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Prime Minister's Visits to
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February

Part Nine: July 1990

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See CS note on CS to G. Webb
14 June 1989.

When the Prime Minister next
plans a visit to Washington,
Bf to Caroline.

Yomy
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BRITISH EMBASSY,

WASHINGTON, D. C. 20008

TELEPHONE: (202) 462-1340

FROM THE AMBASSADOR

C D Powell Esq
10 Downing Street
London SW1

8 August 1990

Prime Minister²

Dear Charles,

I have skinned through
the material Anthony Acland
enclosed. His letter is a very good
summary. Dr

THE LINE-ITEM VETO

1. You will remember that during her stopover at Andrews Air Force Base on Wednesday 1 August the Prime Minister mentioned that she had been told by Sir James Goldsmith that the President did in fact have a line-item veto, and asked the Embassy to let her have a note on the subject.
2. We have consulted the Library of Congress's expert on the Presidential veto, Virginia McMurtry, who has sent us the enclosed copy of her brief on the veto in general, together with an interesting booklet (which includes comments by President Reagan and Judge Bork) recording a seminar on the line-item veto, and particularly the thesis that the President already has such a power of veto. The Prime Minister may also be interested to see the enclosed copies of a couple of press articles on the subject.
3. The argument about whether the President already has the power to veto parts of bills, as well as whole bills, turns on paragraphs 2 and 3 of Article I.7 of the Constitution:

"2. Every Bill which shall have passed the House of Representatives and the Senate, shall, before it become a Law, be presented to the President of the United States: If he approve he shall sign it, but if not he shall return it, with his Objections to that House in which it shall have originated, who shall enter the Objections at large on their Journal, and proceed to reconsider it. If after such Reconsideration two thirds of that House shall agree to pass the Bill, it shall be sent, together with the Objections, to the other House, by which it shall likewise be

/ reconsidered

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reconsidered, and if approved by two thirds of that House, it shall become a Law. But in all such Cases the Votes of both Houses shall be determined by yeas and Nays, and the Names of the Persons voting for and against the Bill shall be entered on the Journal of each House respectively. If any Bill shall not be returned by the President within ten Days (Sunday excepted) after it shall have been presented to him, the Same shall be a Law, in like Manner as if he had signed it, unless the Congress by their Adjournment prevent its Return, in which Case it shall not be a Law.

3. Every Order, Resolution, or Vote to which the Concurrence of the Senate and House of Representatives may be necessary (except on a question of Adjournment) shall be presented to the President of the United States; and before the Same shall take Effect, shall be approved by him, or being disapproved by him, shall be repassed by two thirds of the Senate and House of Representative, according to the Rules and Limitations prescribed in the Case of a Bill."

4. Those who believe that the President already has a line-item veto authority draw on two main lines of argument (both of which are described in more detail in the enclosed papers):

- first, the historical argument, of which the main supporter is Professor Forrest McDonald, that, at the time of the framing of the Constitution, Colonial Governors, as well as apparently the Board of Trade and the Privy Council, had the power to reject colonial legislation as a whole or in part. In Professor McDonald's view, such a comprehensive power of veto can therefore be inferred from paragraphs 2 and 3 of Article I.7;
- The thesis, of which the principal advocate is a New York lawyer, Stephen Glazier, that Article I.7.3 already gives the President item veto authority, which ought to be tested in the Courts.

5. As against the foregoing, no President has, since the framing of the Constitution, exercised the right to a line-item veto; and the weight of opinion among constitutional lawyers is that such a veto would not be upheld by the courts.



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6. Although the White House announced earlier this year that they were looking for a section of a Bill, probably an appropriations Bill, not strongly supported by Congress or prominent members of either House, which the President might veto as a test case, they have given no sign of pursuing that; and it must be doubtful in the present climate, with the budget talks in abeyance and the appropriations process in a state of some chaos, whether the President would want to provoke such a confrontation with Congress.

7. Nor does the Administration show any sign of pressing for a Constitutional amendment to provide for a line-item veto, even though the polls have shown that about two-thirds of Americans would support giving the President such a power, which is already enjoyed by the Governors of 44 states. The evidence on whether such a power does in fact help states to hold down expenditure is, however, mixed, as the Prime Minister will see from the enclosed paper produced by the National Academy of Public Administration.

*Already
in the flat.* 8. I am also enclosing the books by Kevin Phillips and Lawrence E Harrison for which the Prime Minister asked.

2ms - wa

Antony

Antony Acland

cc: (with encs) D A Burns Esq
NAD, FCO

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POINTS OF VIEW

OPINION AND COMMENTARY

Wishful Thinking on a Line-Item Veto

BY BRUCE FEIN
&
WILLIAM
BRADFORD REYNOLDS

We would like to believe when we send our elected representatives to the nation's capital that, even if they cannot really be expected to fulfill *all* those campaign promises, they can at least be counted on to act and vote responsibly on fiscal matters.

**IN ALL
CANDOR**

Yet Congress seems intent on shattering that trust in even its staunchest allies. Repeatedly, and with unbecoming disdain, it bundles together all manner of unrelated bills and authorizations in a single appropriations measure or continuing resolution and then sends the hundred-plus pages of legislation to the president for signature.

President Ronald Reagan threatened a line-item veto (i.e., a selective line-by-line rejection of some parts and approval of other parts of omnibus legislation) until his legal advisers convinced him that such a response was open lawlessness. President George Bush has nonetheless picked up the baton. The advice he now appears to be getting is more political than legal: Be the first president in more than 200 years (and after 2,400 ordinary vetoes) to exercise the line-item veto. If legislators don't like it, let them sue you.

And why not? If Congress can act irresponsibly, why can't the executive branch respond with equally irresponsible behavior (so long as the ratings in the popularity polls don't fluctuate too much)?

Why not indeed. The short answer is that the line-item veto is unconstitutional, and any lawyer who advises the president to proceed in the face of that unassailable legal conclusion badly serves the president. This is not to suggest that arguments favoring the line-item veto cannot be

mustered; only that they have been wholly discredited.

Proponents of the line-item veto rally around two leading spokesmen, both eloquent and thoughtful. One of them, Professor Forrest McDonald of the University of Alabama, contends that history supports his view that the Framers intended the president to use the veto selectively, even line by line. The other, Stephen Glazier of N.Y.'s Greenberg, Irwin & Weisinger, turns to the Constitution's text and context to make the same case. On the opposing side of the debate, the best and most complete answers against the line-item veto have come from Louis Fisher of the Congressional Research Service and Charles Cooper of the D.C. office of Richmond's McGuire, Woods, Battle &

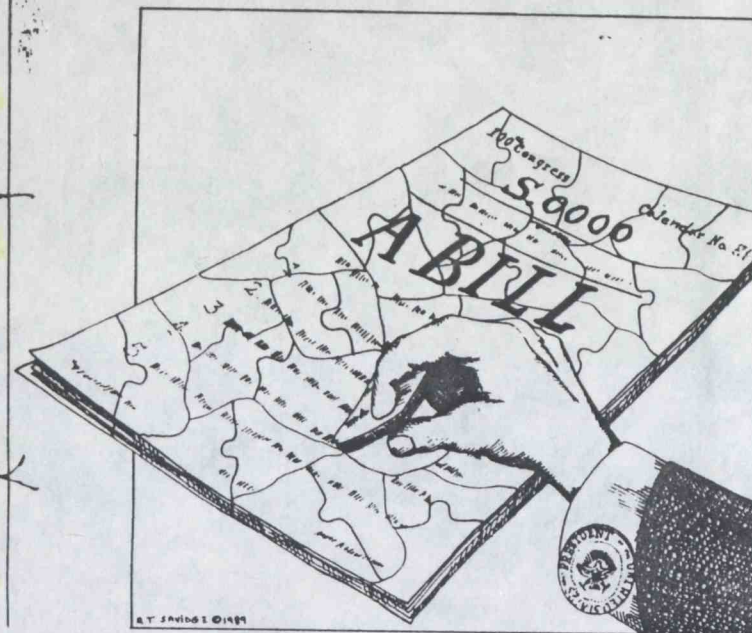
Boothe. Cooper's legal opinion for President Reagan, delivered while Cooper was assistant attorney general heading up the Justice Department's Office of Legal Counsel, remains the leading exposé on the question.

The historical argument, while interesting, falls way short of supporting a line-item veto. Professor McDonald has examined the early British experience, the colonial years, the veto power over colonial legislation exercised by the Privy Council (operating on recommendations from the British Board of Trade from 1696 to 1776), and the consideration given to a "Council of Revision" at the Constitutional Convention. He concludes, largely by negative inference, that the veto authority in these settings did not entirely

foreclose the exercise of a line-item veto—although it was virtually never used—and thus the Framers could well have intended the president's veto power to be similarly shaped.

But the British king's veto power, which prevented the enactment of any legislation unwanted by the Crown, was (whether applied wholesale or piecemeal) the very model the Framers sought to avoid, not to emulate. The constitutional scheme was constructed to guard against

SEE IN ALL CANDOR, PAGE 24



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Selective Veto Seductive—But Wrong

IN ALL CANDOR FROM PAGE 20

the imperial presidency. In an essay reprinted in a pamphlet published by the National Legal Center for the Public Interest, Professor McDonald himself points out that by the 18th century, the veto had become "pretty well obsolete" in England.

Nor does the colonial experience advance the cause of the line-item veto. To be sure, some colonial governors had the power to accept or reject nominees from the lower house of the legislature to fill seats in the upper house, and they could exercise their veto over the entire slate or only selected nominees. But according to Charles Cooper, historical materials indicate that these governors did not have the power to veto parts of a bill.

As for the British Board of Trade and the Privy Council, they did represent the Crown's authority to "disallow" colonial legislation "in whole or in part." This veto, however—which was used on some 469 acts passed by the colonies—differed materially from the veto power that the Framers conferred upon the president. Most noteworthy, it operated with respect to laws already enacted and in effect—akin to a power of repeal—rather than on bills proposed and awaiting approval as part of the legislative process. Moreover, as Cooper states in his essay in the National Legal Center publication, "for the century preceding the American Revolution—the period most revealing of the colonists' understanding of the nature of a veto—the [Privy] Council never vetoed part of a legislative enactment."

Perhaps most telling, however, is Louis Fisher's observation, also in the National Legal Center booklet: "It is hard to believe that the Framers harbored a secret admiration for the British Board of Trade. Because of the [Privy] Council's actions, the colonies reacted with resentment and anger."

That nothing in that political climate could have persuaded the Framers to use the Crown veto as a model is confirmed by a review of the debates at the Constitutional Convention. The veto power was initially proposed to be lodged jointly with the president and the Supreme Court in a Council of Revision. As Cooper explains, two centuries ago the term *revision* was in all likelihood understood in the context as the act of "simply reviewing something," without also implying, as it does today, the act of correcting or altering an original. In any event, the Council of Revision proposal was fully debated and rejected.

Straightforward Language

What emerged was the veto power set forth in Article I, Section 7, Clause 2 of the Constitution, calling for presentment of "[e]very bill . . . passed [by] the House of Representatives and the Senate . . . to the President of the United States; if he approves he shall sign it, but if not he shall return it with his objections to that House in which it shall have originated."

Stephen Glazier, oddly enough, looks past this straightforward language to make his constitutional argument for a line-item veto. He focuses, instead, on the third clause of Article I, Section 7, which requires that "[e]very order, resolution, or vote to which the concurrence of the Senate and House of Representatives may be necessary (except on a question of adjournment) shall be presented to the President" for approval or veto.

A look at the genesis of Clause 3 during the course of the debates in the Constitutional Convention disabuses one of any notion that it was intended to add item-veto authority to the president's power under Clause 2. The veto power, in explicit terms, applied to any enrolled bill, and the president's constitutional authority was solely to "approve . . . it" or "not"

(emphasis added). The Constitution does not suggest that the president may approve "part" of a bill or indicate any presidential prerogative to alter or revise the bill presented.

Clause 3 was added at the behest of James Madison and Edmund Randolph over a concern that Congress might seek to subvert the presidential veto by labeling measures as something other than "bills," such as "resolutions, votes, etc." Madison initially proposed that the words "or resolve" be added to Clause 2 after the word "bill." When this failed, Madison conferred with Randolph, and overnight they produced an expanded version in the form of Clause 3. This renewed "motion putting votes, resolutions, etc., on a footing with bills" was accepted by the convention the next day.

As Cooper points out: "The scheme established by Article I clearly envisions Congress playing the active role in lawmaking, while the President's role, al-

though quite formidable, was to be essentially passive and receptive at the veto stage. To use a literary analogy, Congress acts as the author, the President as the publisher; absent an extraordinary consensus in Congress, the President retains the ultimate authority to decide, in effect, whether to "publish the law."

That leaves President Bush with but one lawful recourse to Congress' sending him appropriations bills overloaded with substantive riders addressing unrelated and non-germane matters. It is to dare to do as other presidents have done when confronted with the same irresponsible legislative behavior: Veto the entire bill.

President Rutherford Hayes, in a classic confrontation with the legislative branch, exercised his veto power repeatedly to prevent unrelated riders that had been tacked onto an appropriations bill from becoming law. His persistence ultimately paid off. Other presidents bold enough to take a similar stand have not only with-

stood the political heat ignited by their vetoes but likewise eventually received from a chastened Congress a bill they could sign.

To his credit, President Bush followed the correct course just recently with his veto of the D.C. appropriations bill because Congress had added an unacceptable rider calling for federal funding of abortions in certain circumstances. Such a response is far more likely to produce the desired legislation, stripped of objectionable riders, than would the unconstitutional and wholly irresponsible exercise of a line-item veto—which would most certainly not be upheld in a court of law either.

Bruce Fein is a lawyer in private practice in Great Falls, Va., specializing in constitutional and telecommunications law. William Bradford Reynolds, a partner in the D.C. office of Chicago's Ross & Hardies, is also a fellow at the National Legal Center for the Public Interest and a scholar at the Free Congress Foundation. "In All Candor" appears every other week in Legal Times.

LETTERS

FROM PAGE 22

extent that the authors have on other occasions advocated fidelity to the text of the Constitution.

The authors attribute Congress' failure to enact statutory removal procedures to "[l]imited judicial misconduct and a doctrinaire reverence for judicial independence." Although referring to attempts to pass such legislation following the [Judge Halsted] Ritter trial, they neglect the vigorous debate about constitutionality that attended them. More important, they are apparently unaware of the protracted legislative history of the Judicial Councils Reform and Judicial Conduct and Disability Act of 1980 (codified at 28 U.S.C. §372(c)). Study of that history makes it clear that Congress declined to enact removal legislation not for the reasons given by Fein and Reynolds, but because those who thought about the matter recognized that such a statute would probably be unconstitutional. See, e.g., H.R. Rep. No. 1313, 96th Cong., 2d Sess. 17-18 (1980).

Both the text of the Constitution and the verdict of history confirm Congress' wisdom in 1980 and stand as a constant reproach to tinkering of the sort that Fein and Reynolds advocate. Notwithstanding [Professor] Raoul Berger's arguments to the contrary, few serious scholars believe that the provision regarding "good Behaviour" in Article III is anything other than a term defining tenure of office (to distinguish such tenure, e.g., from service at the pleasure of the president). Rather, most follow [Alexander] Hamilton, [U.S. Justice James] Wilson, and [U.S. Justice Joseph] Story in the view that the impeachment process is what the text of the Constitution indicates it is: the exclusive means to remove a federal judge. Indeed, I doubt Sen. [Howell] Heflin [(D-Ala.)] takes a contrary view, which may explain why he has proposed not a statute but a constitutional amendment to lessen the Senate's burdens.

This is not a time for quick fixes, whether statutory or constitutional. Problems of judicial independence and accountability require thoughtful consideration, informed by both a knowledge of history and an understanding of context. For these purposes, the relevant contexts include both the place of judicial independence in our scheme of government and the place of removal in the arsenal of weapons available to protect us against a misbehaving or disabled federal judge. The Fein and Reynolds proposal, being informed by neither, deserves no further

consideration. I therefore will spare you a catalog of its other deficiencies. We do need, however, a national commission on judicial independence and accountability.

Stephen R. Burbank
Professor of Law
University of Pennsylvania Law School
Philadelphia

Editor's note: On Nov. 8, 1989, Sen. Trent Lott (R-Miss.) introduced "The Judicial Integrity and Independence Act of 1989" to permit the removal of federal judges by means other than impeachment. The bill, which largely adopts the proposal made by Bruce Fein and William Bradford Reynolds in their column, would permit judges to be removed by a unanimous verdict of a three-judge panel appointed by the chief justice of the United States, after a special civil trial prosecuted by the attorney general.

Soviet 'Advocates' Are Private Lawyers

To the editor:

It was interesting to read the article "Seeking Capitalist Tools" (Oct. 23, 1989, Page 1) by Eleanor Kerlow. I believe the subject of this article is an important one, and I write this letter to clarify some of the points that were made.

It is my feeling that the article gives a somewhat misleading picture of the practice of law in the Soviet Union. There is mention of legal cooperatives and the possibility of organizing law firms; however, there is almost no mention of advocates—the only attorneys who are licensed to practice law and admitted to the bar. It is difficult to explain the difference, since we have very different legal systems, but the closest analogy in the American system to a legal cooperative "law firm" as mentioned in the article would be a group of individuals comprising a corporation who may or may not be highly educated, who are not members of the bar, who have no license to practice law, who are not protected by the attorney-client privilege, and who have no widely accepted rules of professional responsibility. They might be very professional, efficient, etc., but they lack the essential qualifications of an attorney-advocate. In fact, it is quite possible that such a corporation might include former members of the bar (or advocates) who were expelled from the Collegium of Advocates for professional misconduct.

It is a matter of pride that Soviet advocates have always been independent from the government. We have never been employees of the state and have been the only legal opposition to the state—even if only in criminal cases. The advocates of the Moscow City Collegium are working diligently as private lawyers in the fields of joint ventures, international law, and business law. They, as well as other Soviet advocates, have the advantage of being the only real attorneys in the respect that they are recognized by the law as the only privately practicing legal professionals. Any legal cooperative would not be considered competition because it wouldn't be a "law firm" in the sense that American lawyers know it—and not even an association of attorneys. In any event, the Moscow City Collegium could readily take on this type of competition because of the high professional level and responsibility of its members. But I think it is important for American lawyers and law firms to know with whom they are dealing in order to prevent any misunderstandings and possible conflicts in the future.

I mentioned all of the above points during my 20-minute interview with the author. She mentions my idea of a legal advice bureau but, unfortunately, omits other significant points relating to the requirements to be a lawyer in the American sense of that term.

I will pursue my idea of the legal advice bureau as an advocate, but not separately from the Collegium. It would be developed in the context of private practice as you understand it in America. Private law practice is exactly what my colleagues and I are engaged in with no significant government restrictions. It is not to say that we would not prefer more rights in performing our work. In fact, one of the reasons for organizing the Union of Advocates of the U.S.S.R., an independent association of advocates to which I belong, was to press for further changes in the law to give our profession a more favored status. Until recently, the most serious opposition toward a private advocate's profession was from some government agencies which at the same time favored some legal cooperatives that they might more easily control.

I hope that you will print my letter to demonstrate that there are points of view other than the one expressed in the article.

Alexander A. Podolsky
Advocate, Moscow City
Collegium of Advocates
Soviet Lawyer Intern
Heller, Ehrman, White & McAuliffe
San Francisco

Bush, Congress Resume Battle

White House plans to test theory that Constitution grants presidents line-item veto power

1-17-90 P. 7

By Marshall Ingwerson

Staff writer of The Christian Science Monitor

WASHINGTON

WHEN Congress convenes next week, the White House will resume its on-again, off-again battle to shore up the legal underpinnings of the president's power versus that of Congress.

The White House is holding a novel weapon in its arsenal for this never-ending battle over balance of power.

Upstairs from the Oval Office, White House counsel C. Boyden Gray plans to comb through drafts of bills looking for just the right target for a presidential line-item veto.

The target will probably be a small one, some legislative requirement of little consequence. But if the White House succeeds in establishing the item veto in court, it could provide a foil for Congress's alleged "micromanagement" of the executive branch that increasingly rankles the administration.

Granting the president an item veto has been debated without effect for most of a century. Legislation has failed repeatedly.

But in recent years, a legal theory advanced by Stephen Glazier, a New York attorney, has gained a following: that the Constitution already grants the president the



DIANA WALKER/GAMMA LIAISON

C. BOYDEN GRAY: As White House counsel, Mr. Gray is planning to look through drafts of bills for the right target for a presidential line-item veto.

power to single out appropriations items for veto.

The White House is willing to test this theory in court. The plan is to pick an issue for an item veto, do it, and let Congress sue.

If President Bush established a line-item veto similar to that held by governors in 47 states, the impact on power in the federal government could be substantial.

An item veto, writes Louis Fisher, an expert on the separation of powers with the Congressional Research Service, in a 1986 law journal, "may fundamentally alter the constitutional balance between Congress and the president."

Rep. Mickey Edwards, a conservative Republican from Okla-

homa, wrote a year earlier that an item veto would "concentrate substantial new powers in that most concentrated of power bases, the presidency."

Whether Bush will choose to provoke such a confrontation with Congress over a procedural issue is not at all certain. Most likely, according to Gray, the White House will try a limited form of item veto that would claim presidential power to strip away riders attached to appropriations bills the president deems unconstitutional.

This is a less ambitious move than a classic line-item veto that deletes funds for individual projects out of budget bills.

Still, it would have "certainly an impact on domestic regulation," as well as foreign policy and the deficit, says Mr. Gray, who is the point man in the White House on matters of presidential prerogative.

It would not cut the deficit directly, as the item vetoes held by some governors can, explains Gray, but it "gives the president more leverage in the process."

Gray has not ruled out that the White House will attempt a classic line-item veto, but he is skeptical that the courts would accept it.

Frustration in the executive branch has been growing over what officials see as the continual erosion of presidential power by Congress ever since the end of the Vietnam War.

In the 19th century, Congress set the national agenda with little interference from the president — with some notable exceptions such as the Lincoln administration.

But with two world wars, a great depression, and the rise of mass communications, the balance of power shifted heavily toward presidential initiative.

After Vietnam, however, Congress began to reclaim some of its territory.

In the early 1970s, the presidency took two major blows. Congress passed a war powers act that required congressional approval for long-term troop commitments abroad. Then it stripped the president of impoundment authority,

which allowed the executive to withhold spending funds even though Congress had appropriated them.

Congress had a major setback in 1983, when the Supreme Court found the legislative veto, a device that required congressional approval for certain actions by federal agencies, unconstitutional.

Yet Congress has increasingly attached riders to appropriations bills that, for example, bar White House budget officials from analyzing the costs and benefits of agricultural price supports or bar Justice Department officials from arguing a certain theory of antitrust law in a Supreme Court case.

In November, Gray had singled out such a provision for testing the item veto. An appropriations bill for the Interior Department had a rider attached that barred the department from keeping a log of telephone calls between its staff and Congress. The rider was negotiated out of the bill, however.

Gray suspects that courts will accept the item veto only after all such political avenues have been exhausted.

CRS Issue Brief

*Prime Minister
see 'Outlook' on p 10.*

The President and the Budget Process: Expanded Impoundment and Item Veto Proposals

Updated June 14, 1990

by
Virginia A. McMurtry
Government Division



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The President and the Budget Process:
Expanded Impoundment and Item Veto Proposals

SUMMARY

Conflicting budget priorities, along with concern over the size of the Federal deficit, have accentuated the institutional tensions between the executive and legislative branches inherent in the Federal budget process. President Bush has endorsed various proposals intended to give the President greater control over Federal spending, in particular, expanded impoundment and item veto authority.

Congress exercises its "power of the purse" by enacting appropriations measures, but the President has broad authority as chief executive in the implementation stage of the budget process. It is at this stage that the budget authority provided by Congress is actually spent by the Federal Government. Impoundment, whereby the President withholds or delays the spending of appropriated funds, provides one important mechanism for budgetary control during the execution stage, but Congress retains oversight responsibilities at this stage as well.

The Impoundment Control Act of 1974 (Title X of the Congressional Budget and Impoundment Control Act, 88 Stat. 332), established two categories of impoundments: deferrals, or temporary delays in funding availability; and rescissions, or permanent cancellation of the designated budget authority. The 1974 law also stipulated different procedures for congressional review and control of the two types of impoundment. With a rescission, the funds must be made available for obligation unless both Houses of Congress take action to approve the rescission request (forwarded in a message from the President) within 45 days of "continuous session."

Consideration of impoundment reform has become increasingly joined with that of an item veto for the President. The Constitution provides that the President may sign a bill into law or veto the measure in its entirety. By contrast, the constitutions in 43 States provide for an item veto, allowing Governors to eliminate individual provisions or reduce amounts in the legislation presented for their signature. Depending on specific provisions, rescission may be viewed as approaching a functional equivalence with an item veto: the President identifies certain items in an appropriations law for possible elimination by sending an impoundment message to Congress.

Some 20 measures to strengthen rescission authority or establish an item veto by statute have been introduced in the 101st Congress. Some measures seek to reverse the burden of action regarding rescissions, stipulating that the funds remain permanently cancelled unless Congress acts to disapprove the request within a prescribed period. Other measures focus on procedural changes to expedite congressional review of rescission requests, in order to facilitate if not ensure a vote thereon. In addition, measures proposing to establish item veto authority for the President by means of a constitutional amendment have been introduced, and two such joint resolutions have been reported favorably by the Senate Judiciary Committee.

ISSUE DEFINITION

Protracted conflict over budgetary priorities in recent years between a Democrat-controlled Congress and a Republican President, along with the pressures to meet the deficit reduction targets mandated by Gramm-Rudman-Hollings, have accentuated the institutional tensions between the executive and legislative branches inherent in the Federal budget process. President Bush, like former President Reagan, endorsed various proposals intended to give the President greater control over Federal spending. Several measures under consideration in the 101st Congress, particularly those seeking to confer on the President expanded impoundment or item veto authority, reflect these concerns. The issue for Congress is how to array powers in the budget process within a constitutional framework.

BACKGROUND AND ANALYSIS

The recent report of the National Economic Commission, among other commentaries, has suggested that the "balance of power on budget issues has swung too far from the Executive toward the Legislative branch." Debate about the appropriate relationship between the branches in the Federal budget process seems endemic, given the constitutional necessity of shared power in this sphere. Under the Constitution, Congress possesses the "power of the purse" ("No money shall be drawn from the Treasury but in consequence of appropriations made by law"), but the President enjoys broad authority as the chief executive who "shall take care that the laws be faithfully executed."

The Constitution was silent concerning the specifics of a budget system for the Federal Government. Informal procedures sufficed for many years. The Budget and Accounting Act of 1921 (P.L. 67-14) for the first time required the President to submit a consolidated budget recommendation to Congress, and created a new agency to assist in this task, the Bureau of the Budget, with the responsibility "to assemble, correlate, revise, reduce, or increase the estimates of the several departments or establishments." In 1970, the budget agency was reconstituted as the Office of Management and Budget.

Federal budget documents refer to three main stages in the budget process: (1) executive formulation and transmittal of the President's budget recommendations; (2) congressional action; and (3) budget execution and control. Budget execution, the primary focus in this analysis, involves the actual spending of funds as appropriations laws are implemented. Impoundment of funds by the President represents an important component in budget execution. (For an overview of issues relating to congressional budget process reform, see CRS Issue Brief 89022).

Brief History of Impoundment

Impoundment of Federal funds refers to executive action to withhold or delay the spending of appropriated funds. A variety of occurrences come under the impoundment rubric. One useful distinction among impoundment actions, which received statutory recognition in the 1974 Impoundment Control Act focuses on duration, whether the President's intent is permanent cancellation of the funds in question (rescission) or merely a temporary delay in availability (deferral).

Another useful contrast distinguishes impoundment for routine administrative reasons from impoundment for deliberate policy motives. Virtually all Presidents have impounded funds in a routine manner as an exercise of executive discretion to accomplish efficiency in management. The creation of budgetary reserves as a part of the apportionment process required by the Antideficiency Acts (31 U.S.C. 1511-1519) provided formal structure for such routine impoundments, which originated with an administrative regulation issued in 1921 by the Bureau of the Budget, and then received a statutory base in 1950. Impoundments for policy reasons, whether short-term or permanent, have proved far more controversial.

In the 1950s and 1960s, disputes over the impoundment authority resulted from the refusal of successive Presidents to fund certain weapons systems to the full extent authorized by Congress. These confrontations between the President and Congress revolved around the constitutional role of Commander-in-Chief and tended to focus on relatively narrow issues of weapons procurement. President Johnson made broader use of his power to impound by ordering the deferral of billions of dollars of spending during the Vietnam war in an effort to restrain inflationary pressures in the economy. While some of these impoundment actions before the time of President Nixon were motivated by policy concerns, they typically involved temporary spending delays, with the President acting in consultation with congressional leaders, so that a protracted confrontation between the branches was avoided.

Conflict over the use of impoundments greatly increased during the Nixon Administration, and eventually involved the courts as well as Congress and the President. In the 92nd and 93rd Congresses (1971-1974), the confrontation intensified as the President sought to employ the tool of impoundment to reorder national priorities and alter programs previously approved by Congress. Following President Nixon's reelection in 1972, the Administration announced major new impoundment actions, affecting a variety of domestic programs. For example, a moratorium was imposed on subsidized housing programs, community development activities were suspended, and disaster assistance was reduced. Several farm programs were likewise targeted for elimination. Perhaps the most controversial of the Nixon impoundments involved the Clean Water Act funds. Court challenges eventually reached the Supreme Court, which in early 1975 decided *Train v. City of New York* (420 U.S. 35 (1975)), on narrower grounds than the extent of the President's impoundment authority.

During these impoundment conflicts of the Nixon years, Congress responded not only with ad hoc efforts to restore individual programs, but also with gradually more restrictive appropriations language. Arguably, the most authoritative response was the enactment of the Impoundment Control Act (ICA) of 1974.

Title X of the Congressional Budget and Impoundment Control Act of 1974 (the ICA) became effective upon signing of the law on July 12, 1974 (88 Stat. 332). In order to effect a needed compromise in conference, the ICA differentiated two categories of impoundments: deferrals, or temporary delays in funding availability; and rescissions, or permanent cancellations of designated budget authority. As discussed below, the Act stipulated different procedures for congressional review and control of the two types of impoundment. The 1974 law also required the President to inform Congress of all proposed rescissions and deferrals and to submit specified information regarding each action. The ICA further required the Comptroller General to oversee executive compliance with the law and to notify Congress if the President failed to report an impoundment or improperly classified an action.

Before 1974 the "rescission" and "deferral" terms did not appear central to the impoundment debate. While the accumulation of budgetary reserves under the Antideficiency Act provided an antecedent to deferrals, the earlier laws limited deferrals to routine administrative functions.

Procedures for Congressional Review of Rescissions

In the case of a rescission, the ICA provided that the funds must be made available for obligation unless both Houses of Congress take action to approve the rescission request within 45 days of "continuous session" (recesses of more than three days not counted). In practice, this usually means that funds proposed for rescission not approved by Congress must be made available for obligation after about 60 calendar days, although the period can extend to 75 days or longer.

Congress may approve all or only a portion of the funds requested for rescission. Congress may also choose after the 45-day period to rescind funds previously requested for rescission by the President. It is also possible for Congress to rescind funds never proposed for rescission by the President, but such action is not subject to the ICA procedures.

The ICA makes no mention of procedures for congressional disapproval of a rescission request during the 45-day period. However, some Administrations have voluntarily followed a policy of releasing funds before the expiration of the review period, if either the House or the Senate authoritatively indicates that it does not intend to approve the rescission.

In the fall of 1987, as a component of legislation to raise the limit on the public debt (P.L. 100-119), Congress enacted several budget process reforms. Section 207 involved the rescission authority of the President. It provides a statutory prohibition against the practice, sometimes used by Presidents when Congress failed to act on a rescission proposal within the allotted period, of resubmitting a new rescission proposal covering identical or very similar matter. By using such resubmissions repeatedly, with accompanying delays of 45 days or more, the President might continue to tie up funds even though Congress, by its inaction, had already rejected virtually the same proposal. The prohibition against such seriatim rescission proposals (contained in the 1987 law) applies for the duration of the appropriation, so that it may remain in effect for two or more fiscal years.

Developments Relating to Review of Deferrals

The original provisions of Title X allowed a deferral to continue in effect for the period proposed by the President (not to extend beyond the end of the fiscal year so as to become a de facto rescission), unless either the House or the Senate took action to disapprove it. Such procedures, known as a one-House legislative veto, were invalidated by the 1983 Supreme Court decision in *I.N.S. v. Chadha* (462 U.S. 919 (1983)). Initially, however, the impact of the 1983 decision on impoundment control appeared modest. For one thing, Congress had previously adopted the practice of rejecting deferrals through language in appropriation bills, subject to the full legislative process, rather than by one-House resolutions.

Another factor facilitating accommodation between Congress and the President was the restraint exercised by the Office of Management and Budget in the initial aftermath of the *Chadha* decision. However, the President's budget for fiscal year 1987, submitted early in 1986, proposed substantial amounts for deferral, especially targeting housing programs. The National League of Cities, joined by several other organizations and four Members of Congress, challenged the legality of such "policy" deferrals (as distinguished from deferrals for routine administrative purposes previously authorized by the Antideficiency Act). In May of 1986 a Federal district court ruled that the President's deferral authority under the ICA was no longer available, since it was inseverable from the one-House veto provision in the law, previously held unconstitutional by the Supreme Court; in January of 1987 the decision was affirmed on appeal. (*City of New Haven v. United States*, 809 F.2d 900, D.C. Cir. 1987).

Section 206 of the Balanced Budget Reaffirmation Act of 1987 (P.L. 100-119), served to codify the Appeals Court decision in the *New Haven* case. The provisions in the ICA as amended no longer sanction policy deferrals. Rather, deferrals are now permissible only for contingencies, for efficiency, or as specifically provided for by law. Section 206 also reaffirmed certain provisions of the 1974 law relating to enforcement responsibilities of the Comptroller General, who is empowered to sue the Executive for violations of the ICA.

Early in 1990, the use of deferrals again engendered controversy when the President submitted to Congress an impoundment message covering 19 deferrals, amounting to over \$2.19 billion, in the DOD budget for FY1990 (see H.Doc. 101-149). The justification for each deferral cited "changes in requirements in view of promising developments in the Soviet Union and Eastern Europe." Most of the deferrals involved congressional "add ons" to the Administration's budget request; the President favored the transfer of funds being deferred to other accounts. After reviewing the deferral actions, GAO reported to Congress Mar. 6, 1990, that 17 of the 19 deferrals (involving almost \$1.77 billion) were made for policy reasons and were not authorized under the Impoundment Control Act. In a letter dated Mar. 28, 1990, the OMB Director informed Congress that the Administration no longer intended to withhold the funds included in these deferrals. Thereupon the funds became available for obligation, and a possible confrontation in the courts was avoided. GAO is empowered to sue for release of funds withheld without authority by the executive branch.

Executive Branch Proposals

Various proposals put forth since 1974 for altering the impoundment process tend to reflect one of two perspectives. Some efforts seek to reduce potential for abuses of presidential discretion possible under the current framework by additionally confining the President's authority or by tightening congressional oversight procedures. The other general viewpoint sees the President as unduly restricted under existing provisions and seeks to restore greater flexibility to the Executive with regard to impoundment actions, in order to facilitate opportunities for budgetary control. Proposals embodying this latter perspective may closely resemble those, discussed below, to grant the President item veto authority by statutory means.

During the Ford and Carter Administrations, the provisions of the ICA proved relatively noncontroversial. Dissatisfaction increased during the Reagan Administration. President Reagan, in his 1984 State of the Union message, specifically called for a constitutional amendment to grant item veto authority, which he considered to be a "powerful tool" while governor of California. During his second term, President Reagan repeatedly called for item veto authority, as well as for a constitutional amendment mandating a balanced Federal budget.

In his last two budget messages, President Reagan included enhanced rescission authority among his budget process reform proposals, resulting perhaps from his limited success in seeking to accomplish rescissions for fiscal policy reasons under the framework of the 1974 law. (Less than a third of Reagan's rescission requests were approved by Congress.) In his February 1988 transmittal, he proposed "a change of law that would require the Congress to vote 'up or down' on any proposed rescission, thereby preventing the Congress from ducking the issue by simply ignoring the proposed rescission and avoiding a recorded vote." A similar recommendation for enhanced rescission authority for the President appeared in President Reagan's final Budget Message, submitted to Congress on Jan. 9, 1989. President George Bush has also endorsed the idea of increased rescission authority and an item veto for the President, most recently in his budget submission for FY1991 and in a White House ceremony Apr. 25, 1990.

Alternative of an Item Veto

The U.S. Constitution provides that the President may either sign a measure into law or veto it in its entirety. However, constitutions in 43 States provide for an item veto, allowing the Governor to eliminate discrete provisions in the legislation presented for their signature. Ten States allow the Governor to reduce amounts as well as eliminate items, and seven States have an "amendatory" veto, permitting the Governor to return legislation with specific suggestions for change.

The first proposal to provide the President with an item veto was introduced in 1876. President Grant endorsed the mechanism, in response to the growing practice in Congress of attaching "riders," or provisions altering permanent law, to appropriations bills. Over the years many bills and resolutions (mainly proposed constitutional amendments) have been introduced, but action in Congress on item veto proposals, beyond an occasional hearing, has been limited. In 1938 the House

approved an item veto amendment to the independent offices appropriations bill by voice vote, but the Senate rejected the amendment. (For further background on item vetoes, see CRS Issue Brief 84055.)

In his State of the Union address in January of 1988, President Reagan alluded to various instances of "wasteful, unnecessary, or low priority" spending projects included in the full-year omnibus continuing resolution for FY1988. He further noted that he would have deleted such projects were the item veto available to the President. Instead, he promised to submit a rescission request identifying the items, and challenged Congress to reconsider the need for them. It was later decided that a formal rescission message might be viewed as a violation of the 1987 Budget Summit agreement, so on Mar. 10, 1988, the President and OMB settled on sending Congress the list of projects as part of an informal request (see House Doc. 100-174).

In the 101st Congress, the Senate Judiciary Subcommittee on the Constitution held a hearing on item veto measures on Apr. 11, 1989, and reported two resolutions, without recommendation, on June 8. S.J.Res. 14 would allow the President to veto only selected items in an appropriations bill, while S.J.Res. 23 would authorize him to disapprove or reduce any item of appropriation, excluding legislative branch items. On Apr. 26, 1990, the full committee voted 8-6 to report both measures favorably.

Some believe that the President already possesses item veto authority as a part of his constitutional powers. A 1987 article in the *Wall Street Journal* advocated this position. While still a minority interpretation, this view claims some notable supporters, including former OMB Director James Miller and, reportedly, President Bush. According to some accounts, the White House is watching for a suitable "test case" in 1990 where the President might attempt an item veto of legislation presented for his signature. Such action would doubtless lead to litigation and eventual involvement by the Supreme Court.

There is also some disagreement among experts on whether a constitutional amendment is required or whether statutory means may suffice to give the President an item veto. The situation gets further complicated as the veto authority and impoundment authority of the President become increasingly joined in consideration of reform proposals to expand the role of the President in the budget process.

Expanded Rescission and Statutory Item Veto Proposals in Congress

About 20 measures providing for strengthened rescission power or a statutorily derived item veto for the President have been introduced in the 101st Congress. (Some of these proposals have been introduced repeatedly in previous Congresses as well.) Conceptually, there could be notable differences between measures seeking to provide statutory item veto authority and those seeking to expand the rescission authority of the President. In particular, an item veto statute might permit vetoing of provisions or nonbudgetary items in a measure presented to the President. Historically, interest in an item veto for the President emerged from concern over legislative "riders" in appropriation bills, not the increasing number of accounts funded in a single measure. In recent practice, however, virtually all statutory item

veto bills have focused exclusively on appropriation measures, and many expanded rescission measures also limit their applicability to appropriation laws and to a short period of time around their signing by the President.

In examining impoundment reform legislation, the distinction is often drawn between "expedited" and "enhanced" rescission proposals. (Statutory item veto proposals resemble more closely the "enhanced" approach.) While there are some analytical problems with this distinction, it provides a useful starting point. Individual measures may incorporate both enhanced and expedited features and may combine either or both with elements similar to item veto power.

Generally, proposals for expedited rescission focus on procedural changes in Congress, with the intent to facilitate if not ensure a vote on those rescission requests from the President submitted shortly after the signing of the appropriation law to which they relate. For example, such measures usually contain a detailed schedule to insure immediate introduction of a measure to approve the rescission, prompt report by committee or automatic discharge, special limits on floor amendments and debate, and so on. Expedited rescission legislation is designed to supplement rather than supplant the existing framework for rescissions. Under expedited rescission, congressional approval would still be necessary to cancel the funding. However, by expediting an up-or-down vote on the President's message, it likely would become more difficult to ignore proposed rescissions, and hence to reject them by inaction. Examples of measures in the 101st Congress typifying this approach include S.Con.Res. 9/ H.Con.Res. 45, S. 207/ H.R. 235, and H.R. 962.

On the other hand, enhanced rescission proposals typically seek to reverse the "burden of action" regarding rescissions, and thereby create a presumption favoring the President. Such proposals usually stipulate that budget authority identified in a rescission message from the President is to be permanently cancelled unless Congress acts to disapprove the request within a prescribed period. In contrast, under current procedures, funds proposed for rescission must be released for obligation unless Congress acts within the 45-day period to approve the President's request. Some examples of bills characterizing the enhanced rescission approach include H.R. 808, H.R. 1053, and S. 155. Other bills would grant the President enhanced rescission authority only for omnibus continuing resolutions (e.g., S. 354).

Some new "hybrids" have appeared in the 101st Congress. Two measures introduced early in the first session reflected hybrid expanded-rescission item-veto formulations (S. 6 and S. 21). Then S. 1553/ H.R. 3271, the Legislative Line Item Veto Act, was introduced as a "compromise" rescission bill, which reflected not only hybrid item veto-rescission language but also a combination of both expedited and enhanced approaches to rescission reform legislation. S. 1553 has received endorsement by President Bush and by the *Wall Street Journal*.

Comparing Rescissions and Item Vetoes

Consideration of impoundment reform has become increasingly joined with the subject of an item veto for the President. In some respects rescission action may be viewed as a functional equivalent to an item veto: the President identifies certain

items in an appropriations law for possible deletion via an impoundment message to Congress. However, a major difference relates to the burden of action associated with the respective mechanisms. Under the current framework for oversight of impoundment, funds proposed for rescission must be released for obligation after a 45-day period unless Congress acts to approve, by simple majority in each House. With an item veto, the burden of action would fall on Congress to restore the funds at issue, with a two-thirds majority necessary to override a presidential veto. Few would dispute that this change would constitute a major shift of power to the President. Some enhanced rescission proposals would have similar impact, because a two-thirds majority would be needed to override the anticipated veto by the President of any statutory rescission disapproval measure.

Two other differences are often cited between item veto and rescission actions. The first is the issue of timing: impoundment actions can occur anytime after enactment of the law, weeks or even months later, while an item veto is exercised within a short period following congressional passage. However, this timing distinction becomes blurred in many of the rescission reform proposals, which provide special rescission authority for the President only during a limited period after he signs an appropriations act. The second frequently cited difference is that impoundment authority, being a more restricted mechanism, can be modified by statute, whereas most authorities hold that the constitutionally based veto authority of the President could be revised to provide for item vetoes only by means of a constitutional amendment. This distinction also has become less clearcut, with questions being raised about the constitutionality of some rescission reform proposals on the one hand, and arguments being advanced as to the possibility of conferring an item veto by statute on the other.

Some additional generic contrasts appear between bills providing for expanded rescission authority and proposals for constitutional amendments for an item veto. For example, in terms of precision of mechanism, a constitutional amendment usually is framed in general language, while a statute often provides more operational detail. The issue of permanency of the device also provides contrasts; a statute can be modified or repealed by another statute in contrast to a constitutional amendment, which can only be altered by another amendment.

Another difference between rescissions and item vetoes relates to coverage and definitions. There is no universally accepted definition of an "item." Many appropriations occur as lump-sum amounts in the public law, with the details of itemization contained in report language; an item veto could not delete such items in reports. In contrast, enhanced rescission authority can apply to any appropriated amount identifiable by the President and can thus avoid the "item" definitional problem. In terms of scope, some item veto proposals can apply to so-called legislative riders in appropriations laws; such nonmonetary provisions (if coming under the definition of an "item") could be subject to the veto. However, enhanced rescission authority can only reach appropriated funds; nonmonetary restrictions in appropriations laws could not be modified or deleted.

The factor of flexibility also suggests differences. Most item veto proposals call for acceptance or rejection of the item, although some would allow "editing," or reducing an amount without eliminating it. The rescission device has great flexibility for the President, in modifying amounts as well as eliminating them. A final

comparison to mention is that of public familiarity, as derived from experience in the States. Forty-three States have some form of item veto, so it is a widely accepted feature of the budget process and a familiar device in policymaking. But impoundment actions by Governors are not common in the States. Consequently, knowledge in the American public regarding rescissions as an alternative mechanism for exerting executive control in the budget process tends to be quite limited.

Outlook

In the past, Congress has been reluctant to directly confer on the President any sort of item veto authority. This reluctance reflects at least in part a fear that a shift in spending power from the legislative to the executive branch might result. In this context, the action by the Senate Judiciary Committee in reporting out the two constitutional amendment proposals in April 1990, appears especially noteworthy.

Some contend, however, that the framework in the 1974 Impoundment Control Act itself brought about a power shift, unduly diminishing the President's authority to impound funds. Thus, some modification of the framework for congressional review of rescissions by the President may prove more acceptable than an outright grant of item veto authority. A number of measures are under consideration in the 101st Congress, and hearings have been held. The Senate Budget and Governmental Affairs Committees held joint hearings on Oct. 18 and 26, 1989. Various budget reform measures were under consideration, including proposals for expanded rescission and statutory item veto authority. In the spring of 1990 hearings on budget reform measures were held under the auspices of three different House committees; however, expanded rescission and item veto proposals did not receive much specific attention in these forums.

As with other budget reform proposals, the substance of an expanded rescission or statutory item veto provision could be offered as an amendment during floor debate on another measure. For example, after several failed attempts in the fall of 1989, Senator Coats sought to incorporate provisions of S. 1553 into an amendment offered during debate on the conference report of the Department of Transportation Appropriations Act for FY1990. However, the Senate rejected (51-40) the motion to allow a Budget Act waiver, and the point of order raised against the amendment was sustained. Another attempt in the spring of 1990 to offer provisions of S. 1553 as an amendment failed (43-50) on the same procedural grounds.

President Bush reiterated his explicit support for S. 1553 in the FY1991 budget, in the context of proposals to make the budget process more effective in reducing the deficit, noting in part: "In the absence of a line-item veto amendment to the constitution, enhanced rescission would give the President a realistic opportunity to seek to eliminate from appropriations bills special interest items that he deems unworthy, while offering Congress full protection through the provision for a vote on each rescission."

In a White House ceremony on Apr. 25, 1990, attended by OMB director Richard Darman and various Republican Members of Congress, President Bush again outlined his "three-part strategy" for budget reform: enactment of S. 1553, along with action

on item veto and balanced budget constitutional amendment proposals. Subsequently, the White House had advocated budget reforms, especially item veto authority for the President, as topics for negotiation with congressional leaders at the ongoing budget summit meetings.

LEGISLATION

H.R. 61, H.R. 62 (Archer)

Allows the President an item veto in appropriation bills (H.R. 61). Proposes an amendment to the Constitution allowing an item veto in appropriation bills (H.R. 62). Introduced Jan. 3, 1989; referred to Committee on Judiciary.

H.R. 235 (T. Johnson)/ S. 207 (Dixon)

Line Item Rescission Act of 1989. Provides that the President may submit special rescission messages on the same day as signing appropriation bill, with expedited procedures for congressional action, but rescission becomes permanent only if approved. H.R. 235 introduced on Jan. 4, 1989; referred to House Committee on Rules. S. 207 introduced Jan. 25, 1989; referred to Senate Committees on Budget and on Governmental Affairs.

H.R. 808 (W. Owens)

Emergency Line-Item Impoundment Act of 1989. Provides that the President may submit special rescission messages within 3 days of signing funding bill; rescission remains effective unless disapproved by Congress within 45 days of continuous session. Introduced Feb. 2, 1989; referred to Committees on Government Operations and on Rules.

H.R. 962 (Armey, T. Johnson)

Current Level Enhanced Rescission Act of 1989. Provides that the President may submit special rescission messages on the same day as signing an appropriation bill, with expedited procedures provided for congressional action; he may not reduce a program below the budget authority of the previous year or by more than 10% for new programs; rescissions become permanent only if approved by Congress. Introduced Feb. 9, 1989; referred to Committees on Government Operations and on Rules.

H.R. 1053 (Dornan)

Reverses current procedures for rescission, so that a rescission requested by the President becomes permanent unless disapproved by Congress within 45 legislative days. Introduced Feb. 22, 1989; referred to Committees on Government Operations and on Rules.

H.R. 1261, H.R. 1262 (Penny)

Proposes an amendment to the Constitution allowing an item veto in appropriations (except those for legislative and judicial branches); override of such veto could occur by simple majority in each House (H.R. 1261). Title III allows the President an item veto in appropriations measures, with simple majority vote of each House needed to override and with sunset provision after 2 years (H.R. 1262). Introduced Mar. 2, 1989; referred, respectively, to Committee on the Judiciary and Committees on Government Operations and on Rules.

H.R. 2034 (Frenzel)/ S. 829 (Roth)

Deficit Reduction Guarantee Act. President may exercise special rescission authority when public debt exceeds stipulated limit by transmitting special message within 3 days of enactment of appropriations bill; such special rescissions remain effective unless Congress disapproves within 45 days. Introduced Apr. 18, 1989; H.R. 2034 referred to House Committees on Government Operations and on Rules; S. 829 referred to Senate Committees on the Budget and on Governmental Affairs.

H.R. 2936 (Upton)

Fiscal and Institutional Reform Budget Act of 1989. Title V, Enhanced Rescission Authority, is similar to H.R. 2034/S. 829, except H.R. 2936 stipulates no deadline for submission of a special rescission message by the President. Introduced July 19, 1989; referred to Committees on Government Operations, on Rules, and on Appropriations.

H.R. 3464 (Patterson)

Budget Simplification and Reform Act of 1989. Title III pertains to expedited rescissions. The President may submit special rescission messages within 3 days of signing appropriations bill, with expedited procedures provided for congressional action; he may not reduce a program below the budget authority of the previous year or by more than 25% for a new program, and rescissions become permanent only if approved by Congress. Introduced Oct. 12, 1989; referred to Committees on Government Operations and on Rules.

H.R. 3800 (Carper)

Expedited Consideration of Proposed Rescissions Act of 1990. Establishes procedures for expedited consideration by Congress of certain rescissions proposed by the President within 3 days after signing an appropriation act. Budget authority proposed for rescission under provisions of this act becomes available for obligation only after the date on which Congress fails to pass the bill or joint resolution transmitted with the special message. Introduced Nov. 21, 1989; referred to Committee on Government Operations and on Rules.

H.J.Res. 12 (Bennett), H.J.Res. 50 (Emerson), H.J.Res. 110 (Archer)

Proposes an amendment to the Constitution allowing an item veto in appropriation bills. Introduced Jan. 3 and 31, 1989; referred to Committee on the Judiciary.

H.J.Res. 29 (Solomon)

Proposes an amendment to the Constitution allowing an item veto in appropriations bills, except for items of appropriation for the national defense. Introduced Jan. 3, 1989; referred to Committee on the Judiciary.

S. 6 (Dole)/ H.R. 2703 (Cox)

Spending Enhancement Control Act of 1989. Provides that the President may transmit special rescission messages within 10 days of enactment of appropriations bill; rescission remains permanent unless disapproved by Congress during 10-day review period. S. 6 introduced Jan. 25, 1989; referred to Senate Committees on the Budget and on Governmental Affairs. H.R. 2703 introduced on June 21, 1989; referred to House Committees on Government Operations and on Rules.

S. 21 (Roth)

Provides the President with an item veto by amending Title X of the Impoundment Control Act. President may transmit special line-item veto messages within 3 days of enactment of appropriations bill; item veto/rescission remains effective unless disapproved by Congress within 45 days. Introduced Jan. 25, 1989; referred to Committees on Budget and on Governmental Affairs.

S. 155 (Armstrong)

Replaces provisions in Impoundment Control Act with enhanced rescission approach, whereby rescissions proposed by the President remain in effect unless disapproved by Congress within 45 days. Introduced Jan. 25, 1989; referred to Committees on Appropriations and on the Budget.

S. 354 (Exon)

Effects limited item veto authority by requiring that each item of any continuing appropriations bill agreed to in the same form by both the House and Senate be enrolled as a separate bill for presentation to the President. Introduced Feb. 7, 1989; referred to Committee on Rules and Administration.

S. 1553 (Coats)/ H.R. 3271 (Tauke), H.R. 3583 (McEwen)

Legislative Line Item Veto Act of 1989. Provides the President with enhanced rescission (termed "item veto") authority by amending the Impoundment Control Act to allow transmission of special rescission message within 10 days of enactment of appropriations measures or accompanying January budget submission. Budget authority so rescinded remains cancelled unless Congress disapproves within 20 days. S. 1553 introduced Aug. 4, 1989; referred to Senate Committees on the Budget and on Governmental Affairs. H.R. 3271 and H.R. 3583 introduced Sept. 13 and Nov. 2, 1989; referred to House Committees on Government Operations and on Rules.

S.Con.Res. 9 (Humphrey)/ H.Con.Res. 45 (Martin)

Establishes expedited procedures for consideration of special rescission messages, transmitted by the President within 3 days after signing an appropriations law, but rescission becomes permanent only if approved by Congress. S.Con.Res. 9 introduced Jan. 25, 1989; referred to Senate Committees on the Budget and on Governmental Affairs. H.Con.Res. 45 introduced on Feb. 7, 1989; referred to House Committees on Government Operations and on Rules.

S.J.Res. 14 (Thurmond)

Proposes an amendment to the Constitution allowing the President to veto items of appropriations. Introduced Jan. 25, 1989; referred to Committee on the Judiciary. Ordered reported favorably (8-6) Apr. 26, 1990.

S.J.Res. 23 (Dixon, Simon), S.J.Res. 31 (Dixon)/ H.J.Res. 422

Proposes an amendment to the Constitution authorizing the President to disapprove or reduce any item of appropriation (legislative branch items excluded). Introduced Jan. 25 (S.J.Res. 23, S.J.Res. 31) and Oct. 18 (H.J.Res. 422), 1989; referred to respective Committees on the Judiciary. S.J.Res. 23 ordered reported favorably (8-6) Apr. 26, 1990.

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- U.S. Congress. House. Committee on the Budget. The line item veto: an appraisal. Washington, U.S. Govt. Print. Off., 1984. 16 p.
At head of title: 98th Congress, 1st session. Committee print.
- Task Force on Enforcement, Credit, and Multiyear Budgeting. Oversight on the impoundment control process. Hearing, 97th Congress, 2d session. Mar. 29, 1982. Washington, U.S. Govt. Print. Off., 1982. 206 p.
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- Reform of the Federal budget process. Hearings, 100th Congress, 1st session. Washington, U.S. Govt. Print. Off., 1987. 389 p.
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- U.S. Congress. House. Committee on Rules. Item veto: State experience and its application to the Federal situation. Washington, U.S. Govt. Print. Off., 1986. 291 p.
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- U.S. Congress. Senate. Committee on Governmental Affairs. Office of Management and Budget: evolving roles and future issues. Washington, U.S. Govt. Print. Off., 1986. 696 p.
At head of title: 99th Congress, 2d session. Committee print.
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- Reform of the Federal budget process. Hearings, 100th Congress, 1st session. Mar. 12, Apr. 2, 30, 1987. Washington, U.S. Govt. Print. Off., 1987. 387p.
- U.S. Congress. Senate. Committee on Rules and Administration. Hearings, 99th Congress, 1st session, on S. 43. May 14 and 20, 1985. Washington, U.S. Govt. Print. Off., 1985. 218 p.
- Providing that each item of any general or special appropriation bill and any bill or joint resolution making supplemental, deficiency, or continuing appropriations that is agreed to by both Houses of the Congress in the same form shall be enrolled as a separate bill or joint resolution for presentation to the President;

report to accompany S. 43. Washington, U.S. Govt Print. Off., 1985. 33 p. (99th Congress, 1st session. Senate. Report no. 99-92).

U.S. Congress. Senate. Committee on the Judiciary. Subcommittee on the Constitution. Hearings, 98th Congress, 2d session, on S.J.Res. 26, S.J.Res. 178, and S. 1921. Apr. 9, 1984. Washington, U.S. Govt. Print. Off., 1984. 231 p.

CHRONOLOGY

- 06/06/90** --- Senate rejected necessary Budget Act waiver (43-50), so second attempt to offer enhanced rescission provisions contained in S. 1553 as an amendment failed.
- 04/26/90** --- Senate Judiciary Committee voted to report favorably S.J.Res. 14 and S.J.Res. 23, proposing constitutional amendments to give the President item veto authority.
- 04/25/90** --- In a White House ceremony President Bush advocated his three-part budget reform strategy: expanded rescission authority and balanced budget and item veto constitutional amendments.
- 01/29/90** --- President Bush submitted his FY1991 budget and again called for enhanced rescission authority and a line-item veto constitutional amendment.
- 11/09/89** --- An effort to offer a floor amendment in the Senate granting the President enhanced rescission/limited item veto authority failed when the necessary Budget Act waiver was rejected (40-51).
- 10/18/89** --- Senate Committees on the Budget and on Governmental Affairs held a joint hearing on budget reform proposals.
- 06/08/89** --- Senate Judiciary Subcommittee on the Constitution approved without recommendation, for full committee consideration, S.J.Res. 14 and S.J.Res. 23, proposing constitutional amendments to give the President item veto authority.
- 04/11/89** --- Senate Judiciary Subcommittee on the Constitution held hearing on proposed constitutional amendments conveying line item veto authority.
- 03/07/89** --- Task Force on the Budget Process of the House Budget Committee held a briefing on enhanced rescission authority for the President.
- 03/01/89** --- The National Economic Commission issued its final report; budget process changes recommended by the majority included the item veto and increased rescission authority for the President.
- 02/09/89** --- President Bush submitted his transition budget revisions and endorsed various proposals for budget process reform, including item veto and enhanced rescission authority.

01/09/89 --- President Reagan submitted his budget for FY1990, reiterating his previous support for the item veto and enhanced rescission authority.

FOR ADDITIONAL READING

U.S. Library of Congress. Congressional Research Service. Budget process reform legislation introduced in the 101st Congress: selected listing, by James V. Saturno. May 11, 1989 [Washington] 1989.

CRS Report 89-304 GOV

----- Congressional budget process reform: 101st Congress, by Edward Davis. [Washington] 1989 (Updated regularly)

CRS Issue Brief 89022

----- Item veto: selected issues, by Gary L. Galemore. Oct. 24, 1988. [Washington] 1984. 8 p.

CRS Issue Brief 84055

----- Presidential impoundment authority after *City of New Haven v. United States*, by Richard Ehlke and Morton Rosenberg. Mar. 3, 1987. [Washington] 1987.

CRS Report 87-173 A

----- Rescissions by the President since 1974: background and proposals for change, by Virginia A. McMurtry. Apr. 27, 1989. [Washington] 1989.

CRS Report 89-271 GOV

[Prime Minister's speaking note for
reel in Washington on 6 August].
in President Bush

SECRET



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→ Pl. file

13(A-e)

THE PRIME MINISTER

CS 9/8

① Latest Position

Inquiry for disposition
i.e. possible intentions.

② U.N. Sanctions resolution
Position.

Enforcement

↓
Blockade

(i) Gulf outlet
Position of
Tankers
to all oil
states
AIR COVER

Pipelines

↓ Turkey

Sanctions
? increase
military
threat
for Iraq?

Compensation



b

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THE PRIME MINISTER

② Could

Blocade could

(ii) Red Sea Outlet

if pipe line
not mined ok.

(iii) Turkish outlet

if, nor tunnel
ok.

N.A.T.O help

Blocade -

Position of USSR. } help?
Japan. }

N.B HMS York & RFA now patrolling

HMS Gupier & HMS Dalman

arrive Gulf on Friday & Sunday

Coordination with U.S. Navy. ref. [req. more =
larger command?]



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THE PRIME MINISTER

(3) Integrity of Saudi Arabia
VITAH

Request for help?

Reports from Mr. Cheney

How to pre-empt a

pre-emptive strike by

Iraq? Announce any

guarantees by U.S.?

Or preposition forces

Please may we be kept in
touch with military planners - so
we may know how best we could support



d

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THE PRIME MINISTER

(4) Military Options.

- a) defence of Saudi Arabian northern + southern borders
- b) air-power

Note if Iraq moves against Saudi - they will have to
may use Chemical weapons.
Response? Deterrence?

(5) Yemen - interests - Deterrence?

Help for Oman to contain them

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(6) Iran - prohibition of oil through Gulf



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THE PRIME MINISTER

British & U.S. personnel in

Kuwait - and Baghdad.

Possible help from King Hussein

to secure their safe transit.

Ambassadors in Baghdad.

Ar Powell - spare
12(A-l)

From: Minister

Date: 6 August, 1990

Mr Powell

BRIEFING FOR THE PRIME MINISTER

1. The Prime Minister will wish to see the following:

- 1 - FCO telno. 1366, which provides an up-to-date sitrep. and suggestions by the Secretary of State on points to raise with President Bush;
- 2 - FCO telno. 82, which records the Secretary of State's conversation with Prince Saud;
- 3 - FCO telno. 1368, which contains a possible message to King Hussein from the Prime Minister;
- 4 - Washington telno. 1835, which provides our latest accounts of American thinking;
- 5 - Cairo telno. 501, which gives an Egyptian view of the crisis.

2. In addition to the points in FCO telno. 1366, the Prime Minister may wish to get the President's assessment of probable reactions in Congress to the stationing of US forces in Saudi Arabia especially if that took place on a major scale, maybe even as high as four divisions. Such a possibility would have immediate and major budgetary implications, to say nothing of the political commitment it would imply over the longer term. The President would obviously need to be confident of firm backing for such policies on the Hill before acting. I attach (6) an analysis which appeared in today's New York Times by the authoritative commentator Johnny Apple, which bears on the implications of the crisis for the Bush Presidency.

(6)

3. We are in touch with the Americans about contingency planning for evacuation of our nationals from Kuwait. Riyadh telegram no. 550 (7) refers. Reuters are now reporting that a number of British citizens in Kuwait are being rounded up and taken to Baghdad.

(7)

A M Wood

A M WOOD

6 August, 1990

b

SECRET

FM FCO

TO DESKBY 061230Z WASHINGTON

TELNO 1366

OF 061132Z AUGUST 90

INFO IMMEDIATE UKMIS NEW YORK, RIYADH, BAGHDAD, KUWAIT, MODUK
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FOR PRIME MINISTER'S PARTY

PRIME MINISTER'S MEETING WITH PRESIDENT BUSH; IRAQ/KUWAIT

1. YOU ASKED FOR PARTICULAR POINTS THE PRIME MINISTER MIGHT RAISE WITH PRESIDENT BUSH.
2. THE LATEST POSITION ON THE GROUND IS THAT THE IRAQIS ARE NOT WITHDRAWING. BUT ARE MOVING TROOPS AND EQUIPMENT SOUTH FROM IRAQ IN A WAY THAT SUGGESTS THEY MAY BE CONTEMPLATING MOVING INTO SAUDI ARABIA. THEY WOULD NOT NECESSARILY NEED TO MASS ON THE BORDER IN ADVANCE GIVEN THE SHORT DISTANCES INVOLVED. THE EMBASSY IN BAGHDAD HAVE VISITED THE BLT PERSONNEL, WHO APPEAR WELL. THE BLT FAMILIES ARE STILL IN IBI CAMP. WITH THE SAUDI BORDER CLOSED, THE ONLY ATTRACTIVE OPTION IS TO MOVE THEM INTO A KUWAIT HOTEL. I AM ALSO KEEPING EVACUATION PLANS FOR THE BRITISH COMMUNITY IN KUWAIT AS A WHOLE UNDER CLOSE REVIEW, BUT THE CONTINUED CLOSURE OF THE KUWAIT/SAUDI BORDER AND OF KUWAIT AIRPORT ARE MAJOR OBSTACLES.
3. WE HAVE TAKEN ACTION ON THE EC PACKAGE. IRAQI ASSETS WERE FROZEN ON 4 AUGUST AND OIL IMPORTS BANNED AS FROM MIDNIGHT LAST NIGHT. THE OTHER MEASURES WERE ALREADY IN PLACE.
4. A KEY ISSUE IS AMERICAN CONTACTS WITH, AND INTENTIONS TOWARDS, SAUDI ARABIA. SEE IN PARTICULAR WASHINGTON TELNO 1835. A JOINT DOD/STATE ASSESSMENT TEAM IS ARRIVING IN SAUDI ARABIA THIS MORNING. WE ARE URGENTLY CONSIDERING THE NATURE OF POSSIBLE MILITARY GUARANTEES FOR SAUDI ARABIA. TO DO SO EFFECTIVELY WE NEED TO BE FULLY AWARE OF US THINKING ON THE OPTIONS IT IS CONSIDERING, AND OF ANY CONFIDENTIAL ARRANGEMENTS THEY MAY HAVE WITH THE SAUDIS. WE ALSO NEED TO SHARE CLOSELY THEIR UP-TO-DATE OPERATIONAL INFORMATION. ONLY THE PRESIDENT HIMSELF CAN ENSURE WE RECEIVE THIS DEGREE OF COOPERATION.
5. IT WOULD BE HELPFUL IF THE PRIME MINISTER COULD RAISE:
 - A) WHETHER THE SAUDIS HAVE RESPONDED TO THE US OFFER OF FIGHTERS AND AWACS. OUR LATEST INFORMATION FROM THE US EMBASSY IS THAT THEY HAVE NOT, BUT THAT RECENT DISCUSSIONS BETWEEN PRESIDENT BUSH AND KING FAHD WERE MOVING THAT WAY.

/B)

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- B) THE PRESIDENT'S ASSESSMENT OF WHETHER THE SAUDIS INTEND TO CLOSE THE PIPELINES, AND WHAT MILITARY GUARANTEES THE AMERICANS ARE OFFERING/ WOULD OFFER AS ENCOURAGEMENT. I TELEPHONED PRINCE SAUD THIS MORNING. HE SAID HE WANTED FIRM, STRONG ACTION IN THE SECURITY COUNCIL. I ASKED ABOUT THE PIPELINE. HE DID NOT SAY DIRECTLY THAT IT WOULD BE CLOSED BUT SAID SAUDI ARABIA WOULD TAKE HER FULL SHARE OF INTERNATIONAL ACTION.
- C) THE US ASSESSMENT OF HOW IRAQ WOULD REACT TO SAUDI PARTICIPATION IN SANCTIONS, INCLUDING THE RISK OF A PRE-EMPTIVE STRIKE.
- D) US VIEWS ON A UK ROLE IN SUCH MILITARY ASSISTANCE.
- E) US VIEWS ON A NAVAL BLOCKADE OF IRAQ AND KUWAIT. LATEST STATE DEPARTMENT THINKING IS INCLINED TOWARDS NON-COERCIVE REGULATORY MECHANISMS TO ENFORCE AN ECONOMIC EMBARGO.
- F) THE ADVANTAGES OF COORDINATING PUBLIC COMMENTS IN WASHINGTON AND LONDON ABOUT POSSIBLE MILITARY ASSISTANCE TO THE REGION SO AS TO AVOID ANY APPEARANCE OF INCOHERENCE IN ALLIES' PLANNING.
6. THE SAFETY OF OUR CITIZENS IS OF GROWING CONCERN. I THINK THE PRIME MINISTER MIGHT SEND A MESSAGE TO KING HUSSEIN ASKING HIM TO USE HIS INFLUENCE IN BAGHDAD AND KUWAIT TO HELP SECURE SAFE PASSAGE FOR OUR CITIZENS. THE PRIME MINISTER MIGHT MENTION THIS IDEA TO THE PRESIDENT. THERE ARE TWO PERSONNEL ISSUES ON WHICH WE AND THE US ARE SIMILARLY PLACED. FIRST, THE AMERICANS ALSO HAVE A MILITARY LIAISON TEAM IN KUWAIT OF SOME 20 OR 30 MEN. WE UNDERSTAND THAT THEY HAVE NOT BEEN ROUNDED UP. SECOND, THE AMERICAN AMBASSADOR TO BAGHDAD, LIKE OURS, IS NOT IN POST. LIKE US, THEY HAVE BEEN CONSIDERING WHETHER SHE SHOULD BE SENT BACK IN PRESENT CIRCUMSTANCES. THERE IS AN OBVIOUS RISK OF SENDING THE WRONG POLITICAL SIGNAL TO THE IRAQIS AND INCURRING PRESS CRITICISM. ON THE OTHER HAND, THERE ARE CLEAR OPERATIONAL ADVANTAGES IN HAVING AMBASSADORS IN PLACE. THE SOVIET AND JAPANESE AMBASSADORS HAVE BOTH RETURNED TO BAGHDAD SINCE THE INVASION. I HAVE DECIDED TO SEND MR WALKER BACK TO BAGHDAD AS SOON AS POSSIBLE. HE WILL HAVE TO RETURN VIA AMMAN AND ROAD. I AM INCREASINGLY CONCERNED ABOUT OUR CITIZENS IN BAGHDAD AND KUWAIT AND BELIEVE THE RETURN OF THE AMBASSADOR, WHO CAN TACKLE THESE PROBLEMS AT A HIGHER LEVEL, CAN BE JUSTIFIED FOR THAT REASON. WALKER WILL RETURN WITH A TOUGH MESSAGE FOR TARIQ AZIZ. THERE WAS NO SUPPORT AMONG THE TWELVE AT THEIR ROME MEETING ON 4 AUGUST FOR REMOVING THEIR AMBASSADORS OR FOR PREVENTING THEM FROM RETURNING.

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WASHINGTON - PLEASE PASS TO PRIME MINISTER'S PARTY

FROM PRIVATE SECRETARY

SECRETARY OF STATE'S CONVERSATION WITH PRINCE SAUD: IRAQ/
KUWAIT SUMMARY

1. PRINCE SAUD ROBUST IN CALLING FOR INTERNATIONAL ACTION
AGAINST IRAQ. IMPLIES THAT SAUDI ARABIA WOULD CUT THE
PIPELINE.

DETAIL

2. THE SECRETARY OF STATE SPOKE TO THE SAUDI FOREIGN MINISTER
ON THE TELEPHONE THIS MORNING. SAUD DESCRIBED THE SITUATION AS
CRITICAL. IRAQ'S BEHAVIOUR HAD BEEN OUTRAGEOUS AND BEYOND
DESCRIPTION. IT COULD NOT BE ACCEPTED, CONDONED OR LEFT TO
STAND. THE SECRETARY OF STATE REFERRED TO THE DISCUSSIONS NOW
GOING ON IN THE SECURITY COUNCIL. SAUD SAID HE HOPED FOR FIRM
AND STRONG INTERNATIONAL ACTION. THE SECRETARY OF STATE ASKED
WHETHER SAUDI ARABIA WOULD BE ABLE TO TAKE ACTION OVER THE
PIPELINE. SAUD SAID HIS COUNTRY WOULD DO ITS SHARE - ITS FULL
SHARE - OF INTERNATIONAL ACTION. THE SECRETARY OF STATE SAID
THAT IN THE SECURITY COUNCIL THE YEMENIS APPEARED TO BE RELUCANT
FOR ACTION TO BE TAKEN IMMEDIATELY. SAUD SAID THAT EVERYONE
HOPED BEYOND HOPE TO BE ABLE TO RESOLVE THE SITUATION PEACEFULLY
BUT THERE WAS NO MOVE ON THE PART OF IRAQ. IRAQ HAD TO ACCEPT
UNCONDITIONAL WITHDRAWAL AND THE RETURN OF KUWAIT TO ITS PROPER
GOVERNMENT. IRAQ'S ACTION COULD NOT BE CONDONED. WE ALL HAD TO
DO OUR DUTY.

3. THE SECRETARY OF STATE REFERRED TO THE PRIME MINISTER'S
DISCUSSION WITH PRINCE BANDAR AND TO HER MEETING WITH PRESIDENT
BUSH LATER TODAY. HE HOPED THE SAUDIS WOULD LET US KNOW WHAT
MORE WE MIGHT DO. SAUD SAID THAT EVERYTHING THAT SHOULD BE DONE
WAS BEING DONE. HE AND THE SECRETARY OF STATE AGREED TO KEEP IN
TOUCH.

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OF 061300Z AUGUST 90

INFO IMMEDIATE BAGHDAD, KUWAIT, RIYADH, AMMAN

FOR PM'S PARTY ON ARRIVAL

IRAQ/KUWAIT; POSSIBLE MESSAGE FROM PRIME MINISTER TO KING HUSSEIN

1. KING HUSSEIN'S

APPARENT FAILURE TO UNDERSTAND THE

IMPLICATIONS OF THE IRAQI INVASION IS SURPRISING.

HIS ATTEMPTS TO JUSTIFY

SADDAM HUSSAIN'S ACTIONS ARE TOTALLY UNCONVINCING. FROM

MR REEVE'S REPORTING AND THE KING'S PUBLIC STATEMENTS, IT LOOKS AS

IF HE IS A LOST CAUSE, POLITICALLY SPEAKING, ON THIS

ISSUE.

2. THERE IS THEREFORE LITTLE POINT IN ADDRESSING MESSAGES TO THE KING IN AN ATTEMPT TO TRY TO GET HIM TO CHANGE HIS MIND.

HOWEVER, WE DO SEE A CASE FOR THE PRIME MINISTER ASKING HIM TO USE

HIS LINKS WITH SADDAM HUSSAIN TO TRY TO SECURE THE RAPID

EVACUATION OF WESTERN COMMUNITIES FROM KUWAIT. THEY ARE IN AN

INCREASINGLY VULNERABLE POSITION. AS YOU WILL HAVE SEEN, THE

PROVISIONAL GOVERNMENT HAS BEEN MAKING NASTY THREATS ABOUT

FOREIGN NATIONALS. WE THINK IT WOULD BE BEST IF THE PRIME

MINISTER COULD SPEAK TO THE KING ON THE TELEPHONE. FAILING THAT,

A PERSONAL MESSAGE WOULD BE HELPFUL. THE DRAFT BELOW COULD SERVE

AS A SPEAKING NOTE;

BEGINS

THE UK, LIKE MOST OTHER COUNTRIES IN THE WORLD, HAS

UNRESERVEDLY CONDEMNED THE IRAQI INVASION. WE STRONGLY SUPPORT

THE COMPREHENSIVE SANCTIONS RESOLUTION WHICH IS BEING DISCUSSED

IN THE SECURITY COUNCIL - AND, WE HOPE, VOTED ON - TODAY. THERE

CAN BE NO JUSTIFICATION FOR THE IRAQI ACTION WHICH BREACHES ALL

THE FUNDAMENTAL PRINCIPLES OF THE UN CHARTER AND IS A THREAT

TO THE SAFETY OF ALL SMALL STATES.

I HAVE TO TELL YOUR MAJESTY THAT I HAVE BEEN DISMAYED BY

JORDAN'S REACTION. I DID NOT EXPECT TO FIND THE UK AND JORDAN

TAKING OPPOSITE SIDES ON SUCH A CLEAR-CUT CASE OF AGGRESSION.

THE SYMPATHY OF JORDAN'S MANY FRIENDS IN THE WEST IS BEING

SEVERELY STRETCHED.

THERE SEEMS TO ME TO BE ONE

ACTION WHICH WOULD HELP TO RESTORE CONFIDENCE IN THE WEST. THAT

IS IF YOUR MAJESTY FELT ABLE TO USE YOUR INFLUENCE WITH

SADDAM HUSSAIN TO SECURE THE IMMEDIATE RELEASE OF THOSE

FOREIGNERS WHO ARE BEING HELD IN HOTELS IN BAGHDAD AND TO ENABLE

THE LARGE NUMBER OF FOREIGN RESIDENTS IN KUWAIT TO LEAVE FREELY

IF THEY WISH TO DO SO. AT PRESENT AIR LINKS ARE CUT AND THE

SAUDI BORDER CROSSING IS UNCERTAIN. NOT SURPRISINGLY, FEW WISH

TO TAKE UP THE IRAQI SUGGESTION THAT THEY TRAVEL TO BAGHDAD.

THEY MUST BE FREE TO GO WHERE THEY WISH.

I AM SURE YOUR MAJESTY WILL AGREE THAT HOLDING FOREIGNERS AS

IN BAGHDAD AND KUWAIT IS NO WAY TO CONDUCT

INTERNATIONAL RELATIONS. I FEAR FOR THEIR SAFETY. I HOPE I CAN

COUNT ON YOUR MAJESTY TO MAKE A STRENUOUS PERSONAL EFFORT TO

RESOLVE THIS GROWING HUMANITARIAN PROBLEM.

ENDS

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YOUR TELNO 1363 (NOT TO ALL) : IRAQ/KUWAIT

SUMMARY

1. MAIN US FOCUS NOW ON DEFENCE OF SAUDI ARABIA AND THE POSSIBLE NEED FOR EARLY ACTION.
2. REGARDING OIL EMBARGO, US EMPHASISE PREFERENCE FOR NON-COERCIVE REGULATORY MEASURES TO BE COORDINATED WITH EC (AND JAPAN) IN BRUSSELS THIS WEEK.

DETAIL

3. WE TOOK ACTION ON YOUR TUR WITH STATE DEPARTMENT (DOBBINS) AND THE PENTAGON, WHO HAVE PROVIDED AS MUCH INFORMATION AS THEY CAN. AN NSC MEETING (CHAIRD BY SCOWCROFT AND INCLUDING THE JOINT CHIEFS) HAS ALSO JUST ENDED. OUR COMMENTS BELOW REFLECT INPUT FROM ALL THESE SOURCES.

4. TAKING THE POINTS IN YOUR TUR IN ORDER, THE POSITION IS AS FOLLOWS:

A) IRAQI INTENTIONS: DOBBINS STRESSED THAT THE US HAD NO INFORMATION ON IRAQI INTENTIONS. BUT THERE HAD BEEN DISTURBING DEVELOPMENTS IN TERMS OF CAPABILITIES. DESPITE IRAQI STATEMENTS THAT THEY WERE WITHDRAWING, ALL INDICATIONS WERE THAT THEIR FORCES WERE MOVING IN RATHER THAN OUT, CREATING CAPACITY TO MOVE FURTHER SOUTH INTO SAUDI ARABIA AT SHORT NOTICE. IN STATE'S VIEW A MOVE INTO SAUDI TERRITORY COULD OCCUR AT 24 - 48 HOURS NOTICE. DOD ASSESSMENTS WERE AS LOW AS 12 HOURS. EITHER WAY, IT WAS, SAID DOBBINS QUOTE ALARMING UNQUOTE. BUT IRAQI INTENTIONS WERE STILL NOT/NOT KNOWN.

B) CONTINGENCY PLANNING FOR DEPLOYMENT OF US ASSETS: DOBBINS SAID THAT CONTINGENCY DEPLOYMENTS WERE NOW BEING URGENTLY WORKED OUT IN THE LIGHT OF THE LATEST INFORMATION ON IRAQI DISPOSITIONS. BUT THE KEY ISSUE WAS OBTAINING FROM OTHER COUNTRIES THE RESPONSES THE US NEEDED TO PUT THEIR PLANNING INTO EFFECT. IN PARTICULAR, THE AMERICANS HAD NOT YET RECEIVED DEFINITIVE ANSWERS FROM THE SAUDIS, OR FROM UAE AND OMAN. THE SAUDIS HAD HOWEVER JUST AGREED TO RECEIVE A JOINT STATE/DOD TEAM TO LOOK AT DEFENCE AND SECURITY ASPECTS (WE HAVE NO DETAILS OF SIZE AND COMPOSITION, BUT IT MIGHT CONTAIN A MILITARY COMPONENT TO PREPARE FOR THE POSSIBLE DEPLOYMENT OF US F15S).

/C) NATURE AND

(AJP/CHY)

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C) NATURE AND EXTENT OF ASSETS:

THE DEFENCE STAFF HERE ARE REPORTING IN PARALLEL ON THEIR DETAILED DISCUSSIONS WITH THE PENTAGON.

ESSENTIALLY, FOUR TYPES OF ACTIVITY ARE UNDER EVALUATION:

- I. DIRECT AIR ACTION AGAINST BAGHDAD
- II. NAVAL BLOCKADE IN RED SEA, GULF AND OFF TURKEY TO CUT OFF OIL SUPPLIES.
- III. MAJOR REINFORCEMENT OF SAUDI ARABIA (4 DIVISIONS, TAKING 4 - 6 WEEKS TO DEPLOY).
- IV. A TOKEN US MILITARY PRESENCE TO ACT AS A TRIP-WIRE DETERRENT AGAINST AN IRAQI MOVE INTO SAUDI TERRITORY (ESSENTIALLY F15S/AWACS BUT INCLUDING AN AIRBORNE FORCE WHICH COULD BE DEPLOYED IN 24 - 48 HOURS).

EMPHASIS AT PRESENT IS ON III. AND IV. ABOVE, GIVEN THE EVOLUTION OF THE THREAT AND THE POSSIBLE NEED FOR EARLY ACTION. THERE IS IN FACT A SPECTRUM OF OPTIONS HERE, OF WHICH III. AND IV. REPRESENT THE OPPOSITE ENDS. DOBBINS MENTIONED IN THIS CONTEXT THAT THERE COULD BE REQUESTS INVOLVING DIEGO GARCIA. HE DID NOT/NOT MENTION CYPRUS.

D) SAUDI RESPONSE TO EXISTING US OFFER OF ASSISTANCE: NO RESPONSE YET, BUT THE AMERICANS REGARD THEIR READINESS TO ACCEPT AN ASSESSMENTS TEAMS AS ENCOURAGING.

5. FOLLOWING THE NSC MEETING WE UNDERSTAND THAT CHENEY IS ALREADY AIRBORNE WITH THE ASSESSMENT TEAM (INCLUDING DICK CLARKE OF STATE). HE IS DUE TO ARRIVE IN RIYADH EARLY ON 6 AUGUST LOCAL TIME. THE US MAY NOT/NOT MAKE A PUBLIC STATEMENT UNTIL THE PARTY ARRIVE.

6. WE ALSO PASSED DOBBINS THE INFORMATION IN YOUR TELNO 1364. HE WAS GRATEFUL: IT WAS USEFUL TO DISCUSS DETAIL AND TO INVOLVE THE FRENCH. BUT HE EMPHASISED THAT THINKING IN STATE, PARTICULARLY AMONG THE TECHNICAL EXPERTS, WAS MOVING TOWARDS THE VIEW THAT WESTERN OBJECTIVES COULD BEST BE ACHIEVED THROUGH NON-COERCIVE REGULATORY MECHANISMS. CLOSE COORDINATION BETWEEN THE US, EC AND JAPAN IN THE DRAFTING AND IMPLEMENTATION OF COMPLEMENTARY REGULATIONS WAS ESSENTIAL TO THIS. THE US WERE LIKELY TO PROPOSE THAT DETAILED WORK ON THESE LINES SHOULD BEGIN IN BRUSSELS THIS WEEK (PARA 4 OF OUR TELNO 1834 REFERS). WHILE RECOURSE TO THE MILITARY OPTIONS ABOVE COULD NOT BE RULED OUT, A COORDINATED ECONOMIC EMBARGO OF IRAQ MIGHT BE MORE EFFECTIVE THAN A MILITARY BLOCKADE.

7.

PRESIDENT BUSH IS BEING BRIEFED AT 1700 LOCAL. DOBBINS WILL KEEP US INFORMED OF ANY DEVELOPMENTS.

ACLAND

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By [Signature]
30/11/16*

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MY TELNO 498; IRAQ/KUWAIT; EGYPTIAN VIEW OF CRISIS; EC TROIKA
CALL ON EGYPTIAN FOREIGN MINISTER

SUMMARY

1. THE EC TROIKA CALL ON DR ABDEL-MAGID TO HAND OVER THE POLITICAL DIRECTORS' STATEMENT. ABDEL-MAGID VERY DEPRESSED. HE SEES ONLY A FAINT HOPE THAT THE ARABS WILL ACHIEVE ANY PROGRESS.

DETAIL

2. THE EC TROIKA (THE ITALIAN AND DUTCH AMBASSADORS AND THE IRISH CHARGE) CALLED ON DR ABDEL-MAGID ON 5 AUGUST TO HAND OVER THE POLITICAL DIRECTORS' STATEMENT ON THE IRAQI INVASION OF KUWAIT. THEY GAVE AN EC BRIEFING MEETING THAT EVENING.

3. ABDEL-MAGID WAS IN A PESSIMISTIC MOOD. HE GAVE A LONG RECITAL OF RECENT EVENTS CONCENTRATING ON THE WAY THAT HE HAD JOINED THOSE WHO INSISTED ON PUTTING THE ISSUE OF THE IRAQI INVASION TO THE VOTE AT THE ARAB LEAGUE MEETING, AGAINST THE WISHES OF SAADOUN HAMMADI, THE IRAQI DEPUTY PRIME MINISTER. WHEN THE IDEA OF A MINI-SUMMIT WAS MOOTED THE EGYPTIANS HAD WORKED HARD FOR IT BUT IT HAD COLLAPSED OVER THE DIFFICULTY OF GETTING THE IRAQI AND KUWAITI LEADERS TO THE SAME MEETING.

4. ABDEL-MAGID SAID THAT AMERICAN MILITARY INTERVENTION IN THE REGION WOULD GREATLY COMPLICATE MATTERS. THERE WAS A FAINT HOPE THAT IF THE ARABS WERE LEFT TO WORK AT THE PROBLEM SOMETHING MIGHT BE ACHIEVED. HE WAS ENCOURAGED THAT THE MAJORITY OF ARAB STATES HAD VOTED FOR THE STRONG RESOLUTION AT THE ARAB LEAGUE ON 3 AUGUST.

5. ABDEL-MAGID SAID THAT THE EGYPTIANS HAD EARLY ON ASKED SADDAM HUSSEIN EXACTLY WHAT HE WANTED. WOULD HE SETTLE FOR THE TWO ISLANDS? THE IRAQIS HAD REPLIED THAT AT THE VERY LEAST THEY WANTED THE RUMAILA OIL FIELD, AN ANNULMENT OF ALL DEBTS, A PROMISE OF FURTHER SUBVENTIONS PLUS THE ISLANDS. AGAINST THIS BACKGROUND ABDEL-MAGID THOUGHT THAT LITTLE COULD BE DONE. HE ASKED THE EUROPEANS TO EMPHASISE TO THEIR GOVERNMENTS THE EXTREME DELICACY OF THE SITUATION FOR EGYPT AND THE OTHER ARAB STATES. IN REPLY TO A QUESTION FROM THE DUTCH AMBASSADOR, ABOUT WHAT EGYPT THOUGHT OF PLO AND JORDANIAN OPPOSITION TO THE ARAB LEAGUE LINE, ABDEL-MAGID COULD ONLY SAY THAT HE UNDERSTOOD THEIR POINT OF VIEW.

6. THE FRENCH CHARGE REPORTED THAT MUBARAK HAD SPOKEN TO PRESIDENT MITTERRAND BY TELEPHONE ON 4 AUGUST. HE HAD NO TEXT BUT THE GIST OF THE CONVERSATION WAS THAT WHILE MUBARAK UNDERSTOOD THE CALL BY THE INTERNATIONAL COMMUNITY FOR STRONG SANCTIONS AGAINST IRAQ AND COULD GO ALONG WITH THESE HE BEGGED THAT ACTION SHOULD STOP SHORT OF MILITARY INTERVENTION OF ANY KIND. THIS FOR THE EGYPTIANS WAS COMPLETELY OUT OF THE QUESTION.

COMMENT

7. I HAVE JUST COMPARED NOTES WITH EGAN, THE US CHARGE, WHO SHARES MY PERCEPTION THAT THE EGYPTIANS HAVE RUN OUT OF IDEAS. THEY WILL OF COURSE KEEP UP CONTACTS WITH ALL CONCERNED (ARAFAT HAS JUST RETURNED HERE FROM BAGHDAD) BUT THEY HAVE NO EXPECTATIONS OF ANY ARAB SOLUTION TO THE PROBLEM. AT THE SAME TIME THEY ARE SCARED OF A FURTHER ESCALATION. MUBARAK'S REMARKS TO MITTERRAND JUST ABOUT SUM IT UP.

8. EGAN TOLD ME THAT THE AMERICANS HAVE CONSIDERABLE HARD INFORMATION THAT THE IRAQIS ARE CONCENTRATING ARMOUR ON THE SOUTHERN AND WESTERN BORDERS OF KUWAIT AS IF PREPARING TO ATTACK SAUDI ARABIA. HE HAS PASSED THIS INFORMATION TO THE EGYPTIANS AND KNOWS THAT IT HAS BEEN SEEN BY THE PRESIDENT. THIS HAS DOUBTLESS FUELLED MUBARAK'S FEARS THAT MATTERS ARE ABOUT TO GET EVEN FURTHER OUT OF HAND. THE PRESS HAVE REPORTED THE CANCELLATION OF LEAVE FOR CERTAIN EGYPTIAN MILITARY UNITS BUT NEITHER THE AMERICANS NOR OURSELVES HAVE ANY CONFIRMATION OF THIS. THE US EMBASSY IS NOT AWARE THEIR DEFENCE SECRETARY IS COMING HERE (ANOTHER PRESS RUMOUR) BUT AMBASSADOR WISNER IS RETURNING TO POST TODAY.

HARRIS

A President Puts Himself on the Spot

By R. W. APPLE Jr.
Special to The New York Times

WASHINGTON, Aug. 5 — Foreign policy, which lifted George Bush so high in the esteem of his fellow Americans, making him seem for months on end like the man with the infallible touch, now threatens to bring him low.

There is no doubt among those who are responsible for strategic political thinking in the White House and the Republican Party that the crisis in the

News Analysis
Persian Gulf has the potential to cripple the President politically, just as double-digit inflation and the Iran hostage crisis, earlier products of the instability in the Middle East, fatally wounded President Jimmy Carter.

Aware that Mr. Carter and other Presidents had worsened their problems by seeming to temporize, Mr. Bush sought to project an image of boldness this afternoon by pledging that "this will not stand, this aggression against Kuwait." But in all but committing himself to expelling Iraqi troops from the desert sheikdom, the President increased the stakes for himself.

"The storm is mighty," a White House official said. "The boat is small and the oars are short."

Where Bush Is Strong

For the moment, to be sure, Americans are rallying around the President, as they did during the Panama invasion last December and as they always do in times of stress. Democratic politicians say the furthest thing from their minds is taking partisan profit from the situation.

Mr. Bush's reservoir of good will in the country, built up over 16 months in which he benefitted from changes in Eastern Europe, from Democratic disarray and from his successful management of a complex relationship with President Mikhail S. Gorbachev of the Soviet Union, will stand him in good stead in the coming weeks.

Should Iraq invade Saudi Arabia, and should the United States spring to Saudi Arabia's defense, Mr. Bush could almost certainly count on solid backing from an electorate that is always slow to criticize Presidents at war. The same would be true if he used force to drive Iraqi units from Kuwait. But by drawing a line in the sand, he gives a hostage to fortune; failure would open him to criticism from Democrats and others. Had he not drawn the line he would have run the risk of seeming supine in the face of aggression, like

Prime Minister Neville Chamberlain of Great Britain in the 1930's.

The Iraqi strategy, in the view of politicians, diplomats and Middle East scholars, is to remain in Kuwait, with troops or a puppet regime or both, and use it as the base for a long campaign of intimidation against Saudi Arabia and the small, weak oil-producing emirates to the southeast. If far less melodramatic than American combat involvement, that would be still be bad news indeed for Mr. Bush.

Unless successfully challenged through an embargo of improbable thoroughness, a naval blockade or another measure, like closing the two Iraqi oil pipelines, President Saddam Hussein could be in a position to dictate Saudi production levels. Then a "coun-

If Iraq doesn't budge, Bush's ultimatum could come back to haunt him.

try that has shown a ruthless hostility" would have achieved, as former Secretary of State Henry A. Kissinger said today, "a stranglehold on the world oil supply." And that could produce economic wreckage in the United States.

Higher oil prices tend to cut growth and accelerate inflation, which is hardly what the President, whose poll ratings for handling the domestic economy are lower than they are for his management of foreign affairs, wants as the 1990 Congressional and gubernatorial campaigns get under way.

A lengthy downturn, of course, could hurt the President himself as he seeks re-election in 1992. Now retail gasoline prices are leaping. More important perhaps, that phenomenon is being driven home by news organizations; in the Midwest this weekend, where several pivotal 1990 races are concentrated, local television news programs and local newspaper front pages have been dominated not by news from the Middle East but by pictures of service-station pylons with the new, higher numbers in place, accompanied by stories warning of much more to come.

"Seems like we ought to be able to get ourselves out of this, those people over there dictating what happens here," said a man interviewed by a Cleveland television station on Saturday while pumping costlier gas into his car. The comment illustrates a central reality of the post-cold-war world.

Regional conflict has not been swept away by the rapprochement between Moscow and Washington; the superpowers find themselves less able to influence the course of events in areas where the fear of nuclear conflict used to act as a kind of damper.

Pressure to act would increase exponentially, of course, should anything happen to the 3,000 to 3,500 Americans believed to be in Kuwait, with which telephone communications have now been severed for almost 72 hours.

There are other problems. The tortuous negotiations on a domestic budget settlement, for example, have been based on a tacit understanding that some sort of energy tax would be necessary. The idea seems doomed at a moment when gasoline and fuel-oil prices are rising. Any sort of tax increase with recession threatening is likely to be considered economically and politically inadvisable, making it very hard to see how the cuts mandated by the Gramm-Rudman-Hollings legislation will be possible to achieve.

Guns Gain on Butter

Last week's developments had a few positive implications for the President. They are likely to slow, though not to stop, the rush to cut military spending, something Mr. Bush and his aides had been unable to do previously. And the President, as an adoptive Texan, will no doubt be pleased that that state's long-suffering economy is likely to snap back, with its expensive oil better able to compete with more expensive oil from the gulf. But in global or even in national terms, those are relatively small considerations, and the overall picture is an ominous one for Mr. Bush.

The President will need all of his experience, all of his cool and all of his skill in rallying other nations to the cause to handle the diplomatic side of the crisis. He will need great political skills under stress, perhaps more than at any time since he stood on the verge of elimination from the 1988 Presidential contest in New Hampshire, to explain to the American public why, having spent tens of billions of tax dollars in the gulf in the last decade, American influence in the area is so limited.

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INFO FLASH ABU DHBAI, DUBAI, DOHA, BAHRAIN

k

M/A fc ADVANCE COPY
ALSO SENT TO:
(MR Brock)
()

AAA/I9M

MY TELNO 551 AND YOUR TELNO 338: SAUDI ARABIA CIVIL CONTINGENCY PLAN

SUMMARY

1. GROWING CONCERN AMONG BRITISH COMMUNITY ESPECIALLY IN EASTERN PROVINCE. BAE AND MOD TEAM PLANNING TO EVACUATE DEPENDENTS WHO WOULD PREFER TO GO. US EMBASSY STILL SAYING THAT PEOPLE SHOULD STAY IN PLACE, BUT WASHINGTON ARE CONSIDERING A TRAVEL ADVICE AND OPTIONS SUCH AS REDUCING STAFF IN EASTERN PROVINCE. SOME AMERICAN COMPANIES ARE WITHDRAWING DEPENDENTS.

2. OPTIONS FOR UK EVACUATION, WHICH WOULD BE COMPLICATED IF ATTACK WAS QUICK AND WITHOUT WARNING. POSSIBILITY THAT AIRCRAFT WILL BE NEEDED IF TIME PERMITS AIRBORNE EVACUATION OF DEPENDENTS UNDER PHASE 2. SEVERAL RAF TRISTARS STAGING THROUGH DUBAI DURING NEXT FEW DAYS MIGHT HELP.

DETAIL

3. MY TUR SET OUT RESPONSIVE LINE WE ARE CURRENTLY TAKING (PHASE 1) WITH MEMBERS OF THE BRITISH COMMUNITY ENQUIRING ABOUT THEIR SAFETY. THIS WILL NEED TO BE CHECKED REGULARLY AGAINST THE MILITARY SITUATION. WE HAVE NOW MODIFIED THIS IN LINE WITH YOUR TUR, AND ARE WARNING WARDENS. I HAVE HAD MEETINGS THIS MORNING WITH BAE'S DIRECTOR FOR SAUDI ARABIA (MCCLEAN), THE COMMANDER OF THE MOD TEAM AND WITH THE HEAD OF OUR TRADE OFFICE IN AL KHOBAR (LLOYD, CURRENTLY THE ONLY UK BASED OFFICER THERE AND UNACCOMPANIED, THOUGH WE HAVE TWO OFFICERS AT KUWAITI BORDER). ALL REPORT RISING ANXIETY, PARTICULARLY IN THE EP WHERE BAE ALONE HAVE 400 FAMILIES IN DHAHRAN. UK MEDIA REPORTS ON THE THREAT TO SAUDI ARABIA AND THE SAUDIS' OWN MILITARY PREPARATION (GAS MASKS WERE BEING ISSUED TO BAE EMPLOYEES YESTERDAY) HAVE FUELLED CONCERN.

4. GIVEN THE THREAT AND THIS RISING CONCERN BAE AND THE MOD RAF TEAM PLAN NOW TO EVACUATE THOSE DEPENDENTS WHO ARE MOST CONCERNED AND WISH TO LEAVE. BAE HAVE NOT ANNOUNCED THIS DECISION, NEITHER HAVE THEY SPOKEN TO THE SAUDIS. THEY WILL ACT IN AS LOW KEY AS POSSIBLE AND DO NOT EXPECT ALL FAMILIES TO WISH TO GO. THEY DO NOT EXPECT THE SAUDIS TO BE DISPLEASED; BAE EMPLOYEES ARE LIKELY TO BE OPERATIONALLY MORE EFFECTIVE IF UNCONCERNED ABOUT THEIR DEPENDENTS. WE UNDERSTAND THAT AMERICAN COMPANIES, INCLUDING BECHTEL, HAVE ALREADY MOVED FROM URGING NON-ESSENTIAL PERSONNEL TO BE READY FOR DEPARTURE, TO MAKING ARRANGEMENTS TO EVACUATE DEPENDENTS BY CIVIL AIR, AT LEAST IN THE EP. BAE FEEL THAT IF THEY EVACUATE DEPENDENTS, IT WILL BE DIFFICULT TO DISCRIMINATE BETWEEN THOSE IN THE EP AND THOSE ELSEWHERE IN SAUDI ARABIA.

5. I TOLD MCLEAN (BAE) AND AIR COMMODORE CURRY THAT I SAW NO OBJECTION TO THE ACTION THEY PROPOSE, WHICH IS CONSISTENT WITH CONSULAR ADVICE WE ARE GIVING. INDEED THEIR ACTION SEEMS TO ME PRUDENT. WE ARE PURSUING POSSIBILITY OF SIMILAR ACTION IN RESPECT OF DEPENDENTS OF SMALL RN TEAM AT JUBAIL CLOSEST TO ANY INITIAL IRAQI ACTION OUT OF KUWAIT.

6. WE NEED NOW TO CONSIDER WHAT REVISED ADVICE AND ACTION WOULD BECOME NECESSARY LOCALLY IN EVENT OF ESCALATION HERE, IE TO PHASES 2 OR 3 OF THE CONTINGENCY PLAN. SAUDIS ARE MOVING UNITS NORTH TOWARDS THE IRAQI BORDER (WE ARE REPORTING SEPARATELY ON THIS). IN THE EVENT OF A VERY RAPID IRAQI ATTACK SOUTH, WE WOULD BE UNABLE TO ARRANGE AN AIRBORNE EVACUATION, AND ADVICE WOULD HAVE EITHER TO BE FOR THE COMMUNITY TO STAY PUT, OR TO MOVE BY ROAD IN THE DIRECTION OF UAE/QATAR OR TO THE WEST OF THIS COUNTRY VIA RIYADH IF THEY FELT THEY COULD SAFELY LEAVE THEIR HOMES (IE MODIFIED PHASE 3 OF CONTINGENCY PLAN). THE LATTER OPTION WOULD GIVE IRAQIS FEWER HOSTAGES, AND SEEMS LIKELY TO APPEAL TO MANY. ONLY WHEN WE KNOW THE DIRECTION AND NATURE OF AN IRAQI ATTACK, SHOULD ONE OCCUR, WILL IT BE POSSIBLE TO JUDGE WHICH OF THESE OPTIONS IS SENSIBLE, BUT I FEEL THAT PREMIMINARY THOUGHT SHOULD BE GIVEN TO THE TWO ALTERNATIVES. MY DA AND THE COMMANDER OF THE MOD TEAM ADVISE AGAINST FORECLOSING ON THE OPTION OF DISPERSAL FROM THE EP BY ROAD.

7. THIS ALL SOUNDS ALARMIST. BUT NOT IMPOSSIBLE. WE MAY FIRST (SUBJECT TO MILITARY BRIEFING FROM LONDON) REACH POINT (PHASE 2) WHERE WE SHOULD ACTIVELY ADVISE DEPENDENT AND NON-ESSENTIAL BRITISH RESIDENTS TO LEAVE. THE AMERICANS WITH WHOM WE ARE IN CLOSE TOUCH AND WHOM WE WILL SEE AGAIN ON EVACUATION MATTERS AT 0730Z TOMORROW, 7 AUGUST, ARE STILL ADVISING PEOPLE THAT THERE IS NO REASON TO LEAVE, THOUGH WASHINGTON ARE REVIEWING THIS THE POINT AT WHICH PHASE 2 MAY BECOME NECESSARY COULD HOWEVER BE QUICKLY UPON US. IF THE THREAT APPEARS IMMEDIATE, WE WILL THEN CLEARLY WANT TO ARRANGE AN AIRBORNE EVACUTAION FROM DHAHHRAN AND PERHAPS SUBSEQUENTLY FROM THE OTHER MAIN CENTRES IN THE KINGDOM, RIYADH AND JEDDA. THE NUMBERS ARE LARGE, SOME 20,000 NON-ESSENTIAL BRITISH RESIDENTS AT FULL STRENGTH, BUT THIS IS MID-SUMMER AND NO MORE THAN 50 PER CENT MAY BE HERE. WE JUDGE THAT AN EVACUATION OF NON-ESSENTIALS FROM THE EP, WHERE THE TOTAL RESIDENT POPULATION WOULD NOT AT THIS TIME OF YEAR INVOLVE MORE THAN 6,000 PEOPLE AT MOST. PLEASE CONSIDER URGENTLY WHAT AIRCRAFT ARE AVAILABLE (SEABORNE EVACUATION SHOULD BE POSSIBLE FROM JEDDA IF IT REACHED THAT POINT). ACCORDING TO THE COMMANDER OF THE MOD TEAM TRISTARS AND A C130 ARE LIKELY TO BE STAGING THROUGH DUBAI TO HONG KONG ON RAF BUSINESS IN THE NEXT FEW DAYS. CAN THESE BE HELD IN READINESS?

MUNRO

YYYY

REHPAN 7841

NNNN

MR. POWELL

esp says 'yes'

PRIME MINISTER'S VISIT TO SDI

During the Prime Minister's visit to the SDI Base at Falcon she will meet a female astronaut, Major Maureen Lacomb. The organisers of this visit have asked if the Prime Minister can present a small token to Major Lacomb (eg. a pen) so that the astronaut may take this with her into space and, on return, will send it back to No. 10 Downing Street for possible exhibition. The specific request was for a token with No. 10 Downing Street embossed on it.

Content? (*I provisionally agreed.*)

Carole Edwards.

CAROL EDWARDS

2 August

MEETING RECORD
cc MASTER



file
11 (A-b)

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

2 August 1990

See Stephen,

**PRIME MINISTER'S MEETING WITH PRESIDENT BUSH
IN ASPEN**

The Prime Minister had a talk with President Bush in Aspen this afternoon. I have recorded separately the discussion on the Iraq/Kuwait crisis. This letter deals with the other aspects of their discussion. It contains highly sensitive material and should be seen only by those with a strict need to know.

US/Soviet Relations

The President said that Secretary Baker's meeting with Shevardnadze in Irkutsk had been very good and, as a result, he was much more optimistic on the prospects for CFE and START. Prior to the meeting, the Soviets had been saying that there would be a Summit this year, which was news to the Americans. Shevardnadze had come off that, but it had nonetheless been a very upbeat meeting. He still awaited a full report from Secretary Baker, but the prospects on START looked particularly good. Shevardnadze had also been quite bullish about the internal situation, claiming that Gorbachev would be able to work out problems with Yeltsin. The Prime Minister referred to the most recent Soviet proposals on CFE. It was not clear whether they offered a way forward, although they had some promising features. The President said he still awaited a full report from Secretary Baker on these.

The Prime Minister said that she got the impression that Mr. Gorbachev was through the worst following his Party Congress. The President countered that he had been getting information that Gorbachev was a lot less secure than he himself had believed. Like the Prime Minister, he had felt Gorbachev had done well at his Party Congress.

*Temporarily retained
20/11/16*

The advice was that the United States should not get too hung up on Gorbachev. His own view was that we must deal with Gorbachev while he was there. The Prime Minister said we were all aware of Gorbachev's vulnerability. But we had good reason also to be grateful to him.

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SECRET AND PERSONAL

b

The Prime Minister said that the Soviet Union seemed already to have spent all the additional credits and loans which they had received from Germany to pay off outstanding debts. She feared that the Germans might try to push through proposals for more substantial financial assistance at the EC Heads of Government meeting in October. She would argue that the Community must await the IMF report.

Soviet Biological Warfare Programme

The President said that Secretary Baker had received a much better and far more detailed reply from Shevardnadze in Irkutsk on the difficult issue of the Soviet biological warfare programme. In effect Shevardnadze had agreed to everything which the Americans had asked: visits, interviews and so on. Baker was coming back with a Soviet paper. He would ensure that the Prime Minister received further details as soon as possible.

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Pg 2
30/11/16*

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Vietnamese Boat People

The Prime Minister referred to the problem of Vietnamese boat people. There was a real risk that the ASEAN countries would stop first asylum and start pushing off boats. She thought there was a prospect of getting an agreement which would allow repatriation of all those who were not genuine refugees, provided the United States was prepared at least to stand aside. The President wondered whether it might be possible to link this in some way to the United States' new look at the Vietnam/Cambodia complex of problems. There was no time to pursue the issue further.

The President conveyed his sympathy for the murder by the IRA of Mr. Ian Gow, MP.

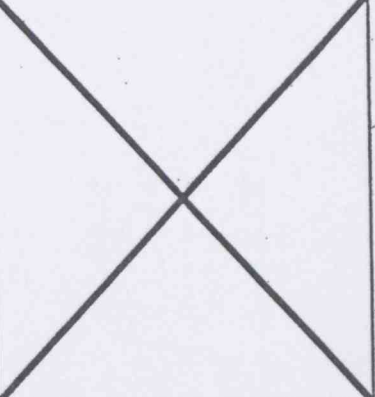
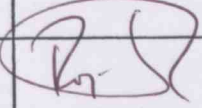
I am copying this letter to Simon Webb (Ministry of Defence).

Yun niang
C. D. Powell
C. D. POWELL

J. S. Wall, Esq., L.V.O.,
Foreign and Commonwealth Office

(SECRET AND PERSONAL)

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COMMENT:

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MY TELNO 1560: THE US DOMESTIC POLITICAL SCENE

SUMMARY

1. CONCERN ABOUT FALTERING US ECONOMY DOMINATES POLITICAL SCENE. BUSH REMAINS PERSONALLY POPULAR (ALTHOUGH LESS SO THAN EARLIER), BUT AMERICANS ARE INCREASINGLY CRITICAL OF HIS HANDLING OF ECONOMIC AND DOMESTIC POLICY. THE TIMING AND CONTENT OF STILL ELUSIVE DEFICIT REDUCTION AGREEMENT OF GREAT POLITICAL IMPORTANCE FOR THE PRESIDENT AND HIS PARTY.

DETAIL

2. THE PRIME MINISTER MAY LIKE A SNAPSHOT OF THE US DOMESTIC POLITICAL SCENE BEFORE HER MEETING WITH THE PRESIDENT IN ASPEN, AND BEFORE CONGRESS RISES FOR ITS SUMMER BREAK (IN THE NEXT WEEK OR SO).

3. CONCERN ABOUT THE FALTERING US ECONOMY NOW DOMINATES THE US POLITICAL SCENE. THE POLLS REPORT THAT NEARLY TWO THIRDS OF AMERICANS BELIEVE THAT THE COUNTRY IS SERIOUSLY ON THE WRONG TRACK. IN A MAJOR CHANGE, THE BUDGET DEFICIT HAS FAR OUTSTRIPPED DRUGS AS THE DOMESTIC ISSUE OF MOST CONCERN TO AMERICANS.

4. THESE CONCERNS ARE BEING FED BY TWO MAIN FACTORS: FIRST, THE SLUGGISH PERFORMANCE OF THE US ECONOMY ITSELF; AND, SECOND AND PROBABLY MORE IMPORTANT, A GREAT INCREASE IN MEDIA COVERAGE (AND PUBLIC UNDERSTANDING) OF THE BUDGET DEFICIT AND OF THE SAVINGS AND LOAN CRISIS. THE PRESIDENT'S U-TURN ON TAXES, AND THE CONTINUING FAILURE OF THE ADMINISTRATION AND CONGRESSIONAL NEGOTIATORS - DESPITE BUSH'S PERSONAL INVOLVEMENT THROUGHOUT LAST WEEK - TO AGREE ON A DEFICIT REDUCTION PACKAGE (WHICH WILL PROBABLY NOT NOW BE ACHIEVED UNTIL SEPTEMBER), HAVE CONTRIBUTED TO THE AIR OF PESSIMISM. ALMOST EVERY DAY BRINGS NEW REVELATIONS OF THE SCALE OF THE THRIFTS SCANDAL, INCLUDING THE INVOLVEMENT OF THE PRESIDENT'S SON WITH A FAILED S AND L IN COLORADO.

5. IN OTHER AREAS OF DOMESTIC POLICY, BUSH CONTINUES TO ENCOUNTER DIFFICULTIES, PARTLY BECAUSE THE SEARCH FOR CONSENSUS ON A NUMBER OF DEEPLY DIVISIVE ISSUES HAS PROVED MORE EXPENSIVE POLITICALLY THAN BUSH MIGHT HAVE HOPED. THE BEST EXAMPLE OF THIS IS THE ADMINISTRATION'S CONTINUING SEARCH FOR A COMPROMISE ON THE

CIVIL RIGHTS BILL, WHICH THE ADMINISTRATION, BIG BUSINESS AND CONSERVATIVE REPUBLICANS INSIST WILL FORCE FIRMS TO ADOPT QUOTAS TO AVOID LITIGATION. THE PRESIDENT'S PROBABLY UNWISE RECENT COMMENT THAT HE WAS QUOTE DESPERATE UNQUOTE TO AVOID A VETO CAME AGAINST THE BACKGROUND OF EROSION OF HIS SUPPORT AMONG BLACKS (60 PER CENT OF WHOM NOW DISAPPROVE OF HIS PERFORMANCE), AND CRITICISM FROM MODERATE DEMOCRATS AND REPUBLICANS OF HIS DECISION RECENTLY TO VETO A PARENTAL LEAVE BILL.

6. FOR THE PRESIDENT, ALL THIS HAS MEANT A FURTHER EROSION IN HIS OVERALL APPROVAL RATING (WHICH NEVERTHELESS REMAINS IN THE LOW SIXTIES), AND MUCH MORE DRAMATIC DROPS IN THE PERCENTAGES APPROVING OF HIS HANDLING OF ALMOST EVERY ECONOMIC OR DOMESTIC ISSUE MENTIONED BY POLLSTERS. THE AMERICAN PEOPLE LIKE THE PRESIDENT (AND MRS BUSH EVEN MORE SO), BUT SIGNIFICANT MAJORITIES OF THEM ARE INCREASINGLY SCEPTICAL OF HIS ABILITY TO MANAGE ECONOMIC AND DOMESTIC POLICY. THERE HAS ALSO BEEN INCREASINGLY VOCIFEROUS CRITICISM OF BUSH FROM THE REPUBLICAN RIGHT, WHO ARE MORE SUSPICIOUS THAN EVER OF THE PRESIDENT'S PREFERENCE FOR CONCILIATION OVER CONFRONTATION. THEY WERE CRITICAL OF THE CHANGE OF COURSE ON TAXES, AND, MOST RECENTLY, HAVE BEEN DISAPPOINTED BY BUSH'S CHOICE OF THE RELATIVELY UNKNOWN JUDGE SOUTER FROM NEW HAMPSHIRE TO FILL THE SWING SEAT ON THE SUPREME COURT VACATED BY THE LIBERAL BRENNAN.

7. SINCE THE ALTERNATIVE TO A DEFICIT REDUCTION AGREEMENT - SAVAGE AUTOMATIC CUTS IN MAINLY DOMESTIC PROGRAMMES - IS TOO AWFUL FOR EITHER SIDE TO CONTEMPLATE, A BUDGET AGREEMENT SOONER OR LATER MUST BE LIKELY. THE SUMMER BREAK WILL ALSO OFFER A RESPIRE. FOR THE PRESIDENT, THE TRICK WILL BE TO ACHIEVE SUCH AN AGREEMENT WITHOUT FURTHER SERIOUS CONSEQUENT DAMAGE TO REPUBLICAN CANDIDATES IN THE NOVEMBER ELECTIONS. HE AND HIS PARTY ARE GAMBLING THAT, IF THE TIMING AND CONTENT OF A DEFICIT REDUCTION AGREEMENT ARE RIGHT, THEN THE ECONOMY, AND THUS POLITICAL SUCCESS, WILL FOLLOW.

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[A P HOBBS]



Foreign and Commonwealth Office

CONFIDENTIAL

London SW1A 2AH

30 July 1990

Dear Charles,

Bilateral with President Bush: 2 August

I wrote on 27 July giving briefing for the Prime Minister's meeting with President Bush. I am now writing with briefing on China and Hong Kong, taking account of Francis Maude's visit to Peking and Hong Kong.

China

The Prime Minister may wish to discuss China with President Bush, following Mr Maude's visit. Mr Maude was well received by the Chinese Government. The main focus of the visit was Hong Kong but bilateral and international issues were also discussed. He had meetings with Premier Li Peng and Vice Premier Wu Xueqian as well as two sessions with his opposite number in the Chinese MFA and with the State Council's Hong Kong and Macao Office. The Chinese expressed appreciation for our efforts with EC and G7 partners to move to a more forward-looking policy; and for our lobbying over China's MFN status. The Prime Minister may like to say:

- Chinese seem to have appreciated gesture of visit, first by UK or EC Minister since last June. Mr Maude had been well received, saw Li Peng.
- atmosphere generally good. Discussions were frank and there was no glossing over of difficulties but tone was friendly. Chinese appreciated our efforts to work for relaxation of EC measures towards China.
- Mr Maude put on record our human rights concerns. Chinese did not react, nor attempt to justify their record.
- bilaterally, no specific breakthrough, nor were any intended. Some advance in bilateral cooperation, eg our wish to resume high level visits, particularly of reform-minded figures. Chinese clearly wanted more but did not press the issue.
- on Cambodia, Chinese repeated their position on standard lines; stressed that they thought the recent adjustment in US policy was not a favourable development.

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- we will continue to argue for more forward-looking policy within the EC. How does President Bush see US/China relations developing?

Hong Kong

On Hong Kong, the Prime Minister will wish to brief President Bush on the outcome of Mr Maude's visit to Peking and to stress that the public Chinese reaction to our nationality scheme is not a serious set back. The Prime Minister may like to say:

- although there was no specific breakthrough on Hong Kong issues, Chinese were more conciliatory than in past recent exchanges.
- passage of Nationality Bill into law was bound to elicit some kind of response from Chinese. Chinese position on our nationality scheme is already well known.
- continuing our efforts to overcome Chinese suspicions about plans for the new international airport. Li Peng's acknowledgement that Hong Kong needs a new airport is welcome.
- continue to look to US for support for Hong Kong. Continuing commitment of US investors to the territory an important element in maintenance of confidence.

Yours,
Stephen Cook
(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

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FOR NAD

MY TELNO 1759 AND TELECON RALPH/FRENCH, NAD: PRIME MINISTER'S
MEETING WITH PRESIDENT BUSH IN COLORADO

1. THE WHITE HOUSE HAVE BEEN JUGGLING WITH THE PRESIDENT'S PROGRAMME IN ASPEN, MAINLY IN THE INTERESTS OF SECURING OPTIMUM MEDIA COVERAGE OF HIS SPEECH. HENCE THE UNFORTUNATE CHOPPING AND CHANGING OVER THE TIMING OF HIS BILATERAL WITH THE PRIME MINISTER. THEY HAVE, HOWEVER, NOW GIVEN US REVISED TIMINGS, WITH THE ASSURANCE THAT THESE ARE FIRM.
2. THE MEETING WITH THE PRIME MINISTER (AT THE CATTO HOUSE) WILL NOW RUN BETWEEN 12.30 AND 2.00 PM. THERE WILL BE A PHOTO OPPORTUNITY AT THE BEGINNING, AND A FAIRLY SUBSTANTIAL QUOTE PRESS AVAILABILITY UNQUOTE AFTERWARDS. PRESIDENT BUSH WILL MAKE HIS SPEECH AT THE ASPEN INSTITUTE, WHICH IT IS HOPED THAT THE PRIME MINISTER WILL ATTEND, AT 3.30PM. THE DINNER CHEZ CATTO IS SCHEDULED FOR 7.30PM, BUT THE WHITE HOUSE ARE TRYING TO BRING IT FORWARD TO 7.00 PM IN CASE THE PRESIDENT NEEDS TO FLY BACK TO WASHINGTON THAT NIGHT IN CONNECTION WITH THE BUDGET DEFICIT TALKS. UNLESS WE HEAR TO THE CONTRARY, WE WILL NOW FIRM UP PLANS ON THIS BASIS.

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9

PRIME MINISTER

SDI

While you are in Colorado, you will be visiting the SDI National Test Bed. I attach some background briefing notes about the current state of play on the programme which you may find useful.

C.D.P.

C. D. Powell

30 July 1990

J A-C.

PRIME MINISTER

MEETING WITH PRESIDENT BUSH

You are to have a couple of hours talk with the President in Aspen on Thursday, either mid-afternoon before his speech [or immediately after it] and before the supper which you will both attend at the Catto's ranch. He will be accompanied by General Scowcroft and Henry Catto. Antony Acland will also be present.

You have of course talked quite a lot to the President in the last month or two and cleared away a number of current issues. The President indicated at Houston that the main matter he would like to talk about in Aspen was relations between the United States and Europe and some of the problems he saw coming down the road. You detected at the Economic Summit that he was a mite irritated by the presumption of Chancellor Kohl, President Mitterrand and M. Delors in assuming that, once Europe had decided on something, the Americans just had to tag along. This is, therefore, a good opportunity to get him to understand the true nature of what is happening in Europe and your point of view. More generally, the meeting is a useful antidote to those who are continually carping that Britain is on the side lines, with the Americans interested only in paying court to the Germans.

On Europe/US you will want to get him to see the distinction between your vision of an open and outward-looking Community, and proposals for integration which would have Europe go in the direction of more protectionism. If we are sometimes out of step with other European countries, it is not out of cussedness or some post-imperial fantasy but because we are fighting a serious battle for the soul of the European Community. The Americans should not be misled by what other Europeans say about their wish for a better relationship between Europe and the US: the wish is no doubt sincere, but the reality of their policies will be harmful to American interests in the medium and longer term and bound to negate the value of assurances about wanting good relations.

You might then take the President through some of the current issues where this applies: the nature of Economic and Monetary Union: the Uruguay Round, aid to the Soviet Union, the CAP: the Social Charter. There are profound philosophical differences between us and most of our European partners on these issues. But we have been in a minority before and are no less determined now to tug the Community in a liberal free-market direction. We are not of course looking for specific support on particular issues from the United States. Equally we would prefer them not to feed the notion that Britain is unhelpfully isolated within Europe, an impression which their press briefing sometimes gives.

You will also want to go over with the President your respective assessments of where Mr. Gorbachev now stands following his party conference and the meeting with Chancellor Kohl. The subject of aid to the Soviet Union will have to be addressed in the autumn and we are almost certainly going to have to come up with something, although each country should be free to decide what and how much it gives. You will want to warn the President that you will be making an oblique reference in your Aspen speech to the possibility of associating Mr. Gorbachev with the Economic Summit next year, if everyone agrees.

You sent the President a message about our defence options review and he has said that he would like to discuss this in Aspen.

You might also take stock of where we are on German unification and how we think relations between Germany and the Soviet Union are likely to develop in future. The Germans seem to want to be in the driving seat with the Russians at the expense of the US and UK. We shall need to guard against surprise.

Although there is nothing specifically new to say on the Middle East you ought to compare notes on Iraq/Kuwait and continue your encouragement to the President to push on with efforts to get an Israeli/Palestinian negotiation started.

C

Finally, you might touch on Vietnamese boat people. There is a risk that the Americans will think we are not serious if you fail to raise it with the President. The Americans have inched forward slightly by agreeing to consider returning those who do not volunteer but acquiesce. Virtually everyone else favours a commitment to mandatory repatriation and a deadline for clearing the camps of refugees and non-refugees alike. We do not expect the President to endorse this, but hope the United States would be prepared to stand aside and not prevent it.

A number of issues which you could cover if time permits are:

- nuclear
- SDI
- China
- South Africa
- environment.
- *Soviet BW programme*

Most of these are covered in the attached Foreign Office letter.

C.D.P.

(C. D. POWELL)

29 July 1990

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PRIME MINISTER'S MEETING WITH PRESIDENT BUSH AT ASPEN, 2 AUGUST

1. CLOSE US/GERMAN RELATIONSHIP TO CONTINUE, BUT SUBJECT TO FUTURE STRAINS IN THE NATO AND EC CONTEXTS. THE AMERICANS HAVING TO ADJUST TO NEW ALLIANCE AND COMMUNITY REALITIES. WE SHOULD USE ASPEN TO OPEN A NEW CHAPTER.

DETAIL

2. THE PRIME MINISTER WILL BE TALKING TO THE PRESIDENT AT A TIME WHEN US MINDS ARE BEGINNING TO TURN TO THE WIDER IMPLICATIONS OF OUR SUCCESS IN ENSURING THAT A UNIFIED GERMANY WILL REMAIN A FULL MEMBER OF NATO. THE PURSUIT OF THE LATTER OBJECTIVE OVER THE PAST NINE MONTHS OR SO HAS DOMINATED US POLICY-MAKING, HEIGHTENING THE IMPORTANCE OF THE WASHINGTON-BONN RELATIONSHIP, WITH SOMETIMES BRUISING RESULTS FOR US AND THE FRENCH. THERE IS STILL SOME RESENTMENT HERE AT SOME OF OUR ATTITUDES, AS WELL, NO DOUBT, AS IN LONDON AT THE CAVALIER WAY IN WHICH THE AMERICANS HAVE ON OCCASION BEHAVED. I HOPE THE ASPEN TALKS CAN BE USED TO OPEN A NEW CHAPTER.

3. THE PRESIDENT AND HIS CLOSEST ADVISERS ARE PROUD OF WHAT HAS BEEN ACHIEVED, INCLUDING THE ESTABLISHMENT OF WHAT THEY SEE AS AN UNUSUALLY WARM AND CLOSE RELATIONSHIP WITH BONN AND, IN PARTICULAR, BETWEEN BUSH AND KOHL. THIS ESSENTIAL SATISFACTION, PRESS SPECULATION NOTWITHSTANDING AND DESPITE SOME NIGGLES OVER THE DETAILS, HAS NOT BEEN COMPROMISED BY THE SOVIET-GERMAN ACCORD ANNOUNCED AT STAVROPOL (MY TELNO. 1727, NOT TO ALL). THE AMERICANS WILL WANT, MOREOVER, TO MAINTAIN THEIR LINKS WITH BONN AT THEIR PRESENT INTENSITY NOW THAT THE FIRST PHASE OF THE MOVEMENT TOWARDS GERMAN UNIFICATION IS COMING TO AN END.

4. THIS IS NOT HOWEVER TO SAY THAT US TRUST IN GERMANY IS TOTAL. ON THE CONTRARY, THERE ARE LIKELY TO BE STRAINS IN THE COMING YEARS IN BOTH THE NATO AND EC CONTEXTS. THE AGENDA FOR THE NEXT PHASE WILL BE WIDER, AND IN A SENCE MORE NORMAL MAKING THE AMERICANS

LESS LIKELY TO CONCENTRATE SO EXCLUSIVELY AS THEY HAVE FELT IT NECESSARY TO DO OVER THE PAST SEVERAL MONTHS ON GETTING AHEAD OF GERMAN ASPIRATIONS AND CHANNELLING THEM TOWARDS NATO. THIS MEANS THAT THERE SHOULD BE MORE ROOM FOR US (AND THE FRENCH, IF THEY ARE ABLE TO TAKE THE OPPORTUNITY) TO EXERCISE CONSTRUCTIVE INFLUENCE. AMERICAN HOPES OF THE UK MAY BE ALL THE HIGHER BECAUSE THEY FEAR MITTERRAND'S GRIP ON FRENCH POLICY-MAKING MAY BE BECOMING MORE UNCERTAIN, WITH THE CONSEQUENT RISK OF A RESURGENCE OF WHAT THEY REGARD AS TRADITIONAL OBSTRUCTIONISM FROM THE QUAI.

5. THE AMERICANS FACE, AS THEY MOVE TOWARDS NEXT YEAR, TWO INTER-RELATED SETS OF PROBLEMS. THE WAY THAT GERMAN POLICIES DEVELOP WILL BE OF PARAMOUNT IMPORTANCE TO THEM IN BOTH REGARDS. THEY WANT, IN THE FIRST PLACE, TO PRESERVE AND DEVELOP NATO, AS THEIR PRINCIPAL INSTITUTIONAL LINK WITH EUROPE, EVEN WHILE THE SECURITY CONTEXT WHICH CALLED IT INTO BEING IS CHANGING ALMOST OUT OF RECOGNITION AND THE PRESSURES TO DIMINISH THEIR MILITARY PRESENCE ON THE CONTINENT ARE ON THE RISE. THE RESULTS OF OUR OWN REVIEW OF OUR DEFENCE OPTIONS WILL ADD TO THEIR PROBLEMS. THOUGH THEY UNDERSTAND WHY WE HAVE ACTED, THEY WILL BE KEEN TO MAKE SURE THAT THE CONSULTATIONS WHICH WE HAVE PROMISED ARE FULL AND GENUINE. THE AMERICANS WILL WANT TO KEEP A CLOSE EYE ON THE DEVELOPMENT OF GERMAN SECURITY POLICY FOLLOWING UNIFICATION. THEIR FAITH IN THE EVENTUAL DEPLOYMENT IN GERMANY OF TASM IS ALREADY EBBING, GIVEN THE WAY THAT THEY EXPECT GERMAN PUBLIC OPINION TO DEVELOP IF EAST/WEST TENSIONS CONTINUE TO ABATE. THEIR UNDERLYING FEAR IS THAT THEY MAY BE LEFT AFTER SOME YEARS WITH A NATO DRAINED OF MUCH OF ITS PRESENT MEANING, BUT NOT INSTILLED WITH NEW LIFE, AND WITH NO EFFECTIVE SUBSTITUTE BASIS FROM WHICH TO EXERCISE A EUROPEAN ROLE. IF IT IS OUR TOP PRIORITY TO ENSURE A CONTINUED SIGNIFICANT U.S. PRESENCE IN EUROPE, WE MUST FOLLOW THAT AS SINGLE MINDEDLY AS THE AMERICANS PERSUED GERMAN MEMBERSHIP TO NATO.

6. THE AMERICANS ALSO NEED, SECONDLY, TO TAKE INCREASING ACCOUNT OF AN EC WHOSE COHESION SEEMS LIKELY TO GROW. SOME COMMUNITY ASPIRATIONS MAY CUT ACROSS THEIR HOPES OF NATO AS THE MAJOR FORUM FOR COORDINATING WESTERN POLICIES. US SUPPORT FOR EUROPEAN INTEGRATION HAS BEEN BUTTRESSED UP TO NOW BY THEIR HOPES OF A EUROPEAN PILLAR EMERGING TO STRENGTHEN NATO. THIS SORT OF ARGUMENT BECOMES HARDER TO SUSTAIN AS THE THREAT TO WESTERN SECURITY DIMINISHES. THOUGH IT STILL APPLIES, AND THE AMERICAN ATTACHMENT TO THE IDEA OF A COHESIVE COMMUNITY HAS ARGUABLY BEEN REINFORCED BY US PERCEPTIONS OF A NEED FOR A FIRM CONTEXT INTO WHICH TO FIT A UNITED GERMANY, ONE EFFECT OF PRESENT AND POSSIBLE FUTURE DEVELOPMENTS HAS BEEN TO INCREASE LONG-STANDING AMERICAN AMBIVALENCE OVER WHETHER THE COMMUNITY IS

A POTENTIAL PARTNER OR A POTENTIAL RIVAL.

7. US/EC RIVALRY IS MOST OBVIOUS IN THE ECONOMIC AND COMMERCIAL FIELDS, WHICH MAY COME INCREASINGLY INTO PROMINENCE IF, AND WHEN, SECURITY ISSUES START TO SEEM LESS PRESSING. THE PRESIDENT WAS UNDOUBTEDLY PUT OUT BY THE FEELING THAT EC COUNTRIES GANGED UP ON HIM AT HOUSTON, INCLUDING EVEN, TO SOME EXTENT, THE UK. THERE HAVE BEEN PLENTY OF OTHER INDICATIONS OF US IRRITATION AT EC COUNTRIES, AS THEY SEE IT, CONCERTING POLICIES WITH SCANT REFERENCE OR EVEN REGARD TO WASHINGTON. THE OVERALL RESULT IS THAT GENERAL US SUPPORT FOR EC INTEGRATION, AND A GENERAL AMERICAN PREDISPOSITION TO GO ALONG WITH THE MAJORITY, INSOFAR AS IT CONCERNS THEM, ON INTRA-EUROPEAN ISSUES, IS AT ODDS WITH A CONTINUING STRAIN OF SUSPICION IN WASHINGTON AS TO THE FUTURE OF THE EC/US RELATIONSHIP. THE PRESIDENT, IN PARTICULAR, HARBOURS DOUBTS ABOUT THE EFFECTS OF 1992, AND FINDS DELORS ANTIPATHETIC. THE AMERICANS ALSO HAVE RESERVATIONS ABOUT THE PROSPECT OF FURTHER EC ENLARGEMENT, WHICH THEY BELIEVE WOULD PUT THEM AT A DISADVANTAGE.

8. THE PRESIDENT WILL THEREFORE HOPE AT ASPEN FOR ANOTHER GOOD TALK SUCH AS THAT WHICH THE PRIME MINISTER AND HE ENJOYED AT BERMUDA. THIS WOULD START FROM THE PREMISE THAT, NOW WE HAVE SECURED OUR MAIN OBJECTIVE OF GERMAN MEMBERSHIP OF NATO, AND CAN EXPECT A SATISFACTORY RESOLUTION OF THE REMAINING PROBLEMS IN 2 PLUS 4 AND CFE, IT IS TIME TO TAKE A MORE GENERAL LOOK AT WHAT WE WANT TO ACHIEVE IN THE COURSE OF 1991, AND AT WAYS IN WHICH THE BRITISH AND AMERICANS CAN WORK TOGETHER IN PURSUIT OF THOSE OBJECTIVES. I SUGGEST THAT IN THESE CIRCUMSTANCES THE MAIN POINT TO GET ACROSS TO THE PRESIDENT IS THE CONTINUING VALUE TO THE UNITED STATES OF WORKING CLOSELY WITH BRITAIN. WE SHALL NEED TO BE CAREFUL, IN DOING SO, TO AVOID TWO PITFALLS:

(A) THE CONTINUING TENDENCY HERE FOR BRITISH CRITICISM OF GERMAN POLICIES TO BE MISCONSTRUED. IT MIGHT BE AS WELL TO MAKE IT CLEAR THAT THERE SHOULD BE NOTHING EXCLUSIVE ABOUT THE US/UK RELATIONSHIP. CLOSE COOPERATION WITH BONN AND PARIS, AS WELL AS OTHER EUROPEAN CAPITALS, WILL BE ESSENTIAL

(B) WE CANNOT READILY TRANSLATE US QUALMS ABOUT THE POSSIBLE FUTURE DEVELOPMENT OF THE EC, MANY OF WHICH RELATE TO THE COMPLETION OF THE SINGLE MARKET, AND SOME OF WHICH TO FURTHER ENLARGEMENT, INTO GENERAL SUPPORT FOR THE UK APPROACH TO THE COMMUNITY. EVEN IF THE AMERICANS WERE TO AGREE WITH US (WHICH IN MANY RESPECTS THEY DO), THEY WOULD NOT BE DISPOSED TO ENTER THE FRAY ON OUR BEHALF, AND COULD AFFORD TO RISK EMBROILMENT IN INTRA-EUROPEAN POLITICS ONLY WHEN THEIR OWN MAJOR INTERESTS WERE AT STAKE.

9. I HOPE THEREFORE, WE CAN WORK WITHIN A GENERAL FRAMEWORK ON THE BASIS SET OUT IN THE LONDON DECLARATION, AND BEGIN TO LOOK AT SOME OF THE LONGER TERM IMPLICATIONS OF THE DEVELOPMENT OF NATO AND THE EC FOR THE TRANSATLANTIC RELATIONSHIP. WITHIN THAT, PARTICULAR ISSUES CAN BE MORE EASILY TACKLED - INCLUDING THOSE OF THE URUGUAY ROUND AND AGRICULTURE, THE ENVIRONMENT AND AID TO THE SOVIET UNION WHICH PROVED CONTENTIOUS AT HOUSTON. WE SHOULD THEREBY PUT OURSELVES IN A GOOD POSITION TO DEAL WITH THE AMERICANS AS THEY BEGIN TO MOVE ON FROM THE IMMEDIATE PROBLEMS THAT HAVE PREOCCUPIED THEM DURING THE RECENT PAST.

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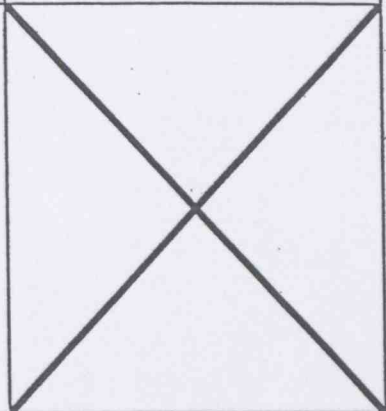
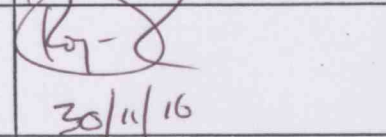
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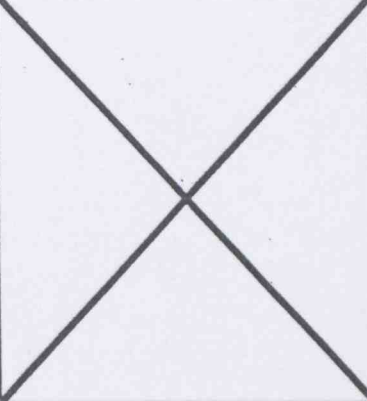
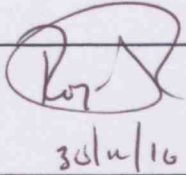
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W0555

MR POWELL - No. 10

27 July 1990

ASPEN CENTRE FOR PHYSICS

As requested, I enclose four scientific briefs for the Prime Minister's visit to the Aspen Centre on 4 August.

jno

SIR JOHN FAIRCLOUGH
Chief Scientific Adviser

THE EARLY UNIVERSE

Modern theory postulates that the universe began in a "Hot Big Bang" 10-20 billion years ago and that the fundamental particles of all matter were formed within the first 10^{-35} secs. In contrast to the present relatively cool universe with its rich structures and variety of phenomena, the early hot universe seems to have been highly uniform, the particles and the natural forces exhibiting a pleasing regularity. Interest in the early universe centres on explaining the origins of matter, elucidating the mathematical patterns or "symmetries" implicit in the fundamental natural laws and on understanding how these symmetries were lost in the course of time.

The energy density in the first 10^{-45} seconds was so great that our notions of space and time break down; a description of this epoch awaits a quantum theory of gravity (current excitement in *superstring theory* relates in part to this quest). During the next 10^{-35} secs the intense energy density spawned the basic particles of matter and antimatter symmetrically and yet by the end of this brief epoch nearly all of the antimatter had disappeared, the surviving particles of matter forming the stuff of our mature universe. This predominance of matter is one example of a lost symmetry whose origins are not well understood.

Electrons and *quarks* were among the fundamental particles formed within those 10^{-35} secs. As conditions cooled the quarks coalesced into groups known as neutrons and protons, the seeds of atomic nuclei, a process that was completed within the first hundred seconds. However the entire universe was still hotter than our present sun and a million years of cooling passed before the electrons could remain entrapped around the atomic nuclei to form atoms.

Particle physics laboratories such as CERN can reproduce high energy conditions equivalent to those in the early universe (the LEP at CERN simulates conditions as early as 10^{-11} secs). The results of such experiments have led to our belief that the laws of Nature, exhibit elegant regularities at extreme energies which are hidden at lower energies. Recent discoveries at CERN of the *W* and *Z* particles, carriers of the weak forces, have shown how the weak and electromagnetic forces, though rather dissimilar at room temperature, exhibit a profound unity at higher energies. Current theory suggests that this is the first glimpse of a unifying principle which extends to all of the forces. However it only fully manifests itself at energies beyond those presently accessible in particle accelerators.

The European *Large Hadron Collider* proposed to be built at CERN and the US *Superconducting Supercollider - Ronald Reagan Lab* in Texas may create conditions akin to those present within 10^{-14} seconds of the Big Bang. Theories of the electromagnetic and weak forces suggest that a further variety of particle - the "Higgs" (named after Peter Higgs of Edinburgh) - existed abundantly in these early epochs but has since died out. A particular feature in the design of the new machines is that they should reproduce the conditions needed to investigate the nature of the Higgs phenomenon. Theorists believe that such a discovery may lead eventually to an understanding of how the mass of all matter is generated.

SUPERSTRING THEORY

The basic novel idea in superstring theory is that the fundamental objects in the physical world, say particles, are not points, as in present established theories, but one-dimensional line-segments or loops, called 'strings'. The reason for making such a daring departure is that present particle theories, when combined with gravitation theory, all possess ambiguities and inconsistencies, which are traced eventually back to the point structure.

Among the early successes of superstring theory was the deduction of both of the basic ingredients of modern particle physics theory, namely the Yang-Mills Gauge Theory and the Einstein Relativity Theory of gravitation. Later, it was found by the British physicist Michael Green of Queen Mary and Westfield College together with the American physicist John Schwarz, that the theory is also free of certain particularly unpleasant 'anomalies' which had been plaguing particle theories for a long time. Furthermore, the theory raised the hope that it may provide us finally with a unified understanding of physics at all levels from the subnuclear to the whole universe.

One unusual feature of superstring theory is the surprising fact that it is truly consistent only in a space of 10 dimensions (9 space and 1 time), as compared with the 4-dimensional space (3 space and 1 time) known to us. This result, though seemingly bizarre, is understood by theoreticians to mean that the extra 6 dimensions are "curled up" - or 'compactified' - so as to be invisible to large coarse observers like ourselves. The situation is analogous to the surface of a long thin straw, which though obviously 2-dimensional, would appear only as a line to a distant observer. The current concept in superstring theory is that the extra 6 dimensions are curled up to a size of only around 10^{-35} m, which would certainly be undetectable by our present day observations. Though of no conceptual difficulty, this need to 'compactify' extra spatial dimensions reduces considerably the predictive power of the theory and may account for its present lack of direct contact with experiment.

The recent intensive activities in this area, though failing so far in their grand primary aim, have led to many valuable spin-offs in other fields. They have advanced an allied branch of theoretical physics called conformal field theory which has in turn had important repercussions in condensed matter physics. Some of the ideas and techniques developed were also used in the so-called 'cosmic string theory' of galaxy formation in cosmogony. Moreover, as the study of string theory requires very sophisticated mathematics, it has brought together physicists and mathematicians to an extent perhaps not seen before in this century, and is promoting rapid advances in both fields.

NEURAL NETWORKS

Neural Networks are computer programs or electronic circuits which simulate the activity of a group of nerve cells. The objective of neural network research is to develop computer systems with abilities like those of the human brain.

The behaviour of a particular neural network is determined by the connections between the simulated cells. 'Training' is the procedure for establishing these connections, and is often achieved (like human learning) by presenting the same data samples to the network many times.

Neural networks are valued because they can swiftly recognise features in the input data. For example, a robot vision system (using a TV Camera coupled to a neural network) may identify objects by detecting their edges and corners.

Image analysis by computer often needs large programs which are expensive to develop, and run slowly even on fast computers. Neural networks are simpler, and run fast enough to be used interactively. Further, they can fully exploit the parallel processing facilities on the most modern computers (where many calculations are performed concurrently).

Research into neural networks on computers began about 10 years ago and has grown rapidly within the last 2-3 years.

Current neural network research can be traced back to pioneering work in the UK by Hodgkin & Huxley, who received the 1961 Nobel Prize for Physiology following their success in understanding the internal functioning of individual nerve cells. The first computer programs implementing their mathematical models appeared in 1982 (computers were too slow prior to this date).

This technique would appear to have the potential to revolutionize computer analysis of complex data, in fields ranging from image processing to the recognition of the patterns of tracks in particle physics detectors.

QUASICRYSTALS

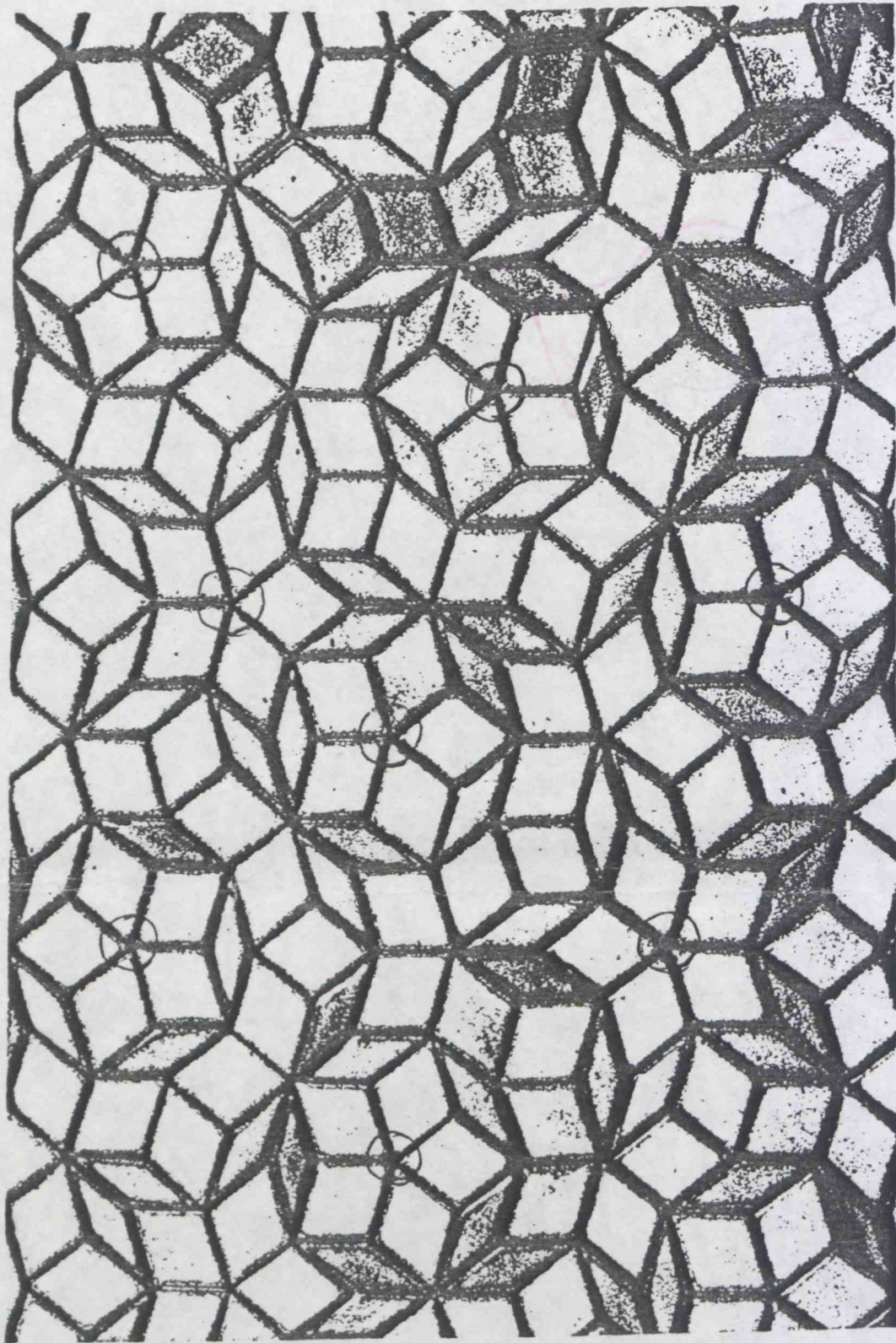
In 1984 an alloy of Aluminium and Manganese was produced which seemed to violate the fundamental theorems of crystallography which state that a crystal can only show 2, 3, 4 or 6-fold rotational symmetry. This new material had diffraction patterns with 5-fold icosahedral symmetry. It was neither a crystal nor completely disordered (amorphous) so was referred to as a quasicrystal.

The theoretician Penrose at Oxford had earlier shown that a two-dimensional tiling arrangement could produce areas with 5-fold symmetry and MacKay at Birkbeck, London demonstrated that a three-dimensional version could produce diffraction patterns similar to those observed in the quasicrystal.

In 1952 Frank at Bristol proposed that in supercooled liquids there might be many regions with small icosahedral clusters of atoms. If such liquids form a glass before crystallizing, the glass might also have icosahedral clusters linked together. This prediction seems to have been correct. Depending on rate of cooling and the composition of the alloy, a metal glass (amorphous solid alloy) or a quasicrystal can be produced. The quasicrystal has local small regions with icosahedral symmetry, but does not have the long distance periodic order of a crystal. The icosahedral alloys are not thermally stable and transform upon heating into conventional crystals.

Most of the quasicrystals produced so far are alloys of aluminium such as AlMnZn, AlMnSi and AlLiCu. In most cases only very small crystallites can be grown or the crystallites are embedded in a glass or amorphous solid. The 5-fold symmetry can be seen in the shape of the small crystals under an Electron Microscope. The detailed atomic arrangements can be probed using x-ray and neutron diffraction. The latter is able to determine the local arrangement of the various constituent atoms of the alloy and this can often be related to a form of Penrose tiling.

The study of quasicrystals is mainly at the fundamental level, attempting to understand the different forms of condensed matter such as crystals, metallic glasses, quasicrystals and liquids, by relating their structure and properties to the forces between the atoms.



An example of 2-dimensional Penrose tiling.
The areas of 5-fold symmetry are circled for clarity.



Aspen Center for Physics

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MARGARET THATCHER VISIT

August 4, 1990

Hosts:

Jeremy Bernstein, Vice President, Aspen Center for Physics

Sally Hume Mencimer, Administrative Vice President
Aspen Center for Physics

Speakers:

Jeremy Bernstein
David Gross
Edward W. Kolb
John Hopfield
Paul Steinhardt

Stevens Institute of Technology
Princeton University
University of Chicago
California Institute of Technology
University of Pennsylvania

International Physicists:

Elihu Abrahams
Ruth Gregory
Alan Guth
Peter Kaus
T. W. B. Kibble
Alexander Polyakov
David Sherrington
Erick Weinberg

Rutgers University
Fermi National Accelerator Lab
Massachusetts Institute of Technology
University of California
Imperial College
Princeton University
University of Oxford
Columbia University

Brief biographies are included in the above order.

Brief Biographies

Jeremy Bernstein - is a Professor of Physics specializing in the theory of elementary particles at the Stevens Institute of Technology in Hoboken, New Jersey, and an adjunct Professor at the Rockefeller University in New York City. He is the author of 13 books and is the only physicist who has ever been a staff writer for the New Yorker Magazine. His most recent awards are the Andrew Gemant award of the American Institute for Physics and the Ralph Coats Roe Medal of the American Society of Mechanical Engineers. He is also a Benjamin Franklin Fellow of the Royal Society of the Arts.

Sally Mencimer - Administrative Vice President of the Aspen Center for Physics for 27 years. High School English teacher. Journalist. Came to Aspen 31 years ago to ski -- never left. Very active as volunteer at hospital and with Senior Services. Raised her family in Aspen.

David Gross - Theoretical Elementary Particle physicist, a member of the National Academy of Science and the recipient of the Sakurai Prize, the Dirac Medal and the MacArthur Foundation Fellowship Prize.

Edward Kolb (U.S.A.) - Presently head of the NASA/Fermilab Theoretical Astrophysics Group, and a Professor at the University of Chicago. The subject of his research is the application of high-energy physics to the very early Universe.

John J. Hopfield (U.S.A.) - Professor of Chemistry and Biology. Head, Caltech's program in Computation and Neural Systems. Member of American Philosophical Society, National Academy of Science, American Academy of Arts & Sciences. MacArthur Prize Fellow; Michaelson-Morely Award. Guggenheim Fellow at Cavendish Laboratory 1969.

Paul J. Steinhardt (U.S.A.) - Particle Physics, Cosmology, Condensed Matter Physics; Mary Amanda Wood Chair in Physics, University of Pennsylvania; Fellow, American Physical Society. Author of two books and over 100 refereed articles.

Elihu Abrahams (U.S.A.) - Field is Condensed Matter Theory. Current interests are High temperature Superconductivity, strongly correlated systems. Associate Editor, Physical Review (Condensed Matter); President, Aspen Center for Physics 1979-82; National Academy of Sciences.

Ruth Gregory - 26 year old British woman theoretical physicist. 1st class Hons (Cantab) in Mathematics, fellow of Trinity College, Cambridge. Currently in the U. S. in a post-doctoral position at Fermilab.

Alan H. Guth (U.S.A.) - Applications of elementary particle theory to the very early universe--particularly the inflationary universe model. Member of the National Academy of Sciences, Fellow of the American Academy of Arts and Sciences, the American Physical Society, and the American Association for the Advancement of Science.

Peter Kaus (U.S.A.) - Elementary Particle Physics, Biologic Rhythms; RCA Achievement Award (1958, Color Television), Fulbright Scholar (1965, Niels Bohr Institute, Denmark); President, Aspen Center for Physics 1982-86.

Tom Kibble (British) - born Madras, India. Professor of Theoretical Physics (since 1970) and Head of Department of Physics (since 1983) at Imperial College of Science Technology & Medicine, London. Interested in theoretical high-energy particle physics and cosmology. Fellow of the Royal Society (1980).

Alexander Polyakov - Eminent Soviet physicist, now a Professor of Physics at Princeton University. He is a Particle Theorist, interested in String Theory.

David Sherrington (British) - Since October 1989, Wykeham Professor of Physics and Head, Theoretical Physics, Oxford. 1969-89: Imperial College, London. Theoretical Condensed Matter Physics, Neural Networks. Fellow, Institute of Physics (UK); Fellow, American Physical Society.

Erick Weinberg (U.S.A.) - Professor of Physics, Columbia University. Cosmology and Elementary Particle Physics. Treasurer, Aspen Center for Physics. Division Associate Editor, Physical Review Letters.



File in

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

SIR JOHN FAIRCLOUGH
CABINET OFFICE

ASPEN CENTRE FOR PHYSICS

It is now confirmed that the Prime Minister will visit the Aspen Centre for Physics on 4 August. I have no further details of the occasion beyond those enclosed with my minute of 29 June. I should be grateful if you would let me have some background briefing on the subjects identified for discussion. It would be helpful to have this by 30 July.

RF ||

C. D. POWELL

20 July 1990

2



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

18 July 1990

The Prime Minister has asked me to thank you for your letter of 12 July about the forthcoming conference at the Aspen Institute. She was very grateful for your advice and the accompanying paper, which is of considerable interest. The Prime Minister's own remarks are likely to focus principally on international developments.

Mrs. Thatcher looks forward to seeing you in Aspen.

CHARLES POWELL

Mr J R Gates

do

POWELL, GOLDSTEIN, FRAZER & MURPHY

ATTORNEYS AT LAW

SIXTH FLOOR
1001 PENNSYLVANIA AVENUE, N. W.
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July 12, 1990

ELEVENTH FLOOR
THE CITIZENS & SOUTHERN NATIONAL BANK BUILDING
35 BROAD STREET, N. W.
ATLANTA, GEORGIA 30335
404 572-6600

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404 951-5800

SUITE 1050
400 PERIMETER CENTER TERRACE
ATLANTA, GEORGIA 30346
404 399-2800

R16/7

The Honorable Margaret Thatcher
Prime Minister
10 Downing Street
London
England

Re: Aspen 40th Anniversary Symposium

Dear Madame Prime Minister:

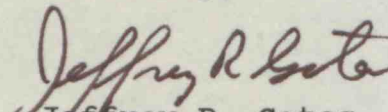
I am writing to offer you some thoughts that may prove useful in the preparation for your August 5 address to the Aspen Institute's 40th Anniversary Symposium.

By way of introduction, I chair Aspen's Washington Alumni Group, moderate an Aspen series ("The Future of the Corporation"), and will be attending the Symposium. I also work closely with the governments of several Eastern European countries, as well as the Soviets and the Chinese, in the structuring of policy initiatives designed to result in widespread private capital ownership. I previously served as counsel to the Senate Finance Committee (1980-87), assisting Senator Russell Long in the design and enactment of federal legislation to encourage employee stock ownership plan (ESOPs). I travelled to London five times (once with Russell Long) to assist your government in sorting out the issues involving ESOP-related legislation.

The Aspen Symposium offers an extraordinary forum to develop "New Paradigm" concepts--in an environment in which people are not only receptive to, but hungry for, new ideas from national leaders.

I hope these ideas are useful to you. I look forward to meeting you soon. The weather in Aspen is particularly lovely in August.

Sincerely,


Jeffrey R. Gates
Partner

Enclosures

M E M O R A N D U M

TO: The Honorable Margaret Thatcher, Prime Minister
FROM: Jeff Gates (202/624-7287)
DATE: July 12, 1990
Re: Suggestions Concerning Your Aspen Address

On Sunday August 5, you are scheduled to deliver the concluding address at the Aspen Institute's Fortieth Anniversary Symposium. A Symposium agenda is attached.

The Aspen Institute is the premiere organization of its type anywhere in the world and, to my knowledge, is unique in helping leaders understand and apply the "Great Ideas" of western civilization.

Thus, this venue presents a golden opportunity for you to bring into focus some glimmers of an emerging "New Paradigm." This memo suggests that your address focus on expanded capital ownership as a key component of this new paradigm. This would be an appropriate theme for the following four reasons:

1. Ethics and Efficiency. Widespread capital ownership should be part of any new paradigm -- as a matter of both social justice and economic efficiency. For example, the research confirms what common sense suggests: people are more motivated and productive when they share in the success they help create.

2. Consistent with Mainstream Values. The themes underlying the Aspen Institute's programs are very oriented toward private property, free market principles. Mortimer Adler, one of Aspen's founders and perhaps the most famous living American philosopher, is currently conducting a seminar titled, "The End of the Conflict Between Capitalism and Communism" -- in which the readings (from the classics) lead to the conclusion that widespread private capital ownership is the needed new paradigm. Adler co-authored The Capitalist-Manifesto (1958) with Louis Kelso (the originator of the ESOP concept).

3. Consistent with Market Values. For those who favor market mechanisms, it is important to bear in mind that those mechanisms direct income to those who provide market-valued economic "inputs" (in the form of labor skills, capital assets, etc.). Even our language reflects this "quid pro quo" concept (e.g., the word "compensation" finds its origin in the Greek for "a balancing of accounts"). To concentrate those inputs

(particularly capital assets) in the hands of a few--whether those hands be private or public--guarantees a growing need for government intervention to redirect income flows away from those few in order to maintain widespread household purchasing power.

The Old Paradigm focuses only on the downstream symptoms: an unworkable income distribution. That approach is necessarily remedial and corrective. Plus, income alone makes a lousy economic lifeline. The New Paradigm approach focuses also upstream--to empower the market to do what it does best: distribute income according to what the market values most. That is best accomplished with policies designed to support those market mechanisms by fostering widespread distribution (i.e., ownership) of those upstream inputs--particularly an economy's income-producing capital assets. This is a subtle point often missed by economists.

4. Theme is Consistent with Symposium's Topics. Including this ownership participation paradigm in the concluding address would serve the needs of the Symposium very well because it offers a theme with which to tie together disparate subjects dealt with in the plenary and working sessions. For example:

- * "Rebuilding the U.S. National Community" -- A growing component of George Bush's "Points of Light Initiative" is the encouragement of economic self sufficiency with policies that enable people to become better connected to the economy, not just with jobs but also via capital ownership. For example, Ray Chambers (of WESRAY Capital) is working on establishing property ownership programs for inner-city youth as part of the Points of Light Initiative Foundation. This approach also addresses key "social fabric" issues (e.g., our jails are filling with crimes against property by people who own no property). Also addresses quality of work life issues: people enjoy working for themselves and with other co-owners in their community [See The 100 Best Companies To Work For in America]. Pope John Paul II, in his 1981 Encyclical, Laborem Exercens ("On Human Work") urged that "labor become more closely associated with capital" as a key component of human dignity.
- * "Poverty and the Underclass" -- Job opportunities alone have proven to be insufficient; ownership opportunities should also be a component of this New Paradigm. Also offers a way to relieve fiscal strains that can only grow if today's "baby boom" generation becomes an asset-poor "senior-boom" (as it will if we continue with the Old Paradigm). Economic opportunity should focus on economic empowerment with not only widespread

employment of a nation's labor resources, but also widespread ownership of a nation's capital resources.

- * "Education/Economic Competitiveness" -- Literacy (including economic literacy) is at an all-time low. Yet we know that people are naturally more motivated to learn about a system of which they are a part. Capitalism will grow in strength as it creates more capitalists who are motivated to understand and support the system. Similarly, the system will become more competitive when people know they have a stake in the system and, thus, begin to act like owners. As management experts have discovered, the most excellent companies are those that succeed in creating a "shared sense of values" -- with employee stock ownership found to be one of the most effective means for achieving that goal. [See the 1980's management Bible, In Search of Excellence.] Also helps reduce management costs as companies shift from a "control" management system to one based more on commitment.
- * "Shaping a New Global Community" -- the key issue dividing communism and capitalism is quite simply: "who should own the means of production?" In the new paradigm--with today's vanishing political boundaries--people will become increasingly bound more by the economic interests they share than by the political ideologies that (no longer) separate them. Cross-cultural ownership patterns (e.g., via multi-nationals) could become a key "connective" between previously separate sovereigns and their people.
- * "Transforming Communist Societies" -- how do you convert from an ownership system that, in theory, is owned by the people to one that is, in fact, owned by the people -- particularly when those people do not have the funds with which to acquire those means of production? I now count more than forty countries actively attempting to adapt the ownership-expanding ESOP financing concept to their economies -- including two pro-ESOP pieces of legislation enacted by your government within the past year. How else can "capitalist" economies expect to be emulated unless they do a better job of creating capitalists? How else do the Soviets achieve an economic system that achieves an appropriate balance between "social justice and economic efficiency" (an essential ingredient of Perestroika according to Leonid Abalkin, Chairman of the Economic Reform Commission).
- * "Global Environment" -- what better way to "regulate" the man-made aspects of environmental degradation than

(as economists phrase it) "to localize control over the externalities" -- by encouraging widespread local ownership of entities that now contribute to pollution in those locales. The New Paradigm suggests less government regulation, more self-regulation and an emphasis on personal and community responsibility.

* "Social and Economic Development" -- according to a 1986 Presidential Task Force Report, economic instability in Latin America and the Caribbean is due largely to the fact that ownership swings between concentration in a few private hands and concentration in the hands of the government -- neither of which is either just or efficient, and neither of which is capable of sustained economic development. Our international lending agencies (including the World Bank) are the worst perpetrators of projects that concentrate ownership in government hands. Similarly, our multi-national corporations are the worse perpetrators of concentrated private ownership. Perhaps both should work toward a New Paradigm designed to economically empower (via widespread private capital ownership) the broadest possible base of citizens. Note that the current World Bank President (Barber Conable) and a past president (Robert McNamara) will attend.

* "I can't help but believe that in the future we'll see in the United States and throughout the world an increasing trend toward the next logical step - employee ownership. It's a path that benefits a free people." President Reagan (August 3, 1987 endorsement of the Task Force Report).

* "Bold, innovative ideas like this are consistent with the overall American debt strategy and deserve to be given serious consideration." President Reagan (in referring to the Report) addressing a joint meeting of the World Bank and the International Monetary Fund (September 29, 1987).

* "Profit sharing and Employee Stock Ownership Plans work." Vice-President George Bush in his principal economic speech during this campaign (September 13, 1988).

* "I think ESOPs are a terrific idea." U.S. Treasury Secretary Nicholas F. Brady (January 24, 1989).

* "Could there be a better answer to Karl Marx than millions of workers individually sharing in the

ownership of the means of production." Ronald Reagan (1975).

* "Nations are less disposed to make revolutions in proportion as personal property is augmented and distributed among them, and as the number of those possessing it is increased." Alexis De Tocqueville (1840).

I hope these thoughts are useful. I would be happy to help with additional background material to develop this theme.

ASPEN INSTITUTE 40TH ANNIVERSARY SYMPOSIUM

Program Outline

Thursday, August 2, 1990

Introductory Session: The Aspen Institute at Forty

Chair: David T. McLaughlin
President, The Aspen Institute

Speakers:

Roy Romer, Governor of Colorado
Michael Sovern, President, Columbia University
Mortimer J. Adler, Director, Institute for Philosophical Research

Keynote Address

Speaker: President George Bush*

Friday, August 3, 1990

Plenary Session 1: Rebuilding the U.S. National Community

Chair: Bill D. Moyers
Public Affairs TV

Speakers:

John J. Phelan, Jr., Chairman and CEO, New York Stock Exchange
L. Douglas Wilder, Governor, Commonwealth of Virginia
Gloria Molina, Member, Los Angeles City Council
Albert Shanker, President, American Federation of Teachers
Donald Petersen, Former Chairman and CEO, Ford Motor Company
Richard D. Lamm, Former Governor of Colorado; Director,
Center for Public and Contemporary Issues,
University of Denver

Working Group Sessions: Domestic Issues

Education and Economic Competitiveness

Chair: Ernest Boyer, President, Carnegie Foundation
for the Advancement of Teaching

Speakers: William Hobby, Lt. Governor of Texas
Albert Shanker, President, American Federation
of Teachers

Program Outline (Continued)

Poverty and the Underclass

**Chair: Sol Trujillo, Vice President and General Manager,
US WEST Communications**

**Speakers: Mary Jo Bane, John F. Kennedy School of
Government, Harvard University
Douglas Besharov, Director of Social Policy
Studies, American Enterprise Institute**

Health Care

**Chair: Charles C. Edwards, President, Scripps Clinic and
Research Foundation**

**Speakers: David Himmelstein, Cambridge Hospital, Harvard
Medical School
Alain Enthoven, Stanford Graduate School of Business**

Saturday, August 4, 1990

Plenary Session 2: Shaping a New Global Community

**Chair: Barbara Walters
ABC News**

Speakers:

**Paul Volcker, Former Chairman of the Board of Governors of the Federal
Reserve System
Ivan Berend, President, Hungarian Academy of Sciences
Ambassador Olara Otunnu, President, International Peace Academy
Nafis Sadik, Executive Director, U.N. Fund for Population Activities
Kiichi Miyazawa, Member of Japanese House of Representatives;
Former Deputy Prime Minister and Minister of Finance
Giorgio La Malfa, Secretary, Italian Republican Party**

Working Group Sessions: International Issues

Transforming Post-Communist Societies

**Chair: Joseph Nye, Director, Center for Science and
International Affairs, Harvard University**

**Speakers: Rita Kilmova, Ambassador of Czechoslovakia
Robert Legvold, Director, Harriman Institute for
Advanced Study of the Soviet Union, Columbia
University
Jacques Attali, Special Advisor to the President
of France; President-designate, Bank for European
Reconstruction and Development**

Program Outline (Continued)

Global Environment

Chair: Tim Wirth, U.S. Senator, Colorado

Speakers: Jessica Mathews, Vice President,
World Resources Institute
Thomas Schelling, John F. Kennedy School of
Government, Harvard University

Social and Economic Development

Chair: Robert McNamara, Former President, The World Bank

Speakers: Barber Conable, President, International Bank for
Reconstruction and Development
Sir Shridath Ramphal, Secretary-General of the
Commonwealth
Paul S. Sarbanes*, U.S. Senator, Maryland

Sunday, August 5, 1990

Plenary Session 3: Working Group Reports

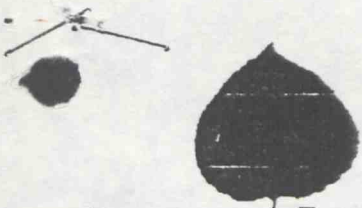
Chairs: Bill D. Moyers
Public Affairs TV
Barbara Walters
ABC News

Concluding Address

Chair: Henry Catto, U.S. Ambassador, London
Speaker: Prime Minister Margaret Thatcher

*Invited

June 26, 1990



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PS/No. 10

PS/M. Sainsbury

The Aspen Institute

NEWS RELEASE

*M. Seanish
News Dept
Miss. Hagnon, Protocol.*

FOR IMMEDIATE RELEASE
Thursday, June 28, 1990

CONTACT: Keith McKeown
(301) 820-5461/2
Lisa Linden
(212) 489-6900

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Mitt*

**WORLD AND NATIONAL LEADERS TO PONDER
LEADERSHIP AND VALUES FOR 21ST CENTURY
AT THE ASPEN INSTITUTE'S 40TH ANNIVERSARY SYMPOSIUM**

An extraordinary array of leaders in government, business, academia, labor, the nonprofit sector, and the media from across the country and around the world—including British Prime Minister Margaret Thatcher—will discuss and debate priorities for the 21st century at The Aspen Institute's 40th anniversary symposium in August.

Luminaries such as Paul Volcker, Robert McNamara, Virginia Governor L. Douglas Wilder, former Ford Motor Company chief Donald Petersen, Colorado Governor Roy Romer and U.S. Senator Tim Wirth, World Bank President Barber Conable and many other leaders will address issues ranging from poverty, education and health care to the global environment and the transformation of post-communist societies. Prime Minister Thatcher will offer her views on the critical international issues confronting world leaders now and in coming decades.

"We are gratified and deeply honored to have at our 40th anniversary symposium this extraordinary group of leaders and experts who are confronting the complexities and imperatives of today and helping set the agenda for the 21st century," said David T. McLaughlin, the Institute's President and CEO. "The symposium discussions will build on the themes of justice, equality, freedom, and democracy that have defined and animated the Institute's seminars and conferences. These gatherings of thoughtful men and women that have had a positive influence on the history of the past 40 years."

The four-day conference runs from Thursday, August 2nd to Sunday, August 5th at the Institute's campus in Aspen, Colorado. Prime Minister Thatcher's address at 10 a.m., Sunday, in the Music Tent will be open to the public. Due to limited seating at the Institute's facilities, other sessions are by invitation only.

Thursday's opening session will review the Institute's many significant accomplishments and preview its future contributions to helping solve national problems and attaining international peace. Speakers will include Governor Romer,

P.O. Box 222, Carmichael Road, Queenstown, MD 21658 • (301) 820-5462 • FAX (301) 820-5460

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2) E. K. ...

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Michael I. Sovern, the president of Columbia University, Mortimer J. Adler, the director of the Institute for Philosophical Research who played a major role in the founding of the Institute, and President McLaughlin.

Speakers on Friday, who will explore rebuilding the national community, will include John J. Pheasant, Jr., chairman and CEO of the New York Stock Exchange and the chairman of the Institute's board of trustees, Virginia Governor Wilder, Albert Shanker, the president of the American Federation of Teachers, former Colorado Governor Richard D. Lamm, now director of the Center for Public and Contemporary Issues at the University of Denver, Los Angeles City Council Member Gloria Molina, and Petersen of the Ford Motor Company. The session will be chaired by Bill D. Moyers of Public Affairs Television, Inc.

Shaping a new global community will be the topic for discussion on Saturday by Kiichi Miyazawa, a member of the Japanese House of Representatives and former finance minister, Ivan Berend, president of the Hungarian Academy of Sciences, Ambassador Olara Otunnu, president of the International Peace Academy, Nafis Sadik, the executive director of the U.N. Fund for Population Activities, and Giorgio LaMalfa, the secretary of the Italian Republican Party, as well as former Federal Reserve Chairman Volcker. ABC News' Barbara Walters will chair this session.

On the final day of the conference, working groups on domestic and international topics will report their policy recommendations. Mrs. Thatcher will give a keynote address, building on the symposium's theme, "Renewal: Leadership and Values for the 21st Century." The prime minister will also receive the Institute's Statesman Award, becoming only its third recipient in 40 years.

The Aspen Institute is an independent, nonprofit organization founded in 1950 in Aspen, Colorado, where it operates summer conference and seminar programs. Its headquarters and three year-round conference facilities are located on Maryland's Eastern Shore. Additional Institute offices or programs operate in Berlin, England, France, Italy, and Japan. Its Executive Seminars re-immerses upper level executives in the works of great thinkers on universal human questions. The Institute's Policy Programs examine such current issues as the information and communications revolution, rural economic policy, international security, the future of the world economy, energy and resources policy, and the environment. The Aspen Institute is supported by foundation grants, tuition, and individual and corporate contributions.

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NOTE TO MEDIA: To arrange for credentials to cover Prime Minister Thatcher's speech or any of the other sessions, or for further information, please call Keith McKeown at 301-820-5461/2 or Lisa Linden at 212-489-6900.

CONFIDENTIAL



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

11 July 1990

PRIME MINISTER'S VISIT TO ASPEN:
MEETING WITH PRESIDENT BUSH

At the end of the Economic Summit in Houston the President confirmed to the Prime Minister that he was intending to go to Aspen for the 40th Anniversary Conference of the Aspen Institute, and would very much like to have a meeting with her there. He was unhappy about some of the trends in the Community's relations with the United States and the rest of the world. These had been accentuated by the discussions in Houston. He could see further problems coming down the road towards us. He would like to talk these issues through with the Prime Minister, and a meeting in Aspen might be a good opportunity to do so. The Prime Minister said she would be very ready to do this.

The Prime Minister puts the President's apparent disillusion with the Community down to the behaviour of Kohl, Mitterrand and the Commission on some of the issues discussed at the Economic Summit, in particular the environment and aid to the Soviet Union, and the way they seemed to assume that the United States should simply tag along behind the Community. We should not build too much on this. But it will be useful if the Administration has a rather better appreciation of the difficulties we face on some issues within the Community, and the way in which the French and Germans try to steamroller through their point of view. The experience of the Economic Summit should have brought home the value and usefulness to them of the role which we play.

We shall need to cover these points in briefing for Aspen. We shall also need to talk to the Americans quite soon about the timing of a possible meeting, since that may affect the Prime Minister's travel plans. I doubt she would want to get off the aircraft on 2 August after a long flight from London and go straight into a meeting with the President. It may therefore be necessary to leave a day earlier, on 1 August.

CHARLES POWELL

J.S. Wall, Esq., L.V.O.,
Foreign and Commonwealth Office

CONFIDENTIAL

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Foreign and Commonwealth Office

London SW1A 2AH

13 March 1990

Dear Charles,

mt Sir Austin

CD
13/3

Bermuda meeting

Thank you for your letter of 13 March.

Sir Desmond Langley tells us that the Premier is delighted that the Prime Minister will meet President Bush on Bermuda on 13 April - and will be replying to the Prime Minister's message in this sense. In the meantime, Sir John Swan has asked if he could be told in advance when the No 10 announcement is to be made (and its terms) so that he is properly prepared to handle the press interest on Bermuda.

Jans.
Shepherd Wall

(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

USA: PM's visit Pta.

UNITED STATES DEPARTMENT OF THE ARMY

HEADQUARTERS



SECRET



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

13 March 1990

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Prime Minister
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PRIME MINISTER'S MEETING WITH PRESIDENT BUSH

I finally got hold of Bob Gates in the White House this evening and confirmed the Prime Minister could accept Friday 13 April for the meeting with the President in Bermuda. I said that we had told Premier Swan in confidence and he was delighted. I thought it would be as well to announce the meeting as soon as possible. I suggested that we might do so at 1600 our time tomorrow, with the simple announcement along the lines:

"The Prime Minister and President Bush have agreed to meet for informal discussions in Bermuda on Friday 13 April".

After checking with the President and Marlin Fitzwater, Gates rang back to confirm that both the timing and nature of the announcement were acceptable. The President would send a message to Premier Swan - who was a personal friend - tonight, to say how happy he was about visiting Bermuda. You will want to warn Mr. Swan of the timing of the announcement.

C. D. POWELL

J. S. Wall, Esq.,
Foreign and Commonwealth Office

SECRET

CONFIDENTIAL



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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

13 March 1990

PRIME MINISTER'S MEETING WITH PRESIDENT BUSH

I enclose a message from the Prime Minister to Premier Swan of Bermuda about her proposed meeting with the President in Bermuda. I should be grateful if it could be sent flash to Bermuda for delivery as soon as possible.

I am proposing to confirm to the White House later today that we accept the date of 13 April and the venue of Bermuda, and will propose an announcement tomorrow (since it will surely start to leak).

C.D. POWELL

J.S. Wall, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

SECRET

e: Governor ^{MS}

Personal for Governor

PRIME MINISTER'S MEETING WITH PRESIDENT BUSH, BERMUDA, 13 APRIL

1. The Prime Minister and President Bush have agreed to meet on Bermuda on 13 April.

2. We shall be in touch separately about organisational arrangements, but the Prime Minister is thinking of flying to Bermuda on the afternoon of Thursday 12 April and of returning to London late on Saturday 14 April. The President will probably arrive on 13 April and may stay overnight.

3. MIFT contains a message from the Prime Minister to Sir John Swan. I should be grateful if you would deliver it at the earliest opportunity and ask the Premier to hold the news closely until a public announcement is made by No.10 and the White House, probably on 14 or 15 March.

SECRET

PERSONAL FOR GOVERNOR

MIPT: PRIME MINISTER'S MEETING WITH PRESIDENT BUSH, BERMUDA,
13 APRIL

1. Following is the text of the message from the Prime Minister to the Hon Sir John Swan, KBE, JP, MP, Premier of Bermuda.

Begins:

Dear Sir John,

President Bush and I are to meet shortly before Easter and would very much like to do so on Bermuda. I hope this will be welcome to you. I know you have been keen to see Bermuda used more frequently as a meeting place.

Provided that it would cause you no difficulty President Bush and I have agreed to meet on Bermuda on Friday 13 April. I hope to arrive on the afternoon of 12 April and return to London on Saturday the 14th. I understand that President Bush will arrive on Friday, 13 April and may stay overnight. We shall of course let you have details as soon as possible.

I much look forward to seeing you again. In the meantime, Sir Desmond Langley will be in touch about arrangements.

With warm regards, Margaret Thatcher. Ends.

2. There will be no signed original.



S(A-E) *etc*

Foreign and Commonwealth Office

London SW1A 2AH

SECRET

12 March 1990

Dear Charles,

Prime Minister's Meeting with President Bush on Bermuda

Thank you for your letter of 12 March. We have told the Foreign Secretary and Sir Antony Acland.

I enclose a draft message from the Prime Minister to Sir John Swan, for when you judge the time to be right. We recommend that it be given to Sir John by the Governor.

Yours ever,

Richard Gozney

(R H T Gozney)
Private Secretary

C D Powell Esq
10 Downing Street

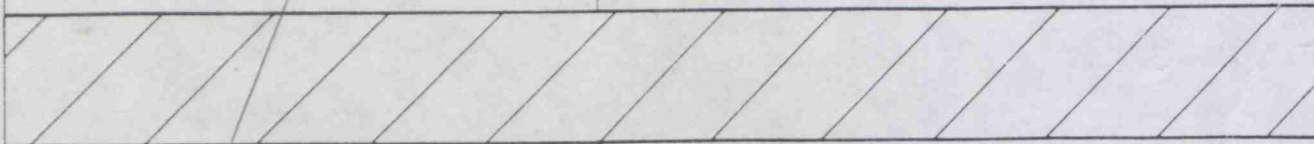
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10 PERSONAL FOR GOVERNOR
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12 PRIME MINISTER'S MEETING WITH PRESIDENT BUSH, BERMUDA, 13 APRIL
13
14 1. The Prime Minister and President Bush have agreed to meet
15 on Bermuda on 13 April.
16 2. *We* shall be in touch separately about organisational
17 arrangements, but the Prime Minister is thinking of flying to
18 Bermuda on the afternoon of ^{Good Friday} 12 April and of returning to London
19 late on Saturday 14 April. ~~(although she has not finally decided~~
20 ~~exactly when she will leave).~~ The President will probably arrive
21 on 13 April and ^{may} stay on ^{overnight} until 14 April ~~to play golf on the~~
22 ~~Saturday morning~~
23 3. MIFT contains a message from the Prime Minister to Sir
24 John Swan. I should be grateful if you would deliver it at the
25 earliest opportunity and ask the Premier to hold the news closely
26 until a public announcement is made by No.10 and the White House,
27 *probably on 14 or 15 April.*
28 HURD
29 YYYY



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Catchword:			
File number DB3ACY	Dept NAD	Drafted by (Block capitals) D A Burns	Telephone no 270 2661
Authorised for despatch by:		Initials	Date/time
For COD use only	Comcen reference	Telegram number	Processed by

OUT TELEGRAM (CONT)

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NO DIST

HEAD/NAD

HEAD/PROTOCOL

HEAD/WIAD

HEAD/NEWS

Mr ~~MACLAREN~~ BEAMISH

MR GILLMORE

PS/PUS

PS

NNNN

For distribution order see Page

Catchword

OUT TELEGRAM

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Classification	Caveat	Precedence
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5 TO DESKBY 421900Z- BERMUDA
6 TELNO
7 OF 121801Z MAR 90
8 INFO IMMEDIATE WASHINGTON

*President Bush & I are
to meet shortly before
Easter & would very
much like to do so
on Bermuda. I hope this
will be welcome to you.*

9
10 PERSONAL FOR GOVERNOR

12 MIPT: PRIME MINISTER'S MEETING WITH PRESIDENT BUSH, BERMUDA, 13
13 APRIL

15 1. Following is the text of the message from the Prime
16 Minister to the Hon Sir John Swan, KBE, JP, MP, Premier of
17 Bermuda. Begins:

18 Dear Sir John,

19 ~~Douglas Hurd has told me of your hope that Bermuda might~~
20 ~~be used more frequently as a meeting place, and I am writing to~~
21 ~~let you know that~~ *provided that it would cause you no difficulty* President Bush and I have ~~today~~ agreed to meet
22 on Bermuda on Friday 13 April. I hope to arrive on the afternoon
23 of 12 April and return to London on Saturday the 14th. ~~President~~ *I understand that*
24 ~~Bush will probably arrive on Friday, 13 April and will probably~~ *be here on Friday 13 April*
25 ~~stay overnight, perhaps to play golf on the 14th.~~ *we shall of course let you have details as soon as possible.*

[B]

/// 26 I much look forward to seeing you again. In the
// 27 meantime, Sir Desmond Langley will be in touch about
/ 28 arrangements.

29 With warm regards, Margaret. Ends.



YYYY	Catchword:		
MAIN	File number DB3ACZ	Dept NAD	Drafted by (Block capitals) D A Burns
ADDITIONAL	Telephone no 270 2661		
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OUT TELEGRAM (CONT)

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PERSONAL

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2. There will be no signed original.

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HURD

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NO DISTRIBUTION

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HEAD/NAD

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HEAD/PROTOCOL

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HEAD/NEWS

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MR MACLAREN

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MR GILLMORE

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PS/PUS

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For distribution order see Page

Catchword:

USA: PM visit to USA, Pt 9.

SECRET



COP 4

Prime Minister

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

Ken may like to see what we are
12 March 1990

ms

Dee Stephen,

on this: COP 12/3

PRIME MINISTER'S MEETING WITH PRESIDENT BUSH

Bob Gates of the White House telephoned this afternoon to say that the President was now in a position to make a firm proposal for his meeting with the Prime Minister. He could manage Friday 13 April (Good Friday) in Bermuda. He would be available all that day. The President would probably stay on overnight to play a game of golf on the Saturday morning, but envisaged this as largely a private occasion and thought the business of the visit could be concluded the previous evening.

I have consulted the Prime Minister who would be content with this. Her intention would be to fly out on the afternoon of 12 April and spend the night in Bermuda. She would probably also stay over the Friday night, returning late on Saturday (but has not finally decided on this).

The Prime Minister intends to take only a small party of myself, Bernard Ingham, support staff and such journalists as wish to come. It is quite likely that Mr. Thatcher will accompany her. I should be grateful if you could book a VC10 for the journey and let me have, in due course, some suggestions for the organisation of the visit, for example where the Prime Minister should stay, where meetings should be held and so on. If there is a suitable RN Ship, it is possible that the Prime Minister would wish to give a lunch or dinner aboard.

You will want to inform the Foreign Secretary. I intend to go back to the Americans tomorrow to accept their proposal, and hope to agree an early announcement of the meeting. We shall obviously need to inform the Bermuda Government of the proposed visit in advance, perhaps in a message from the Prime Minister to Mr. Swan. It would be helpful to have a draft soon, as I expect news will leak from the American side.

Yours sincerely,
C. D. Powell
C. D. POWELL

J. S. Wall, Esq.,
Foreign and Commonwealth Office

SECRET

~~PRIME MINISTER~~

*Discussed with PM
AD.*

VISIT TO THE UNITED STATES

General Scowcroft telephone today to say that they were still working on the dates for your possible meeting with President Bush just before Easter. He was reasonably optimistic that the dates we had proposed - 11-12 April - would prove possible: and they were quite keen on having the meeting in Bermuda. He hoped to be able to confirm this next week. I said that you would not wish to inconvenience the President: and if it was easier, I was sure you would be ready to go to Washington. My impression is, however, that the Americans will probably agree to Bermuda and to the dates.

C.D.P.

(C. D. POWELL)

9 March 1990

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2 (a-b)

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O 271100Z FEB 90
FM CABINET OFFICE LONDON
TO THE WHITE HOUSE
BT

S E C R E T
MESSAGE FROM CHARLES POWELL, NO. 10 DOWNING STREET
TO GENERAL BRENT SCOWCROFT, NATIONAL SECURITY ADVISER TO THE
PRESIDENT.

DEAR BRENT,

AT THE END OF THEIR TELEPHONE TALK YESTERDAY EVENING, THE
PRIME MINISTER AND THE PRESIDENT AGREED THAT THEY WOULD TRY TO MEET
SOME TIME IN THE NEXT TWO MONTHS. THE PRIME MINISTER SAID SHE WOULD
BE VERY READY TO CROSS THE ATLANTIC FOR THIS, GIVEN THE MUCH
GREATER LOGISTICAL DIFFICULTIES INVOLVED FOR THE PRESIDENT IN
TRAVELLING. THE PRESIDENT APPEARED TO SUGGEST THAT THEY MIGHT LOOK
FOR A SITE WHICH WOULD NOT INVOLVE THE PRIME MINISTER COMING ALL
THE WAY TO WASHINGTON. THE IMPORTANT THING WAS THAT THE MEETING
SHOULD BE INFORMAL AND RELAXED. IT WAS LEFT THAT YOU AND I WOULD
FOLLOW UP.

THE PRIME MINISTER WILL, OF COURSE, FALL IN WITH WHATEVER IS
MOST CONVENIENT TO THE PRESIDENT. ONE POSSIBILITY WOULD BE TO
SETTLE ON A SITE SUCH AS BERMUDA OR SOMEWHERE IN THE CARIBBEAN. BUT
WE WILL BE HAPPY TO CONSIDER ANY SUGGESTIONS.

DATES ARE NOT EASY FOR THE PRIME MINISTER IN THIS PERIOD, AND
I IMAGINE THE SAME IS EVEN MORE TRUE FOR THE PRESIDENT. ONE
POSSIBILITY FOR MRS. THATCHER, WHICH I PUT TO YOU STRAIGHTAWAY IN
CASE IT IS A STARTER, WOULD BE WEDNESDAY 11/THURSDAY 12 APRIL, I.E.
JUST BEFORE EASTER. I HAVE CONFIRMED WITH MRS. THATCHER THAT SHE
COULD GET AWAY THEN. YOU MIGHT LIKE TO CONSIDER THAT AND LET ME
KNOW HOW IT LOOKS.

WHY NOT GIVE ME A CALL WHEN YOU HAVE HAD TIME TO THINK ABOUT
THESE IDEAS?

WARM REGARDS,
CHARLES

BT

Time of transmission 1127^z/27th to A. Taylor.

MESSAGE TO BE SENT ON HOTLINE TO THE WHITE HOUSE

⁰ IMMEDIATE 871100Z FEB 90.

FOLLOWING FOR GENERAL BRENT SCOWCROFT, NATIONAL SECURITY ADVISER TO THE PRESIDENT, FROM CHARLES POWELL, NO.10 DOWNING STREET.

Dear Brent,

At the end of their telephone talk yesterday evening, the Prime Minister and the President agreed that they would try to meet some time in the next two months. The Prime Minister said she would be very ready to cross the Atlantic for this, given the much greater logistical difficulties involved for the President in travelling. The President appeared to suggest that they might look for a site which would not involve the Prime Minister coming all the way to Washington. The important thing was that the meeting should be informal and relaxed. It was left that you and I would follow up.

The Prime Minister will, of course, fall in with whatever is most convenient to the President. One possibility would be to settle on a site such as Bermuda or somewhere in the Caribbean. But we will be happy to consider any suggestions.

Dates are not easy for the Prime Minister in this period, and I imagine the same is even more true for the President. One possibility for Mrs. Thatcher, which I put to you straightaway in case it is a starter, would be Wednesday 11/Thursday 12 April, i.e. just before Easter. I have confirmed with Mrs. Thatcher that she could get away then. You might like to consider that and let me know how it looks.

Why not give me a call when you have had time to think about these ideas?

Warm regards,
Charles.

CDP

~~PRIME MINISTER
PRESIDENT BUSH~~

con

At the end of your talk with President Bush on Saturday, you mentioned that you would be going to the Aspen Institute at the end of August. The President said that he would like to see you well before then.

I think this is right. In the normal course of events, you will not see the President until the Economic Summit in Houston in mid-July. This is quite a long gap when so much is happening in Europe. It may also fuel the stories that there is distance between you and the President.

The best thing might be a quiet, informal weekend meeting in somewhere like Bermuda, which would be easy for both of you. You could fly there on Friday afternoon and spend the Saturday talking, returning on the Sunday (working on your boxes on the way). To be worthwhile, I think you would need to do this before the special European Council on 28 April: but you will probably not want to be away now before the Budget. We might look at the period round the Easter recess.

If you agree with this thinking, you might like to mention the idea to the President when he telephones you back about Chancellor Kohl's visit this weekend.

C.D.P.

C. D. POWELL

26 February 1990

A:\foreign\bush (pmm)

Brent Scoworth

POINTS FOR PRESIDENT BUSH

See by
AM
CM
2072

1. - Results in Nicaragua
- Message to Sra. Chamorro
- Risk of Sandinistas trying to overturn the result.

2. Account of meeting with Chancellor Kohl:
 - NATO membership
 - Status of East Germany
 - Polish border
 - Party political aspect.

3. South Africa
4. Possibility of you and the President meeting e.g. in April.



lile M
c: Portland

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

8 February 1990

THE PRIME MINISTER'S VISITS TO THE UNITED STATES IN 1990

Thank you for your letter of 5 February about the Prime Minister's possible visits to the United States in 1990. I am sorry for the continuing uncertainty, but it is really very hard to plan for the second half of this year, while we still do not know whether and when there may be meetings at Head of Government level to complete the CFE negotiations or for a CSCE conference.

I very much take the point about the need to leave you time to find a suitable substitute if the Prime Minister decides not to do the visit to the West Coast in October. I will try to get a clear answer by the end of March. It was helpful, incidentally, to know that the Annenbergs are most unlikely to be in Palm Springs at that time of year.

I am inclined to think that the Aspen visit will happen and hope to be able to confirm this relatively soon. It would be helpful if General Monahan were to come forward with some firm programme proposals. I think the Prime Minister would only come to Washington if it were a case of a meeting with the President. But I would judge you would be perfectly safe in allowing your staff to go on holiday from 3 August.

C. D. POWELL

His Excellency Sir Antony Acland, G.C.M.G., K.C.V.O.

L



PERSONAL AND CONFIDENTIAL

BRITISH EMBASSY

WASHINGTON, D. C. 20008

TELEPHONE: (202) 462-1340

FROM THE AMBASSADOR

C D Powell Esq
Private Secretary
10 Downing Street

5 February 1990

Dear Charles,

THE PRIME MINISTER'S VISITS TO THE UNITED STATES IN 1990

I understand that the Prime Minister would like to reflect a little longer on whether she should undertake either or both of the two suggested speaking engagements in the United States this year, namely

- i) the Aspen Institute in Colorado on 3-5 August (I was interested to learn that, following her recent conversation with General Monahan, there might be a possibility of adding some SDI-related events to this); and
- ii) the visit to Los Angeles in the second half of October (the week beginning 15 October has, I think, been suggested) - possibly in conjunction with a visit to Mexico (your letter of 30 January to Bob Peirce).

And I suppose that it is possible that the Prime Minister might wish to combine either visit with a side-trip to Dallas to see Mark and his family.

There is no great difficulty about leaving all this open for the moment, especially if that increases the chances of the Prime Minister doing either (or, even better, both).

There are, however, two constraints on timing, one substantive relating to Los Angeles and one minor relating to Aspen, which you might like to have at the back of your mind. The first is the need to secure a senior British visitor for the South Coast Plaza promotion of British goods in Orange County, which will be the largest trade promotion that HMG has ever mounted on the West Coast. If the Prime Minister decides that she is unable to visit the West Coast in October, then we shall want to try very hard indeed to obtain a Royal visitor. We have, of course, already put down a general marker on a contingency basis, but we can go no further until we have a firm decision about the Prime Minister's plans. So, in that respect, the sooner we have a definite reply, the better.

PERSONAL AND CONFIDENTIAL



PERSONAL AND CONFIDENTIAL

I should also just note that the suggestion of a visit to the Annenbergs' estate in Palm Springs as part of a visit, either to Colorado in August or to the Los Angeles area in October, would probably not work, since the Annenbergs are normally only there (and the house only open) from the beginning of December to the end of April. I am sure that, within limits, the Annenbergs would be flexible about this, but a visit in mid-October would, I think, be too early to be feasible.

The other, minor, consideration relates to Aspen and the dispositions of my house and the Embassy. As you know, the house is normally closed down for a month during the summer for overhaul and maintenance, and this is the only time that the hard-working staff can take their holidays. They will need to book flights, etc, before too much longer. The Prime Minister might, I suppose, want to pass through Washington on her way to Aspen. But if you could authorise me to tell the staff that they could close the house and make their holiday plans from 3 August, when the Prime Minister would have left for Colorado (if she goes there), I know that they would very much appreciate it. I will make my own tentative plans to be away from about 7/8 August, since I should like to be with the Prime Minister in Aspen if that works out. I have been invited to go to some of their meetings in the past and have always wanted to, but haven't been able so far to fit it in.

I fully understand the constraints and why (thinking back to our conversation in November), it may not be possible for you to go firm for a few weeks yet. But it would be helpful if you could talk all this over with the Prime Minister before too long.

Yours ever

Anthony

Anthony Acland

cc: J S Wall Esq LVO,
Private Secretary,
FCO

PERSONAL AND CONFIDENTIAL

PART 8 ends:-

Speaking Notes for Cabinet 30/11

PART 9 begins:-

Sir Antony Acland to COP 5/2/90



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