than many scientists can possibly imagine.")

With the conference over, there is one thing both scientists and activists can agree on: The International AIDS Conference never will be held in the U.S. again as long as people with AIDS are kept out.

(CBS-Lead)

**ABC's Forrest Sawyer:** The uneasy peace that has held together the International AIDS Conference in San Francisco came apart today. The anger and frustration many of the participants feel over the government's AIDS policy came boiling to the surface when HHS Secretary Sullivan stood up to give the closing address.

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(ABC-Lead, NBC-5)

**IRAN QUAKE**

**NBC's Garrick Utley:** Four days after the big earthquake we still cannot report to you an exact number of how many died. The latest estimate from Iran today is 50,000.

**NBC's Andrea Mitchell:** And today another strong earthquake rocked the same region of northwestern Iran. Caught in the aftershocks, relief workers as well as victims. (NBC-Lead)

**Schlesinger:** It hardly seems possible, but today things got even worse for residents of northern Iran, where an earthquake leveled entire towns last week. This morning the most powerful aftershock in three days hit the region, making rescue work that much more difficult. Casualty figures now run as high as 50,000 dead.

**CBS's Bill McLaughlin** reports that 50 foreign relief planes landed in Tehran today, and one of them was American -- the first U.S. shipment to Iran of its kind since 1979, when the U.S. Embassy was seized and 52 Americans were held hostage for 444 days. The aircraft carried 40 tons of medical supplies and the first batch unloaded was bedecked with a huge stars and stripes, bearing this message in Farsi: "From the people of America to the people of Iran, with great fondness, we offer you this." That message was echoed back in the U.S. today, as people donated to the relief fund. (CBS-4, ABC-2)

**BUDGET DEFICIT**

**Schlesinger:** The Bush Administration and Congress resume talks tomorrow on cutting next year's projected \$160 billion budget deficit. With mandatory Gramm-Rudman cuts the price of failure, Treasury Secretary Brady and the House Budget Committee chairman agreed today there's no time to waste.

(**Secretary Brady** on ABC's "This Week with David Brinkley": "We have to get a budget deficit correction at this particular time. I think we'll get it. We don't have any choice. I have said a number of times in the meetings we've had these weeks, we're going to fix the deficit.")

(**Rep. Panetta:** "We've got to make clear to the American people that if we don't confront this issue within a period of 30 to 60 days we are going to see drastic cuts that are going to reach almost 30 to 40 percent of the programs, and that's intolerable.") (CBS-3)

**ISRAEL**

**Schlesinger:** In a surprise move today, Israel's housing minister announced Soviet Jews immigrating to Israel will not be settled in the occupied West Bank and Gaza Strip. Ariel Sharon, hawkish former general, acknowledged that domestic and international protests over resettlements in the area led to his announcement. Meanwhile, Israel's police commissioner announced the formation of civil guard units in the occupied territories, and that decision was immediately denounced by left-wing Israeli leaders.

(CBS-7, ABC-4, NBC-2)

**MANDELA**

Schlesinger: Third stop on Nelson Mandela's U.S. tour, Washington, D.C. At the airport the South African black nationalist leader left no doubt about the purpose of his visit.

(Mandela: "And I come here to [bring] the message that sanctions must be intensified.")

Mandela meets tomorrow with President Bush and on Tuesday he'll address a joint session of Congress. (CBS-10, ABC-6)

**Utley talks with NBC's Robin Lloyd:**

Utley: ...How are sanctions affecting South Africa? How do you really feel it there?

Lloyd: Sanctions have affected this country quite a bit. I think de Klerk's main goal in going to Europe recently was to get sanctions lifted, and I think he will also try to do the same thing in Washington. He's got some strong arguments to lift sanctions. He's already carried out some reforms here and he's lifted the state of emergency as well. And I think when he meets with President Bush he will privately point out to him that he needs international support to fend off a growing challenge from right-wing extremists here. (NBC-7)

**HUD/DRUGS**

Schlesinger: The federal government begins a major drive tomorrow against drug dealers in the nation's public housing. Federal marshals will raid apartments in some 20 cities where the leaseholders are known drug dealers and may evict them even if they haven't been convicted of a crime. The plan is already under legal challenge in one city. (CBS-12, NBC-4)

**GLOBAL WARNING****Schlesinger reports:**

(Rafael Pomerance, World Health Institute: "Most of the industrialized powers see that they have a responsibility for the operations of the planet now. I don't think that that's the view of the White House at this point.")

The Bush Administration has delayed action on global warming and called for more research. The White House refused to talk to us about the problem but has seemed concerned about the cost of a cleanup program -- by some estimates \$40 billion a year.

(Richard Lindzen, MIT: "What Bush has been saying is what has to be done if we took it seriously is Draconian and the chances of economic catastrophe are probably greater than environmental catastrophe.")

And some business leaders are already predicting an economic catastrophe if a global warming bill now working its way through Congress passes. Environmentalists know that the global warming tax is harsh medicine, but they say it's the only way to clean the air. (CBS-8)

## COLOMBIA

Schlesinger: It's been a particularly bloody weekend in the Colombian cocaine capital of Medellin. Police say 55 people have been shot to death, 19 of them execution-style outside one bar. Police said there was no apparent motive, but the bar is popular with children of wealthy businessmen. (CBS-9, NBC-3)

## POLAND

Schlesinger: The ground beneath Poland's Solidarity movement became less firm today. Dozens of longtime supporters abandoned Lech Walesa in a battle over the pace of reform and Walesa's own political ambitions.

CBS's Bert Quint reports that the dispute between the Solidarity team that runs the government and Walesa who runs the union has been simmering for weeks. Now it's on the boil.

(Walesa: "I'm afraid our beautiful revolution will come to nothing, that others will come along and destroy it all. That's why I gave battle even to my friends.")

Walesa says Poland needs a president with an ax to get reforms working, and he says he's the man to swing it. His target is the man he made prime minister, Tadeuz Mazowiecki, who came in as a moderator to keep the communists content during the transition to democracy. Walesa says reform has been too slow. It's been six months since Poland started moving toward private enterprise in a big way. But nothing, from telephones to state television, seems to be working better under the new system. Private entrepreneurs are still bogged down by the old bureaucracy. Walesa got help today from two important groups from Solidarity. Coal miners and textile workers said they were living on the threshold of poverty and warn there could be a social explosion. Despite his growing conflict with the government, Walesa has helped prevent that explosion by urging workers to be patient so as to ensure the survival of Poland's brand new democracy. (CBS-5, ABC-5)

## CHILD CARE

Schlesinger: In Washington, hundreds gathered today to protest against the slow progress in curing a social ailment -- inadequate child care.

CBS's Deborah Potter reports that the rally in Washington today was really an expression of frustration. Even the littlest of lobbyists turned out to demand action on a child care bill that's been pending in Congress for more than two years. For millions of American parents it's an almost daily headache -- finding someone to mind the kids, then figuring out how to afford it. Now that school is out for the summer, the need for child care is even more critical for many working parents. But Congress is still debating. So families are still waiting. (CBS-2)

**NORTH CAROLINA SENATE RACE**

Mitchell reports that this year Sen. Helms is building another record-breaking war chest -- \$1 million just from George Bush's visit to a campaign dinner this week.

(President Bush: "You know where Jesse stands -- for a safe, strong and moral America. And I need him in the United States Senate.")

Surprisingly, despite all these advantages, Helms was behind in recent state polls against Democratic nominee Harvey Gantt -- the only incumbent senator now trailing a challenger. Why is a conservative veteran finding it such a tough race? Some people think that's because North Carolina is changing. Many voters say they worry more about the economy, the environment, things that affect their daily lives instead of fighting homosexuality or communism. This contest is a real showdown over how important race and money are to politics in the '90s.

(NBC-6)

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## **ABC -- THIS WEEK WITH DAVID BRINKLEY**

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**Moderator:** David Brinkley. **Panel:** Sam Donaldson and George Will.  
**Guests:** Houston Mayor Kathy Whitmire, followed by Sen. Domenici and Rep. Panetta, and Treasury Secretary Brady. **Subject:** Spending, borrowing and debt.

**Brinkley:** Here in Washington the government gets an awful lot of advice on what it should do with its money.

**Whitmire:** Our advice is that we've got to put some focus in this country on developing our most important resources, and that is our people. We're not going to be able to maintain competitiveness in the 1990s unless we put a stronger focus on the needs of the people who live in American cities; and that is, specifically, the need to step up our efforts to improve the opportunities for our children through better day care programs, through an increase in the Head Start program -- through better education -- through more literacy programs, job-training programs. Those are the kinds of things that we're going to have to do because we simply can't afford to put all of our priorities somewhere else and then to see the children in American cities growing up without hope and without quality health care, without a decent place to live, and most of all, without an opportunity to get the kind of education and job training that will allow them to have a decent job....

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**Guests:** Sen. Domenici and Rep. Panetta.

**Brinkley:** You heard the mayor of Houston give us an absolute laundry list of needs as she sees them in her local community. We heard this week from the chairman of the House Ways and Means Committee that the so-called peace dividend...is already gone to pay for the S&Ls' losses. So is mayor Whitmire likely to get anything at all?

**Domenici:** Frankly, I don't think we would have had money for fast new spending programs with or without the S&L crisis. Those who thought the peace dividend was going to come from defense cuts - - as I see it the defense cuts are going to go to deficit reduction.... The important thing is that we have to fix the deficit so that we can fix the economy....

**Panetta:** ...There's a lack of sense of crisis about this whole issue. We have not delivered the message to the American people or to our colleagues that this is a serious enough problem that demands these kinds of choices [to fix the budget deficit].

**Domenici:** ...For those who think we have to make Draconian cuts, we just don't have to. Defense is going to take its share. That's the big difference. It's going to supply over five years somewhere between \$100 to \$170 billion of the needed deficit reduction. That's a brand new part of the equation. It's the middle piece - - entitlements and domestic non-entitlements.

**Will:** ...Is the Senate, is the House, prepared to take Social Security off budget?

**Panetta:** We are. We did that in the House budget resolution....

**Domenici:** Here's where you have to come out. You have to have a budget that will save between 50 and 60 in the first year, between 450 and 550 over five years. We'll take Social Security off budget, re-define the Gramm-Rudman targets,...and it will be for five or six years, it will go on, and you will have solved the deficit. So to talk about other issues -- ...Resolution Trust Corporation, Social Security -- it doesn't make any difference. This is the size of the problem and it can be done.... If you continue to leave that Social Security tax in and buy Treasury bills down, you have essentially provided for a dramatic reduction in the federal deficit, which inures to the benefit of the senior citizens of the future....

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**Guest:** Secretary Brady.

**Brinkley:** In the forthcoming political campaign there's going to be, I would guess, 275,000 words said about the S&L crisis, the cost of it, scandal, who's responsible for it. Do you have a nominee for this honor?

**Brady:** Not really. I'm not in the blame game. I think what the American people want is an organized, dedicated, calm, quiet approach to cleaning up this problem, and that's what we're trying to do.... I think there's going to be political back and forth, there has to be. But the program that the Bush Administration has put out, which is very simply to make sure that those who have put their money in the banking system, the S&Ls that are guaranteed by federal deposits, get their money back.... Two, to make sure that we prosecute and pursue the criminals involved, and three, do it at the least cost to shareholders, and four, make sure that it doesn't happen again -- make these S&L operators put money up. We're asking them to put only three cents out of every dollar up, and that's new.... I don't think that the dirty work of partisanship is what we ought to be doing. We have a problem before us. It's unprecedented. It's going to take some time. We should continue to work the problem. That's what the American people want....

**Donaldson:** The President this last week re-dedicated his Administration to ferreting out those who have misused their positions of trust in the S&L business. Does that include his own son, Neil?

**Brady:** People have, of course, brought Neil Bush up. I have no idea where the facts will lead us. I happen to know Neil Bush. I can't imagine that he broke the law. But the facts will have to come out.

**Donaldson:** Will he be investigated just as strongly as anyone else, however, against whom allegations have been brought?

**Brady:** I would think so. When they pulled him, one individual up before the House Banking Committee, there are a lot of people who were directors. This man wasn't even in the savings and loan business. He was a director. If every director of a savings and loan and bank was brought before Congress for something that bank did we wouldn't have time to do anything else.... I just don't see this as anything more than an issue that's saying it's the President's son.

**Will:** Let me go to a larger issue, the consequences of Republican government. Is it not the case that if the Darman plan for cutting the budget, complying with Gramm-Rudman were bought, every decimal point of it by the Democrats in Congress and enacted today, Gramm-Rudman still would not be complied with?

**Brady:** That's correct. But I think you have to view the Darman plan in the light of the negotiations that go on.... I'm an optimist. I think it's going to happen. So we have three weeks of talking about particulars of the problem, it comes time for somebody to put an offer down. Now it's not hardly possible that the first offer on the table is going to be either the last or the best. But somebody has to start. Dick Darman started on behalf of the Administration. I'm glad he did.

**Will:** We're now coming to the end of 10 years of Republican administration in this country during which this federal budget deficit simply grew exponentially. As a result of Republican governance after 10 years, one-seventh of the federal budget goes to pay interest on the federal debt. It would take a sum equal to all the income taxes collected west of the Mississippi just to pay the interest on the federal borrowing, and that goes, of course, disproportionately to Republicans, the holders of Treasury bills, rich individuals and institutions. Shouldn't the American people say this is not an equitable kind of government we're getting from Republicans?

**Brady:** I'm not sure your statistics are right.... I think you've got your point on the right place, simply that we have to get a budget deficit correction at this particular time. I think we'll get it. We don't have a choice. I've said a number of times in the meetings we've had these weeks, we're going to fix the deficit. It's going to be done at the time of the debt limit, at the time of sequester, because markets tell us we're behaving foolishly. We're going to have a budget deal and it will happen sooner rather than later....

**Donaldson:** What is your latest estimate...of the S&L problem in terms of money?

**Brady:** I revised the estimate about two weeks ago and said that the problem in present value terms will be between \$90 and \$130 billion. That's greater than we said in the fall of 1989.... The best deal for the taxpayer, in my opinion, is to get these assets back into the public's hands through the RTC. We ought to go ahead and push the process like Bill Seidman said.... Get it in the public hands. The U.S. government shouldn't be in the real estate business.

Discussion segment: Cokie Roberts joins panel.

Brinkley: Has Nelson Mandela hurt himself during this U.S. trip by saying such nice things about Castro, Gadhafi and Arafat?

Roberts: I think he has hurt himself with certain Americans, no question about it....

Donaldson: ...Mandela is quite correct in saying 'they supported me. I'm not going to renounce my friends.' I think it would have hurt him had he taken the other tact....

Brinkley: Why does George Bush want Puerto Rico to be a state?

Roberts: The Republicans of Puerto Rico have wanted it to be a state for a long time....

Brinkley: Do you want to tell us what you think about the flag vote in the House?

Roberts: ...Here you have all of this politics around the flag, and all the question of the 30-second spot that would be made against the politician who voted against the flag.... I think that what it really shows is that when you get into issues like this - - patriotism, pornography, the arts, the kind of thing -- that it's going to be very difficult to run against individual House members on those issues.... It could be very effective in a Senate race. And when the Senate is supposed to be the more removed body from the passions of the people, the truth is they're closer to it on issues like this because of the politics.

Donaldson: I think the House did the right thing in turning down that amendment....

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## **CBS -- FACE THE NATION**

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**Moderator:** Lesley Stahl. **Guests:** Attorney General Thornburgh, followed by CBS's Rita Braver and Roger Wilkins, national director of Nelson Mandela's tour. **Subjects:** S&L and race relations.

**Stahl:** The Democrats are making a big issue out of what they say is the slow pace of prosecutions in the S&L scandal. How many indictments have there been in S&L cases since President Bush has been President?

**Thornburgh:** There have been 187 indictments and 159 convictions of S&L officials since this effort was started.... We don't keep score by who's the president at the time. The commitment that he stated when he went to Capitol Hill within two weeks after his inauguration to seek additional funding, that funding was delayed until late last year, and the Congress turned down flat his request for \$36.8 million to jumpstart our operation.

**Stahl:** ...Why can't we get an answer to the simple question which I know I've been trying to get for five days now: How many indictments since he's been president? Somebody says there's only been one. Now is that true?

**Thornburgh:** That's totally false.... We've had an ongoing operation in the Dallas area, the Dallas bank fraud task force, which has secured 77 indictments and 52 convictions over the time that it's been in operation. Last month a 30-year jail sentence was handed down.

**Stahl:** Let me tell you about a letter that I got my hands on which was sent to Congress from a bunch of lawyers in Houston that complain that there's only been one major bank official indicted in Houston. One hundred banks have gone under. The indictments and the people who have been gone after, this letter claims, have been bank tellers, and the charge there is that you're not going after the guys at the top.

**Thornburgh:** I think the record clearly indicates the contrary. You've seen executive after executive convicted, sentenced to jail --...the whole executive suite of the Vernon Savings and Loan, which is one of the major savings and loan failures in the United States, costing the taxpayers \$1.3 billion. But let me just address something a little more important than the numbers, and that's the commitment. This President, in his first budget request within two weeks after he took office, asked for \$50 million addition dollars to beef up our FBI efforts and our prosecutive efforts across the country....

**Stahl:** Why is it so political? Why did the President have a rally with U.S. attorneys and turn it into a political event?...

**Thornburgh:** We don't pay any attention to the political battle that's going on between the parties and the interested individuals. We're in the law enforcement business....

Thornburgh continues: It wasn't a rally. We had our U.S. attorneys in from across the country to give them their marching orders to spend the money that was finally appropriated last year, and the President came to talk to his chief law enforcement officers around the country and give them a message. And it's very effective. And I think any time that we have a chance to hear from the President we're going to take it.... We're going after savings and loans crooks whether they're Republicans or Democrats, north, south, east and west, and we've compiled, I think, through our dedicated U.S. attorneys out there in the field, a very impressive record on that score.... We have been denied full funding of what we requested, and now we're looking for it.

Stahl: ...Is there an investigation of [Neil Bush] under way?

Thornburgh: I can't discuss any pending investigations.

Stahl: Could the Justice Department effectively investigate a president's son, or is that something you'd have to turn over to an --

Thornburgh: We're proud of our record in this respect. We go where the evidence leads. And I don't mean to suggest that any particular individual is a subject of investigation, but wherever there's evidence of wrongdoing we'll pursue it. You can be sure of that.

Stahl: ...Is it time to admit [the drug war] is not working and to completely change the strategy and go toward treatment and prevention?

Thornburgh: I don't think it is time for a change in strategy. This President a little over a year ago announced his drug strategy. That strategy encompasses a balanced approach on using law enforcement, rehabilitation and treatment, prevention and education programs. It's not going to be cured overnight. And I think we're beginning to see progress. We're beginning to see a realization on the part of the American people that it's all of our problem.... We can't do it through law enforcement alone, and I think the President recognizes that, and I think the American people are coming to recognize that we've got to win this war on the battlefield of values....

Stahl: Most law-enforcement officials want [semi-automatic firearms] bans. Why don't you?

Thornburgh: There is a school of thought that says the only way you can keep certain weapons out of certain hands is to keep all weapons out of everyone's hands. The President doesn't buy that. The President wants to concentrate on the criminal. I think we've got to concentrate much more than we have on the criminal use of firearms....

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Guest: Rita Braver discusses the Mayor Barry trial.

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Guest: Roger Wilkins discusses Mandela's tour.

## **NBC -- MEET THE PRESS**

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**Moderator:** Garrick Utley. **Panel:** Juan Williams and Elizabeth Drew. **Guests:** Jesse Jackson and Arthur Fletcher, chairman of the U.S. Commission on Civil Rights. **Subject:** Civil rights.

**Utley:** ...Do you think the President would veto that [civil rights] bill as it stands right now?

**Fletcher:** I hope not.... We have arrived at a point in which civil rights is more an issue of national security than mere civil rights. Why? Because the workforce we're going to be depending on to keep us competitive worldwide as well as domestically is a workforce that's going to be dominated by minorities and women to the tune of 80 percent. We've lost the option of arguing about discrimination in reverse, we've lost the option of arguing about preferential treatment, and we've lost the argument with reference to quotas. It's a national security issue.... [The other day] the commission voted 7 to 1 to support the Kennedy-Hawkins bill. The reason for that is we felt that the Administration's bill as drafted by the Justice Department was a pretty fair bill as far as it went. But our feelings were, based on the crisis that we're seeing every day on college campuses,...we didn't think it went far enough.... And in our recommendation we asked clearly that when the bill is passed that a statement be made that it in no way is it intended to be a quota bill.... In an expanding economy, and that's what this one is, the chances of shortage of human capital, shortage of human resources that is popping up all over the country, it's rather remote that a qualified white is going to be denied a job opportunity in this market because of some company wanting to practice affirmative action. It's just isn't going to happen....

**Drew:** Rev. Jackson,...are you going to run for the presidency in 1992?

**Jackson:** I have not yet made that decision. It's a bit premature. At this point our real focus is on organizing unorganized workers....

**Utley:** [Nelson Mandela said] that this country is being torn apart by racism. Did he exaggerate or did he touch the basic truth here?

**Fletcher:** No he didn't exaggerate one bit.... This could be one of the most dangerous hours in the nation's history with reference to our racial problems....

**Jackson:** ...The lack of moral leadership from the White House has hurt our nation, and it has crushed the hopes of many people.

**Drew:** ...Do you think maybe there should be a new organization with a new definition to give real national focus [to the social and economic problems facing blacks]?

**Fletcher:** No. I think the commission that's in place should be given the resources to do the job.... We have a budget now that at best we could call it a life support system....

**Williams:** You would say that you are comfortable with these people: Arafat, Gadhafi, Castro?

**Jackson:** I relate to Mr. Bush, even though he sends arms to Angola, which has helped kill 600,000 people.... I am convinced that it is better that we talk talk talk than fight fight fight, and so I look forward to Israelis and Palestinians sitting on a table, coming out of the battlefield, just as I did looking forward to Mr. Bush and Gorbachev meeting....

**Fletcher:** The mistake is being made to mix civil rights and welfare legislation together. The civil rights movement was never a welfare movement.... One thing, George Bush is very fair. I've known him for 20 years. He's very fair. He's gone out of the way to make sure that we are welcome at the White House. He's indicated to me when we begin to put programs together and directors we will start a civil rights movement.... The reason I implemented affirmative action the way I did is because well-educated, well-qualified blacks and other minorities were not getting jobs. And to the degree that it was a welfare-relief program, it was a relief program because they had the skills to go to work and because of the success of affirmative action they were able to go to work.

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## THE McLAUGHLIN GROUP

**Moderator:** John McLaughlin. **Panel:** Clarence Page, Fred Barnes, Morton Kondracke and Jack Germond.

### On whether Congress should permit Nelson Mandela to address a joint session of Congress:

**Page:** I think it would be a big mistake right now if Congress was to turn around and spoil all the good feeling that's been generated around Nelson Mandela....

**Barnes:** ...What Mandela has said so far was very discouraging from the standpoint of a peaceful, democratic, bi-racial, pluralistic future for South Africa....

**Germond:** I think the idea of not letting him speak to a joint session of Congress because of his views is nonsense. Of course he ought to be allowed to speak....

**Kondracke:** ...I think he is a great leader for his country, but he is not a world moral leader. Here's why. He wants us to make severe moral judgments about the barbarism of South Africa, but he's not willing to make severe moral judgments or any moral judgments about the barbarianism of Castro or Gadhafi....

### On who voters will blame for the S&L scandal:

**Germond:** I don't think they're going to blame one party or the other.... I think the Republicans are risking an awful lot in terms of Neil Bush if they fight back on that issue. The fact is, the Neil Bush deal, legal or not legal, conflict of interest or not, technically, whether or not it was, if that had been most people they would have been in a lot more water.

**Kondracke:** ...I think that because the President has the bully pulpit he may be able to evade responsibility himself. I think that finally the press ought to get its act together and figure out who really was to blame in lifting the insurance limits from \$40,000 to \$100,000 and making all of this possible....

**Barnes:** ...Bush now is trying to characterize himself as the solution to the problem, while the Democrats caused it.

**McLaughlin:** Which party stands to lose the most from the appointment of an independent counsel? **Page:** I think the Republicans stand to lose the most because it was their watch, but it's hard to pin the blame on one or two people here. **Germond:** ...What is equally salient right now is how vigorous the Administration is in prosecuting people, not just in selling off these assets and taking a loss, but in getting a few people to go to the slammer. And that's what they haven't done yet. **Kondracke:** What the Democrats could go after Bush about is the escalation in the cost of this whole thing from the original estimate to the final estimate and pin it on him....

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## **INSIDE WASHINGTON**

**Moderator:** Gordon Peterson. **Panel:** Elizabeth Drew, Carl Rowan, James Kilpatrick and Juan Williams.

### **On Republicans using the flag as a campaign issue:**

**Rowan:** I think at election time the American people will understand that 177 House members stood up with courage and the guys who try to make [a campaign issue] out of it are the scoundrels of America.

**Drew:** I doubt that this will be a big election issue. There are many more important issues. But this was a moment of historic importance. We mustn't overlook that. And it sure told us a lot about character.

**Williams:** I think they're going to tweak some noses, no doubt about it, but I don't think it will have any real repercussions because it doesn't affect anybody in their bread-and-butter places.

**Kilpatrick:** It depends on the close races, and it depends on demographics. It won't have much effect....

**Drew:** ...You have the President who wanted it both ways -- he wanted to have this issue out there, but even the White House learned, or his campaign learned in 1988 that he went too far. He was seen as going too far finally when he went to the flag factory. So they kind of kept him low, hoping that his party would benefit.... Because [Speaker Foley] went on the line, a lot of other people felt that they were not going to duck this thing, which could have been politically volatile, because they're not so confident it won't be....

### **On Nelson Mandela:**

**Williams:** ...When it comes to sitting in the Oval Office with George Bush, when it comes to dealing with people at the State Department who want to know what he's doing, how we're going to support de Klerk in these negotiations, I think Mandela's going to be in for a little bit of a surprise....

**Drew:** Mandela's crucial and irreplaceable role is as the negotiator with the South African government.... His main reason to be here is to be sure that the U.S. government doesn't lift sanctions on the South African government any sooner than it should, and there's no reason for it to do so yet. It has not, by any means, met the test of the legislation....

**Kilpatrick:** ...I think at some point, given the delicate political situation in South Africa, we should be encouraging de Klerk. He's gone about as far politically as I think he can go, and now it's time to throw him a bone if you don't mind....

On the U.S. halting dialogue with the PLO:

Williams: ...I think we've got here taking place something that I don't think many people are picking up on. I think that Jim Baker is saying there's an opportunity here -- an opportunity now to put more pressure on the Israeli government which has recently been formed, and to say to them we are once again standing with you and we want to see some peace initiative right now.

Drew: I think they're putting pressure on both sides.... But I also think that they made this move because time ran out on them. They were talking about making it for some time and they were delaying and delaying, but there was a big movement building in Congress to vote for a cutoff because the PLO did not specifically denounce this act [in Tel Aviv].... I think they're trying to kick both sides and get them going again. But I don't know if they'll be able to....

Rowan: Whatever we come down to, the simple fact is you can't stop talking to the PLO or anybody else....

On the budget summit:

Drew: ...Dick Darman, the clever budget director, last week offered a new proposal. And he didn't even pretend it was serious. He kind of joked about it. And it's just a little variation of what they did in January -- [\$3.2 billion in defense cuts, \$20 billion in domestic, and no new taxes] -- that's not serious, and he didn't pretend it was serious....

Kilpatrick: ...All the figures are phony. All the essential figures are fake, they're sham, they're lies....

Williams: ...The fact is there are Republican fingerprints all over this and the Republicans are going to get targeted.

Drew: There are bipartisan fingerprints on it. I think we need to correct the record that somehow this poor, beleaguered White House was fighting back. Some weeks ago it was quite obvious that they were putting out the word, look,...finger Jim Wright and finger Tony Coelho, none of whom are with us today, at least in Washington. So that makes them pretty easy targets. But this time I think they're feeling the heat, which is why they have been so heated about it. I believe that the Democrats would be very good at making the issue that they want to make, which is that the Bush Administration messed up the cleanup. I think that that's very confusing. But they also went after Bob Kerrey,...in a kind of sleazy statement about look into his accounts. Bob Kerrey is a national hero. I don't think you take him on with impunity....