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**1990 ECONOMIC SUMMIT OF INDUSTRIALIZED NATIONS****734 JACKSON PLACE ★ WASHINGTON, DC 20503****202-408-0290 (FAX) 202-408-0298**

July 16, 1990

MEMORANDUM FOR THE PRESIDENT

FROM: FRED MALEK
SUBJECT: 1990 ECONOMIC SUMMIT

My deep thanks for the opportunity to serve in the challenging position of Director of the 1990 Economic Summit. The experience was intense, meaningful, and rewarding well beyond my expectations.

Now that the event is behind us, I feel it is important for you to have my perspective of some of my people who truly made a difference:

Chuck Hagel. Chuck left his post as President of the USO and served as my deputy full time, without pay, from January 1. During the crucial early months when I was able to devote only a portion of my time, Chuck was the organizer who developed a first rate team and set them in the right direction. Chuck is a superb manager with excellent political instincts and people skills. he is not seeking a government position but could be a major player in your Administration or the '92 campaign.

Homer Luther. Homer also served as a full time volunteer (i.e. without pay), as Director of Events. He was responsible for all events including the Western Night/Rodeo, Arrival Ceremony, Official Dinners, motorcade rally/turnout, and the Thank You to Houston night. He was outstanding in his motivation of our people and in serving as the glue between our staff and the Host Committee. However, his greatest contribution was his creativity. Most creative ideas of the Summit came from Homer, including the joint vs. separate arrival ceremony, the conversion of Wednesday's motorcade to a modified parade with a great crowd, and many others. He has a unique ability to generate ideas and then execute them with color and pizzazz. Homer also is not seeking anything in government but is financially independent from the sale of his business and could be recruited for the right post.

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Pam Gardner. Pam handled contributions and liaison with and handling of each foreign delegation. She is a first rate manager with good judgement and the ability to make things happen. Her staff raised over \$3 million of cash and in-kind contributions. She handled the difficult and complex task of country liaison flawlessly. In fact, even President Mitterand went out of his way to compliment us on the outstanding organization of the Summit and the excellent cooperation given him and his staff.

Melinda Farris. As Director of Spouse's Programs, Melinda proved to be a real pro. She is smart, highly organized, detail oriented, and a good manager. She has her own events/PR firm, and I would use her again and again to take on complex assignments such as this one.

Dan Markley. As Director of Entertainment under Hagel and Luther, Dan recruited most of the stars and produced the Tuesday and Wednesday night shows. I thought he was particularly creative in the Thank You to Houston finale, and he was able to get all the stars, including the Opry, to perform at no cost. He formerly directed all shows for the USO and could be very helpful in future events.

Houston Host Committee. Working with a Host Committee in the President's home town is a little tricky. We chose to develop a large and powerful committee, and it worked extremely well. Their greatest accomplishment was raising over \$6 million to fund the Sunday and Wednesday night events and the press food pavilion. In addition, the Clean Committee generated a great deal of excitement and results, and the entire group was instrumental in maintaining local press interest. While Ken Lay handled most of the management tasks of the committee, George Strake came around and handled himself fairly well. All members of the committee came away with good tastes in their mouths as did Kathy Whitmire and Jon Lindsay.

All in all, once in a lifetime and totally enriching experience for me and my entire team. Thanks again for the opportunity.

E-7

ENVIROSUMMIT



1 9 9 0

SCORE CARD

- #1 West Germany — good
- #2 France — fair
- #3 United Kingdom — poor
- #4 Canada — poor
- #5 United States — poor
- #6 Japan — poor
- #7 Italy — poor(est)

ENVIROSUMMIT



1 9 9 0

NOTE: The individual issue and country scores are based on a 1 out of 10 scale.

In computing the overall percentage scores, weighting of 20% each is given to climate change, biodiversity and population, 15% each to ocean pollution and the global bargain, and 10% to environmental aid to Eastern Europe.

SCORE CARD

	41.5%	39.5%	65%	42.5%	39%	48%	41.5%
	US	JAPAN	GERMANY	UK	ITALY	FRANCE	CANADA
Global Climate Change and Energy	3	3	7	3	5	5	3
Protection of Biodiversity	6	2	6	4	2	5	4
Ocean Pollution	5	5	6	5	5	4	5
Population	2	6	7	5	2	5	6
Environmental Aid for Eastern Europe	6	4	8	5	4	6	2
Global Environmental Bargain	4	4	4	4	1	4	4

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THE WHITE HOUSE

Office of the Press Secretary
(Houston, Texas)

For Immediate Release

July 11, 1990

NEWS CONFERENCE OF THE PRESIDENT

Assembly Hall
George R. Brown Convention Center
Houston, Texas

12:59 P.M. CDT

THE PRESIDENT: Thank you all very much. And I have a brief opening statement, and then I'll be glad to respond to your questions.

My colleagues from France, and the United Kingdom, Germany, Canada, Italy, Japan, and the European Communities and I have just completed this 16th meeting of the leaders of the largest industrialized democracies. This, the first Economic Summit of the postwar period, celebrates the resurgence of democracy and free markets around the world.

Over the past three days we've had full discussions on the key issues of our times: advancing political and economic freedom; promoting sustained economic growth, both in developed and in developing countries; assisting the transition to market economies in Central and Eastern Europe and, indeed, in the Soviet Union; and protecting the environment.

We are united in a common goal to extend to those who seek political and economic freedom a helping hand with our resources, talents and experience. As our declaration states, when people are free to choose, they choose freedom.

We identified the successful completion of the Uruguay Round of global trade talks as one of the highest economic priorities. We recognize that agreement on fundamental reform of agriculture is critical to achieving this goal. We commended the report by the Chairman of the GATT Agriculture Group -- the de Zeuw report -- to our negotiators as a vehicle to move these talks forward. And we also committed to maintain our personal involvement and to exercise political leadership at every step along the way as we move toward the final ministerial meeting in December.

On the Soviet Union, we discussed our common efforts to assist the Soviet reform effort -- the success of which is in our common interest. In addition to offering the Soviets technical assistance, we've asked the IMF to coordinate a major study of the Soviet economy and make recommendation for its reform. In keeping with the agreements reached here, I will be conveying to President Gorbachev the results of our deliberations.

We achieved major progress on the environment, particularly on climate change and forests. We committed to finish the negotiations on a framework climate change convention by 1992. In a first, we agreed that implementing protocols should consider all sources and sinks of greenhouse gases -- consistent with the comprehensive approach that we recommend. We agreed to launch a special effort to address the deforestation in the rain forests -- a concern that was very forcefully raised by Chancellor Kohl. I found a very receptive audience for my proposal that a free-standing global forest convention be negotiated without delay -- and we agreed to move ahead on this rapidly.

MORE

In short, this was a summit that addressed itself to a rapidly changing world. We agreed to welcome, respond to, and manage the changes -- on behalf of free markets, free political systems, and a better life for people everywhere. It is no small achievement that we came to a positive and unanimous conclusion on so many important and difficult issues. And I would stress those two words -- positive and unanimous.

And I want to congratulate my colleagues on the results of the collective effort. I think they left feeling good. We had a very generous letter to our Secretary of State just now from Prime Minister Mulroney, and he's a veteran of these summits. And I must say to the Canadians here, I once again benefited from his -- not only his commitment, learned from his commitment on certain issues like the environment, but benefited from his advice.

I also want to thank the two Secretaries that were at my side - Secretary Baker and Secretary Brady; Ambassador Carla Hills, Secretary Yeutter, Secretary Mosbacher, who worked with their colleagues and others at this summit. I want to thank the Sherpas. Most of them stayed up -- I understand they all stayed up until 4:00 a.m. this morning in ironing out this Final Communique.

So it was a team effort, and I think most of our -- well, I think all of our summit participants left feeling good about this particular summit.

And now, I think Terry Hunt has the first question.

Q Mr. President, I'd like to ask you about Soviet aid. Is this six-month study of Soviet needs a way of delaying the political decision on aid, or at the end of that, will the United States make a commitment to send some cash to Moscow?

THE PRESIDENT: It's not an effort to delay anything. It is, as we said in the report, a step towards assist in the reforms. And I'll make clear to President Gorbachev that he ought to view this outcome of this summit very positively. You may remember that in London only a few days ago, I gave my views on the U.S. lending money at this time. So it's not an effort to forestall anything, it's an effort to move forward, encourage forward motion and be helpful to the Soviet Union in terms of reform. They need much, much more reform. And they're the ones that say this. And in Gorbachev's letter, he asked for assistance in many areas -- personnel management and how they change their systems. And we've already started bilaterally, as have other countries, in trying to assist. So it's really a coordinated effort to help the Soviet Union.

Q Well, in six months then, can Mr. Gorbachev expect that the United States would be sending some financial assistance to meet these needs?

THE PRESIDENT: Not particularly. Not necessarily. But what he can expect is that we will have been helpful to him in the reforms that he knows that he has to undertake. And maybe this could lead to support. But there are things that have to happen. And I've been very up front with him personally and then in public statements as to what has to happen for the United States to send money. And, incidentally, I don't -- I'm trying to think on the Gorbachev letter -- I don't think there was a request for sending money. And then I also told our Soviet partners that we had some problems -- legal problems -- the settlement of this Kerensky Debt for example, before we would be free to give more, like financial support.

So I wouldn't set a time frame on when and if the United States decides to go forward. But I must say that I hope he will -- I hope the Soviets will view this as positive. And, indeed, I've contacted Mr. Gorbachev already by cable telling him I want to talk to him about the summit, and telling him why I felt that it is positive; and also congratulating him on his landslide win. Certain readings I was doing before then, I wasn't sure that it was going to work out quite that way. But he's in the political arena and he did

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pretty darn well; and I congratulated him.

Q Mr. President, for 40 years we've spent untold billions to fight the Soviet Union. Is it conceivable, as you and Secretary Baker have portrayed, that the U.S. -- American taxpayer would not be willing to spend a dime to help them now?

THE PRESIDENT: We are trying to help them now. And I think we're going to send the kind of help that in the long run will be most beneficial to them. And they need reform, and they know it. And we're going to try in every way to facilitate that reform because we are in a very different age. But we have some problems. I'm not particularly enthusiastic about the intercontinental ballistic missiles aimed at U.S. cities. I find it a little contradictory to think that they will continue to spend \$5 billion a year for Cuba, a totalitarian system whose leader is swimming against this tide of democracy and freedom that is lifting up most hopes in the Soviet Union. So certain things have to happen before I, as President, will make recommendations for direct financial aid. So what we're trying to do is carry our part of the load in helping the reforms.

Q In your discussions, why did Germany and other countries think it's necessary now?

THE PRESIDENT: Well, Germany has some very special interest that we understand. And we're not -- as I said over in London, Helen -- we're not urging everybody to march in lockstep, just as in our programs for Central America -- I want to see more help from the G-7 and the G-24 and anybody else who will listen to help the democracies in Central and South America.

And they've got certain priorities and I hope they will be able to help in this way. But if we go forward as we have in assisting Nicaragua and Panama, I don't feel that everybody has to move in lockstep on that support for democracy.

Q Mr. President, the Final Communique here reflecting your views in no small part on agriculture subsidies calls upon each nation to "make substantial progressive reductions in support and protection of agriculture." Does this mean, sir, that you're prepared to ask Congress to abolish some of the more notorious forms of support and subsidy that are part of our farm program?

THE PRESIDENT: Absolutely. And we have to do it and it's a two-way street. And I expect there would be some political opposition, because like many of these countries, we protect. But I am convinced, and I believe Congress would support the concept, that if we all do this and we all reduce barriers and we all make a freer trading system, that the United States can compete. But I'm sure I would have some obstacles from the supporters of certain programs that have been in existence for a long time.

But that's a little down the road now. And I think as far as the EC goes, it's a little down the road. So what we're trying to do is move the whole thing forward without saying that we have to have tomorrow totally unprotected trade. I'd like to shoot for that some day. I've said that before.

Q Well, how soon, sir, will you be going to Congress with a legislative package to begin to undo --

THE PRESIDENT: As soon as we see what progress is made in the GATT. That's where the next action is, is in these talks that are coming up -- I think it's just on the 23rd of this month or sometime. That's why I think this language that we worked out and that all of you have I think now is encouraging. Because we all know that agriculture has been a major stumbling block.

And my Special Trade Representative, Carla Hills, impressed on me the need to move that particular category forward, and that's why -- and we did get agreement. But the next step before we talk about needing a legislative package is to get agreement out

of the GATT.

Q Mr. President, if the study delays a decision on aid to the Soviet Union beyond German reunification, would it not be expected that there would be a lessening of interest in the summit countries in helping the Soviets if the German unification question is resolved by that time?

THE PRESIDENT: No. I think events are changing so fast that different countries are going to look at this with slightly different senses of priority. But in the meantime, this study will go forward. We have sent, in a bilateral sense, many missions to the Soviet Union. Alan Greenspan was over there on his own, we've had Dick Thornburgh over there talking about helping reorder the justice system. We have people from the stock markets over there. We've had a wide array of individuals and groups of business people go. And so that process of trying to assist in change and in reform is underway bilaterally.

But this look that the IMF will coordinate and be done by these other agencies will kind of give an official -- at least for the G-7, we will look at it in rather an official way and then see if we can decide on more collective action at the next summit or whether we proceed individually on a case-by-case basis.

Q Mr. President, on the question of the environment, you in the past, and your Chief of Staff, to say at least two, have always said that there has not been enough information; you needed to study more. Now you're prepared to move, particularly on the global warming question. Who twisted your arm? What changed your mind, sir?

THE PRESIDENT: I think we're moving forward because we recognize there is a problem. I thought we called for more data in here. Clearly, we need more. When you take the NASA study -- and then some people point to that as challenging the concepts of global climate change -- why, I think everybody -- well, put it this way -- everybody at this summit agreed that we needed more scientific information.

But the steps that we've recommended here in this communique we can enthusiastically endorse. So I think we came out with a reasoned position, not a radical position that's going to throw a lot of American men and women out of jobs. And yet, we've done an awful lot, and I think others at the summit recognized it, in terms of cleaning up the air. We've got a proposal, and I told them proudly of it, to redo our Clean Air Act, and they were very much impressed with that. You might have heard Prime Minister Mulroney's supportive comments about that.

So there's a lot of things working bilaterally in terms of emissions, and I think we have a very reasonable position at this point.

Q If I could follow, there seems to be a little wiggle room on CO2. Are you making a clear commitment to do something about it?

THE PRESIDENT: I wouldn't read anything into these texts beyond what is actually printed there.

Q I understand that it would take some time for the Soviet economy to reform. But are you suggesting when you link Soviet aid to arms control that you could never imagine any direct aid, so long as there are any Soviet weapons aimed at the West?

THE PRESIDENT: No, I didn't say that. But I would really prefer to stand on what I've simply said. The world is changing very fast. But they know that we've got some big difficulties on the regional questions and on the fact that a lot of missiles are aimed at the United States. A good way to start in doing something about that is to have a successful conclusion on the

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START treaty.

So I don't want to go beyond where we are right now. If you'd have asked me last year at this time if I could have predicted the rapidity of change, I would have -- the changes that have taken place, I couldn't have predicted them. So I don't know exactly where we will be. But I do know that this proposal we've made is sound.

Q Do you think if the IMF does say that some direct aid is necessary that perhaps that would spur greater arms control movement?

THE PRESIDENT: Excuse me, the IMF says what?

Q If the IMF study suggests that direct aid is appropriate, do you think that in turn could stimulate or speed up the arms control on behalf of the Soviets?

THE PRESIDENT: I would think -- I would hope so. I would take -- I think Gorbachev is committed to a fast track on strategic arms.

Q On aid to the Soviets, you keep saying that the American people simply aren't ready to give cash to Gorbachev. Now, if the IMF comes back with a report, Gorbachev accepts some of those recommendations, they cut way back on aid to Cuba -- largely which consists of oil shipments, after all, not money -- he does these things you want, are you ready before the 1992 presidential campaign to go out there and tell the American people you would send American cash or credits, supply credits to Gorbachev?

THE PRESIDENT: Your question is too hypothetical. I can't go into a hypothesis like that. And we will wait and see. We've taken a path. It's based on the facts right now. And I would just say that I think Mr. Gorbachev understands that at this juncture, sending money from the United States is not in the cards. And he knows what needs to be done to change the formula. And I'd like to think he's going to try. And maybe he'll come out of this Congress where many predicted his demise and feel encouraged to go forward. But I'm not going to answer a hypothetical question of that nature.

Q Let me ask you this. You got some sort of a delay on aid to the Soviets because of this study which will not be completed until December. A lot of people are painting this summit as they did the NATO Summit as a victory for George Bush across the board, whether it's cutting agricultural subsidies, or Europeans, or whether it's the environment. What didn't you get at this summit that you wanted? What did you lose here?

THE PRESIDENT: In the first place, I don't -- I'm glad to hear that, but I don't -- really, honestly, we don't look at it as a victory for one side and a defeat for another. That's the good thing about this G-7 group. And so there weren't any winners or losers in it.

But there was compromise along the way. But again, I'm not going to reopen the hard work that went into this agreement by saying what we would like to have had that was different. But it did work out in a way that I can strongly support. But again, excuse me for not projecting winners or losers or helping you with what we got and what we didn't get.

Q Mr. President, at the NATO Summit and then again here, it seems as though you have developed a special working relationship with Chancellor Kohl. I wondered -- one of the German delegation also said that after you had supported him on Soviet aid he couldn't come back and not support you on the environment. Can you describe that relationship and would you say that's a fair assessment?

THE PRESIDENT: It's not a fair assessment because he's a

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bulldog when it comes to the environment. He's a fighter for what he believes in. And I think he felt satisfied with what he got. And maybe he would like to have had more. But when we focused in on this forestry agreement and on the question of the rain forests, I think Chancellor Kohl felt that he had achieved something that he came here to achieve.

But the relationship is -- it's hard to explain. I do think that the Germans appreciate the fact that we have stood at their side on this question of German reunification. I think that's an element. But there isn't any quid pro quo. There was no I owe you one or I want to pay you for taking what we feel is a principled position in terms of German reunification. And he fought hard. And there were some compromises in terms of wording. But I think the declaration in terms of reforestation and the forestry agreement and the Amazon all speak to his keen interests.

And so I hope that he will be able to tell his constituencies and all the German people that there is a new awareness and a heightened awareness because of the eloquence that he brought to bear on the question.

Q Would you say, however, that you find more common ground or common interest with Chancellor Kohl now than you would perhaps with Margaret Thatcher?

THE PRESIDENT: No, I wouldn't say that at all. But I find plenty of common ground with both. Nice try. (Laughter.) You're going to get me in trouble; they haven't even left town here.

Q I have two questions about the summit's kind of do your own thing on Soviet aid. One, is it really good for the Alliance? And number two, doesn't it bode poorly for America's leadership in the Alliance?

THE PRESIDENT: No, I think, without reopening the hypothesis of the earlier question about how the Americans fared, I think we're doing all right in the Alliance. And it doesn't work, Cragg, that you have to march in lockstep on all these questions. We're not -- I don't feel that I have to defer on a lot of questions that we initiate on loans to the G-7. And I don't think they should have -- these individual countries who have very special agendas and special relationships -- I don't think that they should defer to us on these questions.

Now, when you get into some arms control initiatives or matters of that nature, why, obviously, you want to stay together as much as can. And as the world -- I don't worry about that; I don't worry about it all.

Q Isn't it drawing it a little fine, though, to say arms control, yes; but Soviet -- aid to the Soviets -- which really, there were no conditions placed on -- that could be used for anything. German aid that could be used for anything. Isn't that --

THE PRESIDENT: Well, you may be a little ahead of me on what the Soviets plan to use the German aid for; aid that has not yet been forthcoming. I understand that Chancellor Kohl is going to Moscow, I think -- is that correct -- within the next couple of weeks. But we don't know that as to what conditions will be on the funding and how it will be used in the Soviet Union. But I gave him our position. He gave me his. But that's not enough to break up a strong alliance and a very comfortable and strong relationship -- bilateral relationship between the Federal Republic and the United States.

Q Mr. President, on the forestry, there are a number of sentences in the declaration talking about the importance of preserving forests globally. What impact would that have on the American domestic field? Would it, for example, change the balance that your administration has been trying to strike on the issue of the Pacific Northwest forests and the Spotted Owl there?

THE PRESIDENT: No. We are committed to prudent forest management, but we're also committed to planting a billion trees a year and putting real emphasis on reforestation. So I don't think there's any contradiction. Some would argue, some of the purists in the environmental movement, that you've got to stop where we are, not harvest any lumber at all. And some of it would be done in the protection of the owl, and some because they're opposed to harvesting the old growth forests. I don't share that view. And I do think we can find a balance where the net is an increase in the numbers of trees.

Q If I could follow up, what response do you have to the people in Third World countries who argue that you're asking them to make sacrifices on their economic development that you're not willing to ask American workers to make parallel sacrifices?

THE PRESIDENT: I think we have to find ways to assist those who would take that view. And I think many of our countries will move forward -- and did not have great respect for the environment and now are doing a good job on it -- and I would put the United States in that category, with pride I might say -- should find ways to assist these countries.

Q Back on agriculture, Mr. President. You said that you were encouraged about the language on agricultural subsidies. Could you say why, specifically, when the U.S. gave in on the key question of allowing one common measure to be used for all subsidies? And also on a separate matter, could you tell us whether you got any commitment for help from your allies on the Latin American aid initiative?

THE PRESIDENT: Not being a technical expert on these highly technical GATT negotiations, I relied heavily on advice from experts like Carla Hills, who is one -- such an expert. And Clayton Yeutter, Bob Mosbacher involved also. And these people who have been wrestling with the technicalities of the trade question were very pleased at the formulation we came up with. They felt without such formulation the whole successful conclusion of the GATT Round was at stake. But they think that the wording we have that refers peripherally to this de Zeuw report is enough now to move the agricultural discussion forward when they meet soon again.

What was the second part? I don't know on the others. I know that some of them have expressed an interest in helping, but I didn't ask for a collective decision out of the G-7 on that question.

Q Mr. President, the Soviets have already reacted negatively to advance word of the part of the communique that says that they should reform if they -- that reform would help them get further aid. What would you tell Mr. Gorbachev when you speak to him why he should not view this as the allied countries saying the Cold War is over; you lost; here's what you have to do; here are our conditions for integrating you back into Western society?

THE PRESIDENT: I think you phrase it well, because we've got to be careful that we don't send the signal that we don't want to send. But I don't worry about this one because I sat up there at Camp David with Mr. Gorbachev in a very frank discussion and told him the problems that I have with going forward with financial aid. I've been quite open about it in the press conference following a highly successful NATO Summit.

And incidentally, I think the reaction from the Soviet Union on the NATO Summit has been extraordinarily positive, extraordinarily so. And some of that, I think, has been masked by the understandable attention given to the G-7 meeting here. But it's been extraordinarily positive.

And so far, I think -- put it this way: it just totally diminishes the risk of the kind of misunderstanding that your question implies. Now, you saw the lively debate in the Peoples

Congress. It looks like our own Congress up there -- yelling at each other and debating and calling people names and doing all these frantic things. So I'm not saying that somebody's not going to jump up, having finished trying to filet Gorbachev and jump on me for the way we've reacted in this summit. I am saying that I am not going to have misunderstanding creep in because of failure to communicate. And, indeed, I've already sent off a communication to Mr. Gorbachev and I will be in touch with him personally very soon to discuss this. But I don't think there's too much of a danger of that.

Q If I could follow up. In his letter to you in your role as host of this summit, did he ask for direct cash aid?

THE PRESIDENT: I need help on that, but I think not. My reaction is that he did not ask for that. I know he didn't have a price tag on it. But he listed several categories of places where we could give support, including credits.

Bob, was that a proper answer? I don't want to -- okay. So I was right.

Q Some of your colleagues accused you of a double standard, Mr. President, in supporting language yesterday that opened the door to lending to China, particularly of it moves toward economic reforms, and yet, taking the much less flexible position regarding the Soviet Union. How do you respond to that?

THE PRESIDENT: I respond by saying we already have sanctions on China because China has not moved forward far enough on human rights. Those sanctions remain. We have offered the hope that if they take further steps in the human rights field, more can be done. We've said that we, for our -- all of us together would consider World Bank loans -- which right now are discouraged by the G-7 -- consider World Bank loans that would contribute to the reform of the Chinese economy. And then I think we added a little thing about especially those that would help on this world environmental problem.

So my answer to those is that they're wrong and that the pressure is still on. And let's hope it will not be counterproductive. Again, my position is -- and I think every summit leader there agrees with me -- everyone, I believe -- that we should not further isolate China. There have been some things that we can take some encouragement from. But the sanctions are on China. We took the lead on this question a year ago at the G-7 Summit, and some who criticize me fail to realize that. But I want to see them move forward, and I want to see restored good relations with China. But we're not there yet.

Q Do you believe that financial aid could play a role in stimulating reforms in the Soviet Union?

THE PRESIDENT: Well, some think that. I don't particularly agree with that. I think when you see the Japanese move forward as they plan to do to keep a commitment -- they feel a solemn commitment -- to China for this third yen loan, that they feel that way. I have great respect for Prime Minister Kaifu, and I had a long talk with him about that. As you know, they plan to move forward. Just as I can't get all exercised over what Chancellor Kohl does, I feel the same way about what Prime Minister Kaifu is doing. But he feels that the step he is about to take would encourage reformers. I'm not sure that he's right in this regard, and I think that the people in power there can build on the steps that they've taken in a way to satisfy the rest of the people in the G-7 that we should go back to more normal relations.

Q Mr. President, a follow-up on Cragg's question. In the past, the United States did call the tune on allied relations with the Soviet Union. Now that we're seeing key allies going their own way on aid to the Soviet Union, aren't we seeing at least a subtle change in the way the United States has to lead the Alliance? Aren't you having to give a little more leeway to the allies now that

the Cold War is over?

THE PRESIDENT: We're dealing in entirely different times. Earlier on, in terms of the Alliance, we had a much more formidable military opposition. Now we see the Warsaw Pact in almost a state of disarray; we see troops coming out; we see democracies replacing totalitarian systems. So you have an entirely different era. For the United States' side, I think we have very good understanding inside the G-7 about the Soviet Union. But if your question is, is it bad or does it alter the U.S. role if Chancellor Kohl, for very special reasons, goes forward, I would argue that it does not.

Q Mr. President, there's a lot of concern over President Gorbachev's ability to hold on to power. Does his victory yesterday suggest he will be around for a good while despite his serious economic problems?

THE PRESIDENT: I don't know yet, but certainly he's surprised a lot of us in this room, hasn't he -- including me. Who would have thought he'd have a 3-to-1 victory or whatever it was? I had the figures at the tip of my tongue a while back because it was an impressive landslide inside a body where, if I had gone by just some impressions, I wouldn't have thought he had gotten quite that big a rule -- big a landslide. So I don't know. And I think there's some discontent inside the Soviet Union. I think he's got enormous problems. I hope that what we're doing to help here will help with those problems. But certainly, I'd have to leave it there because I couldn't go beyond that. And I think if you go to experts you'll find divisions on that question.

Q You don't think the election proves that he has a grip on power now?

THE PRESIDENT: Well, I think it does at this juncture, certainly in terms of the party and certainly I think the way he's handling his foreign affairs is probably getting great credit at home. I do understand there's consumer concern and that everybody, including Mr. Gorbachev and Mr. Shevardnadze, recognize that they have enormous economic problems inside the Soviet Union.

Q Mr. President, on an issue outside the purview of this summit, your son Neil has suggested that the savings and loan regulators are conducting something of a vendetta against him, largely because his last name is the same as yours. Do you agree with that charge?

THE PRESIDENT: I agree that the President ought to stay out of it and that the system ought to work. And I have great confidence in the integrity and honor of my son. And beyond that, I say no more. And if he's done something wrong, the system will digest that.

This is not easy for me as a father. It's easy for me as a President because the system's going to work. I will not intervene. I have not discussed this with any officials and suggested any outcome. But what father wouldn't express a certain confidence in the honor of his son? And that's exactly the way I feel about it. And I feel very strongly about it. And for those who want to challenge it, whether they are in the Congress or elsewhere, let the system work. And then we can all make a conclusion as to his honor and his integrity.

And it's tough on people in public life to some degree. I've got three other sons, and they all want to go to the barricades. Every one of them, when they see some cartoon they don't like, particularly those that are factually incorrect and total -- demeaning of the honor of their brother, they want to do what any other kids would do. And I say, you calm down now. We're in a different role now. You can't react like you would if your brother was picked on in a street fight. That's not the way the system works.

MORE

But we have great emotions that I share with Barbara, I share with my sons and my daughter that I won't share with you except to say, one, as President, I'm determined to stay out of this and let it work and let it work fairly; and secondly, I have confidence in the honor and integrity of my son. And if the system finds he's done something wrong, he will be the first to step up and do what's right.

Q Does the same confidence, sir, extend to William Seidman, who has Democrats as well as Republicans --

THE PRESIDENT: He wouldn't be there if I -- well I don't know about -- I was about to say he wouldn't be there if I didn't have confidence in him. I have confidence in his integrity and his honor.

Last question.

Q Mr. President, the environmental groups that were very much in evidence here, don't seem too happy with the results of the summit.

THE PRESIDENT: They haven't seemed happy with me for a long time. And I'm not too happy with them. I think their grading system is absolutely essentially absurd. But what's the question? (Laughter.)

Q Sir, the question is -- they're calling your forestation initiative a figleaf to cover up your inaction on the environment. A second portion of this question is why did you leave Bill Reilly home when last year you brought him to Paris when you weren't even planning to put him in the Cabinet?

THE PRESIDENT: Last year many of the environmental ministers were there, and including some of the people -- you remember that was the Paris centennial. And many from other countries were there as well. So he was not here for that reason. Nor were other secretaries whose counterparts were not here. So that was the reason. This is predominantly an economic summit. But lest anybody have any doubt about it, Bill Reilly retains my full confidence and my full support. I have great respect for him.

What was the rest of your question?

Q They call the forestation initiative a fig leaf to cover up your inaction on global warming.

THE PRESIDENT: Look, come on, I'm not going to respond to those groups that have been attacking us every time we turn around. And you cannot appeal -- I have to be careful because there were some reasonable people involved -- but on the environmental extreme, they don't want this country to grow. They don't want to take the -- look down the road at the human consequence of men and women thrown out of work and families put into a whole new state of anxiety. And I as President have to be concerned about that, as well as being a good custodian, a good steward for the environment. And so -- but we cannot govern by listening to the loudest voice on the extreme of an environmental movement.

And I did not rely heavily on them for support in getting elected President of the United States. And I'm not going to be persuaded that I can get some brownie point by appealing to one of these groups or other. And the attacks that they made on some of my summit partners, I resent them, too. Because it's not just the United States, in attacking the President or the policies of the government, it's the attack on some of these other leaders. So they're entitled to their opinion. Their signs can be held just as high as others, and their rating systems can attract as much or as little attention as you care to give them. But I am not going to shape the policies when I know we have sound environmental policies by the loudest voice or the biggest sign.

So they're welcome to Houston. I hope they've enjoyed it. I hope they feel they've had an opportunity to get their message out. But I had a little cloakroom conversation with some of the participants, and I think most of them are disinclined to change policies in their countries that they think are sound because of some of the statements that I saw and perhaps some that you were referring to here. So I'd say, welcome, and we'll listen and keep trying to do better. But I'm determined that we can find a sound environmental path -- and I think we've found it -- continue to be good stewards for the environment, and still have some concern for the working man and the working woman in this country. And that really is what it boils down to when you talk about no growth. And I'm not going to talk about no growth for the United States because I feel a deep concern about the human equation as well as the environment.

I was very pleased with the mood amongst the summit leaders as a result of the common ground that we hammered out on the environment here.

Thank you all very much.

END

1:40 P.M. CDT



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
WASHINGTON, D.C. 20500

Michael R. Deland
Chairman

(202) 395-5080

June 26, 1990

MEMORANDUM TO GOVERNOR SUNUNU
GENERAL SCOWCROFT
DICK DARMAN
BOYDEN GRAY

FROM: MIKE DELAND 

Re: CLIMATE CHANGE AND THE HOUSTON SUMMIT

SUMMARY:

International and domestic interest in the environmental component of the Houston Summit is piqued by the prospect of seeing how the G-7 countries which hold differing positions on the global climate issue handle those differences in this consensus-based forum.

Generally, we have not yet done an adequate job of telegraphing realistic expectations in this area to the public, and specifically, we have yet to determine the best way of comparing U.S. efforts in the climate change area with the other G-7 countries.

RECOMMENDATION:

The President announce in Houston that the United States will essentially cap its emission of "greenhouse gases" until the year 2000 by which time we will have better scientific understanding of the certainty, timing and degree of climate change and the relative effectiveness and efficiency of various response strategies.

RESULT:

While the G-7 countries are nowhere near unanimity in responding to this issue (though the Europeans are focusing almost exclusively on controlling CO₂), all are eager for political reasons to show some real steps. Using our influence as the host country and the fact that the summit needs a consensus communique, the above recommended position is one which the other G-7 countries could perhaps support.

For the United States, it shows that we have followed through and implemented the "Baker plan" (or "no regrets" strategy) with an extraordinary degree of effectiveness. While not agreeing that major and detrimental man-made climate change is inevitable, we have acted prudently in taking steps to control "greenhouse gases" which make sense for other reasons.

The good news is that as a result of these prudent steps, the United States economy can continue to grow at unimpeded, projected rates with no net increase in our emission of greenhouse gases for the next decade.

Ancillary benefits to this approach include the fact that the G-7 countries by agreeing to this implicitly agree not to treat the various greenhouse gases separately, but to use a comprehensive approach based on their warming potential. Moreover, it incorporates into any greenhouse gas calculation the benefits of greenhouse gas sinks such as forests and oceans. Both of these are necessary steps towards the possible establishment of an international market for greenhouse gas emission permits.

While there is a question as to what happens in 2000 when economic growth begins pushing U.S. greenhouse gas emissions (e.g., carbon) beyond the point of stabilization, we need not at this point commit to any targets other than those which we are already equipped to achieve.

U.S. BACKGROUND:

Current emission reduction trends which have been bolstered by Bush Administration initiatives fall into several categories: fixing carbon emissions, preventing carbon emissions, preventing smog-forming emissions which serve as greenhouse catalysts, controlling methane emissions (generally by converting them into less heat trapping efficient carbon emissions through combustion), and phasing out CFCs.

Together, these initiatives will reduce our greenhouse gas emissions from projected levels in the year 2000 by almost 25 percent. This reduction is sufficient to offset those projected emission levels one-for-one. Consequently, the United States is at or near stabilization.

cc: Bob Grady
Tim Deal



1990 ECONOMIC SUMMIT OF INDUSTRIALIZED NATIONS

734 JACKSON PLACE ★ WASHINGTON, DC 20503

202-408-0290 (FAX) 202-408-0298

*Any polit
Concerns*

May 23, 1990

JP

MEMORANDUM FOR JAMES A. BAKER, III, Secretary of State
NICHOLAS F. BRADY, Secretary of the Treasury
JOHN H. SUNUNU, Chief of Staff
BRENT SCOWCROFT, Assistant to the President for
National Security Affairs

FROM: FREDERIC V. MALEK

FVM

This memo provides a brief update on our progress with the 1990 Economic Summit of Industrialized Nations. Overall we are on schedule and do not perceive any major problems. Now that most plans and schedules have been approved, we are turning our attention to the detailed preparation and execution. To this end, by June 1, we will have relocated our main base of operations to Houston. The following highlights recent progress:

President Bush Visits Summit Headquarters

On May 19, The President stopped by Summit headquarters in Houston to personally thank the volunteers and staff for their efforts. It was a big morale booster to all of our people. Jack Steel of the Host Committee did a fine job of orchestrating the Presidential drop-by.

Summit Schedule Review

We will be conducting a comprehensive review of the detailed Summit schedule with your representatives on May 29. We intend to get everyone's input and thoughts on the schedule before we finalize it.

Summit Events

Homer Luther, a very successful local businessman, native Houstonian, and former Presidential advance man, came on board last month as Director of Summit Events. Homer served as Director of Events at the 1988 Republican Convention in New Orleans. He has been a very effective and natural link between our Summit staff and the Houston Host Committee. Under Homer, there is also an event site director in charge at each location. For example, Lloyd Hatcher (formerly head of events at Georgetown University) is the site director for the Tuesday evening dinner and entertainment at the Fine Arts Museum.

Homer is serving as a full-time volunteer. In fact, four of our senior full-time Summit organizers are all serving without compensation.

Wednesday Evening Thank-You Gala

We have consolidated the original two "thank-you" events into one event to be held at the University of Houston. The President and Mrs. Bush will attend a reception to thank the key Houston Host Committee leadership in the Architectural Building on the campus. Following, everyone will move to an outside area of the U of H for brief remarks by the President to the Houston Summit volunteers. This will be followed by a live concert highlighting a number of entertainers who we will announce later. We expect nearly 8,000 volunteers to attend. This will be an opportunity for the President to thank the people who helped make the Summit a success.

Foreign Delegations Site Surveys

The second delegation site surveys will be held in Houston on the following dates:

May 23 - 24	Canada
June 6 - 7	France
June 8 - 9	Japan
June 12 - 13	Germany
June 13 - 14	European Communities
June 15 - 16	Italy

Great Britain feels it does not need to participate in a second site survey.

Summit Staff

As mentioned earlier, the entire Summit staff organization will be in place in Houston by June 1. Our staff will remain in Houston until after the Summit. While many on our staff are detailees from various government agencies and departments, there are still a number of individuals who will be seeking employment after the Summit. We have been in touch with Presidential Personnel to set up a personnel system for Summit staff who will be looking for positions in the administration after August 1st.

Volunteers

The Houston Host Committee has done an excellent job of recruiting volunteers to help support the Summit staff's activities as well as assisting in the clean up and presentation of the City of Houston in preparation for the Summit. The Houston volunteers and the Summit staff are melding together very well and the cooperation between the two is going smoothly for the most part. Both Summit staff and the volunteers are sharing offices at the Kirby Mansion. We are all grateful for the efforts being made by the Houston volunteers, which, of course, also enables us to hold personnel expenditures down.

Summit Theme

Dick McCormack has had three productive Sherpa sessions aimed toward framing an agenda. With this backdrop, we anticipate that following the Bush/Gorbachev Summit, even more attention will be focused on development of a general theme for the Summit.

Should you have any questions, or need to contact me regarding our plans, I can be reached in Houston at 713/853-0400 after May 30th. Thank you for your support and I will continue to keep you advised on our progress.



1990 ECONOMIC SUMMIT OF INDUSTRIALIZED NATIONS

734 JACKSON PLACE ★ WASHINGTON, DC 20503

202-408-0290 (FAX) 202-408-0298

May 10, 1990

THE PRESIDENT HAS SEEN
1990 MAY 10 PM 5:57

MEMORANDUM FOR THE PRESIDENT AND MRS. BUSH

FROM: FREDERIC V. MALEK *FM*

SUBJECT: Summit Dinner Entertainment

*I've checked some
Disputed by Mr.*

Following are two program options for the entertainment portion of the Summit Dinner scheduled for Tuesday evening, July 10 at the Fine Arts Museum. These suggestions are based on a one hour program consisting of consummate American entertainers from varied fields.

Each program option is designed to create a balance of tone, mood, variety of entertainment and performers. However, if you choose, the options may be mixed. The small and intimate entertainment space at the museum was also taken into consideration in the selection of performers.

PROGRAM OPTION 1

Master of Ceremonies: James Earl Jones

Program: Michael Davis (5 minute performance)

Mr. Davis has performed at The White House, for the Inaugural Gala and at many Republican National Committee events. He is one of the premiere jugglers in America.

Ricky Skaggs - confirmed (12 minute performance)

Mr. Skaggs, one of the most renowned bluegrass instrumentalists and country music stars in America, would perform with two or three acoustic musicians and possibly his wife, Sharon, of the gospel group "The Whites".

Marilyn Horn (15 minute performance)

Ms. Horn, one of America's truly legendary opera singers, would perform with piano accompaniment.

Note: If Ms. Horn is not available, or if there is a preference, we would approach Fredericka von Stade to perform during this portion of the program. Ms. von Stade is one of America's top mezzo soprano voices and has performed on opera stages throughout the world.

*I prefer
Fredericka
von Stade,
family
CPB*

Ray Charles (15 minute performance)

NOT TOO
HOT ON THIS

Mr. Charles, legendary jazz singer and pianist, is internationally regarded as one of America's greatest entertainers of all time.

PROGRAM OPTION 2

Master of Ceremonies: Charlton Heston (or James Earl Jones)

Program: Michael Davis (5 minute performance)

Ricky Skaggs - confirmed (12 minute performance)

Dick Hyman (15 minute performance)

Mr. Hyman has performed at The White House for PBS's "In Performance" series and is regarded as one of America's pre-eminent jazz pianists.

Kathleen Battle (15 minute performance)

Ms. Battle is regarded as one of America's greatest young soprano voices and has performed at the Metropolitan Opera as well as most of the great opera houses of the world.

Note: If Ms. Battle is not available, or if you have a preference, we would suggest Marilyn McCoo to perform during this portion of the program. Ms. McCoo, formerly of "The Fifth Dimension", continues to be one of the country's leading pop vocalists.

Since we have not yet approached most of the entertainers, we can not verify their availability. However, if you will indicate your preference below, we will endeavor to put together the most appealing program possible.

Preferences

Overall:	Option 1	_____	Option 2	_____
MC:	Jones	_____	Heston	_____
Individual Performers:	Horn	_____	or	von Stade
	Battle	_____	or	McCoo

How about Heston

12 - Skaggs

McCoo - 15

5 - Davis

THE WHITE HOUSE
WASHINGTON

Date: May 15, 1990

FOR: FRED MALEK

FROM: ED ROGERS

- ☐ Action
- ☐ Your Comment
- ☐ Let's Talk
- ☒ FYI

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

ER

May 14, 1990

MEMORANDUM FOR GOVERNOR SUNUNU, CHIEF OF STAFF
GENERAL SCOWCROFT, NATIONAL SECURITY COUNCIL

FROM: MICHAEL BOSKIN *MB*
CEA CHAIRMAN

In a meeting (mostly on other matters) MITI Minister Muto mentioned to me that Prime Minister Kaifu and the Japanese Delegation will be raising issues of global warming at the Economic Summit. MITI is engaged in a Research Planning Project 2100, focusing on "clean technology." I have no independent confirmation of this, so it may just be one item on the Minister's wish list.

Northwest Airlines chief thrives on doing it all

Planning economic summit is volunteer job

By Christopher Connell
Associated Press

WASHINGTON — Fred Malek is president of Northwest Airlines and co-chairman of the Coldwell Banker commercial real estate firm and, oh, yes, on the side he's directing preparations for the 1990 economic summit of the world's seven richest industrialized nations.

His secret?

"I think you can be effective with less than 100 percent of your time (on one enterprise) — particularly if you're willing to work an 80-hour week," said Malek.

One recent week, shuttling from his government office in a townhouse near the White House to business meetings in New York and Minneapolis, to a get-acquainted session with summit "sheepas" in San Francisco and finally home again to McLean, Va., stretched beyond even the 80-hour routine.

For Malek, a 53-year-old West Point graduate, this whirlwind of business and public service adds up to "a wonderful time."

"I love what I'm doing. I've never had more fun in my life," said the onetime Nixon White House aide.

Malek is now devoting about two days a week to preparations for the July 7-11 summit in President Bush's hometown of Houston. Come June, he anticipates working full-time on summit duties. He is performing the work without pay.

Two summers ago Malek undertook another task at the behest of George Bush, stepping down as president of Marriott Hotels to direct the Republican National Convention for the Bush campaign.

Nixon years 'mistake'

But shortly after the New Orleans convention, Malek resigned as deputy chairman of the Republican National Committee after the Washington Post revisited a controversial episode from the Nixon years.

I think you can be effective with less than 100 percent of your time (on one enterprise) — particularly if you're willing to work an 80-hour week.

— Fred Malek

As Bob Woodward and Carl Bernstein had reported in their 1976 book, "The Final Days," Nixon demanded that his aides find out how many top Bureau of Labor Statistics officials were Democrats and Jews.

Malek, a special assistant to Nixon, checked voter registration rolls and reported back on how many were Democrats, but balked at fulfilling the rest of Nixon's query.

"I refused four times. The fifth time he came back and gave me a direct order through (chief of staff H.R.) Haldeman, so I gave him a number. I regret my compliance. It was a mistake," Malek said in an interview last fall shortly before Bush named him summit director.

The appointment was made with the blessing of major Jewish organizations. "He did make one mistake and he's apologized for it. ... He's put it behind him," said Abraham Foxman of the Anti-Defamation League of B'nai B'rith.

Before the campaign resignation, Malek was considered a possible chief of staff for the Bush White House.

Instead, he stuck to the private sector, leaving the booming Marriott empire to strike out on his own as a merchant banker — and soon closing several mega-deals that have made a wealthy man even

richer.

Last spring he put together a \$300 million buyout of the Coldwell Banker commercial real estate group from Sears, Roebuck & Co.

Then he joined deal-makers (and fellow Marriott alumni) Gary Wilson and Al Checchi last June in a successful \$3.65 billion bid for Northwest Airlines; a few months later he found himself in the president's chair.

More recently he teamed with Washington's Carlyle Group to buy Marriott's airline catering business for a reported \$575 million.

Entrepreneurial spirit

Northwest's new owners moved quickly to combat a legacy of labor troubles and poor service and to capitalize on its position as the biggest carrier across the North Pacific.

They have also reduced their debt from \$3 billion to less than \$2 billion inside of a year, in part by airplane sales and lease-backs and in part by mortgaging major land holdings in Japan. Malek and his partners were able to buy the airline without junk bonds.

"I always wanted to be entrepreneurial to have an opportunity to buy into businesses and make them better," said Malek, who views himself less as a financier than "a builder of businesses, somebody who



Associated Press

PRESIDENT BUSH meets with Fred Malek, center, president of Northwestern Airlines and Gary MacDougal, right, at Malek's home in McLean, Va. MacDougal worked on the Bush campaign.

knows how to manage and create values after the acquisition."

The lean, gray-haired Malek was a Green Beret officer in South Vietnam in 1960-61. He got an MBA from Harvard in 1964 and came to Washington in 1969 as deputy undersecretary of the Department of Health, Education and Welfare. In 1971, he became a special assistant to Nixon and later deputy director of the Office of Management and Budget.

Malek met then-congressman Bush in 1970 and became good friends while Bush was Republican Party chairman in 1973-74 during the Watergate crisis.

Malek and his wife of 29 years, Marlene, remain close to the Bushes, who attended a party last

August at the Maleks' home marking the first anniversary of the GOP convention.

He is still boning up on past summits, and shies at making predictions about this one.



1990 ECONOMIC SUMMIT OF INDUSTRIALIZED NATIONS

734 JACKSON PLACE ★ WASHINGTON, DC 20503

202-408-0290 (FAX) 202-408-0298

April 18, 1990

MEMORANDUM FOR ANDY CARD

FROM: CHUCK HAGEL 
RE: ECONOMIC SUMMIT SCHEDULE

For your information, attached please find a brief outline and statement regarding the schedule for the 1990 Economic Summit of Industrialized Nations, to be held in Houston, Texas, July 9-11.

Based on Fred Malek's meeting with President Bush on Monday, and prior discussions with you and your colleagues, Malek will be holding a press conference on Thursday, April 19, 1990, 12:00 CST in Houston, Texas. Malek will read the attached statement at that time, as well as release the tentative schedule and hold a question and answer session.

In addition, Marlin Fitzwater will issue a statement from the White House on Thursday from Key Largo, Florida.



1990 ECONOMIC SUMMIT OF INDUSTRIALIZED NATIONS

734 JACKSON PLACE ★ WASHINGTON, DC 20503
202-408-0290 (FAX) 202-408-0298

FOR YOUR INFORMATION - NOT FOR RELEASE

INTRODUCTORY STATEMENT BY FRED MALEK

APRIL 19 PRESS CONFERENCE

GEORGE R. BROWN CONVENTION CENTER

12:00 NOON (CDT)

I'M STANDING IN THE SAME ROOM WHERE -- LESS THAN THREE MONTHS FROM NOW -- OUR PRESIDENT, GEORGE BUSH, WILL DELIVER THE FINAL COMMUNIQUE OF THE 1990 ECONOMIC SUMMIT OF INDUSTRIALIZED NATIONS. THE PRESIDENT CHOSE HOUSTON AS THE LOCATION FOR THIS HISTORIC EVENT BECAUSE HE KNEW THAT THIS CITY WOULD NOT ONLY PROVIDE AN EXCELLENT SETTING FOR THE MEETING, BUT THAT HOUSTON WOULD SHOW THE WORLD A PART OF THE UNITED STATES THAT MEANS SO MUCH TO HIM.

I'D LIKE TO TAKE A MOMENT TO THANK EVERYONE IN HOUSTON WHO HAS CONTRIBUTED TO THE FINALIZATION OF THIS SCHEDULE WE ARE ANNOUNCING TODAY. THE CO-CHAIRMEN OF THE HOUSTON HOST COMMITTEE, KEN LAY AND GEORGE STRAKE, HAVE GATHERED TOGETHER THE FINEST TALENT IN HOUSTON AND HAVE PRESENTED US WITH SO MUCH CREATIVITY, ENTHUSIASM AND PROFESSIONAL ADVICE THAT I'M SURE IT WOULD BE DIFFICULT TO MATCH IN ANY OTHER CITY. WE HAVE BEEN OVERWHELMED WITH GOOD IDEAS.

THE SCHEDULE THAT MOST OF YOU NOW HAVE A COPY OF CONTAINS THE OUTLINE OF THE JULY 9-11 ECONOMIC SUMMIT.

page 2 Malek statement

WE BELIEVE THAT THIS SCHEDULE, WITH THE SUMMIT MEETINGS HELD AT RICE UNIVERSITY, WILL BEST ALLOW THE PRESIDENT AND HIS COUNTERPARTS FROM THE G7 NATIONS A CHANCE TO DISCUSS OPENLY THEIR VARYING VIEWS ON WORLD AFFAIRS IN AN ATMOSPHERE THAT IS CONDUCTIVE TO THOUGHTFUL DISCUSSION. THE SCHEDULE ALLOWS THE LEADERS TIME TO MEET SEPARATELY AND HOLD BILATERAL DISCUSSIONS. WE HOPE THAT IT WILL ALSO ALLOW THEM AN OPPORTUNITY TO RELAX AND ENJOY HOUSTON'S CULTURAL SIDE WITH A WORKING DINNER HELD AT THE BAYOU BEND COLLECTION -- ONE OF THE FINEST COLLECTIONS OF DECORATIVE ART IN THE WORLD, AND AN OFFICIAL SUMMIT DINNER AND EVENING OF ENTERTAINMENT ON TUESDAY AT THE HOUSTON FINE ARTS MUSEUM, WHICH BOASTS A FINE COLLECTION OF BOTH AMERICAN AND EUROPEAN ART.

THE GEORGE R. BROWN CONVENTION CENTER, THIS STATE OF THE ART FACILITY THAT THE CITY OF HOUSTON HAS MADE AVAILABLE TO US, PROVIDES EXCELLENT WORK SPACE FOR THE INTERNATIONAL AND DOMESTIC MEDIA THAT WILL BE COVERING THE SUMMIT. DOWN THE HALL IN EXHIBITION HALL "D", THE HOUSTON HOST COMMITTEE, WITH THE HELP OF MANY CONTRIBUTORS FROM, HOUSTON, THE STATE OF TEXAS AND THE REST OF THE UNITED STATES, WILL PROVIDE TWENTY-FOUR HOUR MEAL SERVICE FOR THE MEMBERS OF THE PRESS.

BEFORE I TAKE YOUR QUESTIONS, I'D LIKE TO POINT OUT TWO EVENTS THAT WILL TAKE PLACE PRIOR TO AND AFTER THE "OFFICIAL SUMMIT." ON SUNDAY, JULY 8TH -- IN COORDINATION WITH OUR ECONOMIC SUMMIT ORGANIZATION -- HARRIS COUNTY, THE CITY OF HOUSTON AND THE HOUSTON HOST COMMITTEE WILL HOST A WESTERN EVENING THAT WILL

page 3 Malek statement

INCLUDE A RODEO, BARBEQUE, AND COUNTRY MUSIC ENTERTAINMENT FOR PRESIDENT AND MRS. BUSH AND THEIR GUESTS FROM AROUND THE WORLD. ALSO INVITED WILL BE MEMBERS OF THE DOMESTIC AND FOREIGN PRESS CORPS, THE STAFFS AND LEADERS OF THE G7 COUNTRIES THAT ARE IN TOWN ON SUNDAY, AND STATE AND LOCAL OFFICIALS. THE WESTERN NIGHT WILL BEGIN ON SUNDAY AT 5:00 P.M.

ON WEDNESDAY EVENING, JULY 11, THE PRESIDENT AND MRS. BUSH WILL SALUTE THEIR HOME TOWN WITH AN EVENING OF ENTERTAINMENT AT THE WORTHAM THEATER. THE BUSHES WILL HONOR THE MANY HOUSTONIANS WHO HAVE HELPED TO PUT ON THE 1990 ECONOMIC SUMMIT OF INDUSTRIALIZED NATIONS. THE EVENT AT THE WORTHAM WILL BEGIN AT 8:00 P.M.

BY NOW YOU ALL HAVE NOTICED THE HANDSOME LOGO HANGING BEHIND ME. THIS IS THE OFFICIAL LOGO OF THE 1990 ECONOMIC SUMMIT OF INDUSTRIALIZED NATIONS, AND IT WILL APPEAR ON ALL OFFICIAL SUMMIT DOCUMENTS AND PUBLICATIONS. THE ARTWORK WAS DONATED TO THE SUMMIT BY THE HOUSTON ADVERTISING AND ENTERTAINING FIRM WARD AND AMES. LINDA LIMB IS THE WOMAN RESPONSIBLE FOR THIS PARTICULAR DESIGN -- SHE DID AN OUTSTANDING JOB. THE EIGHT STARS ON THE LEFT REPRESENT EACH OF THE SEVEN INDUSTRIALIZED NATIONS, AND THE EUROPEAN COMMUNITY.

I'D BE HAPPY TO ANSWER ANY QUESTIONS NOW THAT YOU MIGHT HAVE.



1990 ECONOMIC SUMMIT OF INDUSTRIALIZED NATIONS

734 JACKSON PLACE ★ WASHINGTON, DC 20503

202-408-0290 (FAX) 202-408-0298

EMBARGOED UNTIL 1:30PM (EST), APRIL 19, 1990

FOR IMMEDIATE RELEASE
APRIL 19, 1990

CONTACT: ROXANNE CASSCELLS
202/408-1644

TENTATIVE ECONOMIC SUMMIT SCHEDULE ANNOUNCED

(HOUSTON, TEXAS) -- Fred Malek, Director of the 1990 Economic Summit of Industrialized Nations, announced today the official schedule of events for the Summit to be held in Houston, Texas on July 9-11, 1990. The tentative schedule follows:

Monday, July 9, 1990

10:00 AM to 2:00 PM

Arrival Ceremonies

Academic Quadrangle

Rice University

President Bush Greets Heads of Delegations:

Commission of European Communities

Italy

Japan

Federal Republic of Germany

Canada

United Kingdom

France

3:00 PM

Restricted Session

Heads of Delegations

Founders Room, Lovett Hall

Rice University

7:00 PM

Working Dinner

Heads of Delegations

Bayou Bend Collection

Tuesday, July 10, 1990

9:00 AM

Main Plenary Session

Heads of Delegations, Foreign and Finance Ministers

Herring Hall

Rice University

1:00 PM

Working Lunch

Heads of Delegations

Cohen House

Rice University

page 2 summit schedule

2:30 PM **Main Plenary Session**
 Heads of Delegations, Foreign and Finance Ministers
 Herring Hall
 Rice University

3:30 PM Open for staff consultation and bilaterals

7:30 PM **Official Dinner**
 Heads of Delegations, Foreign Ministers, Finance
 Ministers and Spouses
 Houston Fine Arts Museum

Wednesday, July 11, 1990

9:00 AM **Main Plenary Session**
 Heads of Delegations, Foreign and Finance Ministers
 Herring Hall
 Rice University

12:00 Noon **President Bush Reads Final Communique**
 Assembly Hall B
 George R. Brown Convention Center

###

THE WHITE HOUSE
WASHINGTON

Date: May 7, 1990

FOR: SIG ROGICH

FROM: ED ROGERS

- ☐ Action
- ☐ Your Comment
- ☐ Let's Talk
- ☒ FYI

Just wanted to be sure you saw this.



1990 ECONOMIC SUMMIT OF INDUSTRIALIZED NATIONS

734 JACKSON PLACE ★ WASHINGTON, DC 20503
202-408-0290 (FAX) 202-408-0298

May 4, 1990

MEMORANDUM FOR JAMES A. BAKER, Secretary of State
NICHOLAS F. BRADY, Secretary of the Treasury
JOHN H. SUNUNU, Chief of Staff
BRENT SCOWCROFT, Assistant to the President for
National Security Affairs

FROM: FREDERIC V. MALEK

The following is a brief update on the 1990 Economic Summit of Industrialized Nations:

Summit Schedules

As you know, the official Summit schedule has been approved by the President and announced. In addition, the spouses schedule has been approved and announced by Mrs. Bush. Both have been well received in Texas by the press and the Houston Host Committee. In addition, the announcement and coverage has set the proper tone on the serious business nature of the Summit.

Houston Host Committee/Funding

The Host Committee has been extremely helpful on all matters, particularly in raising funds, and soliciting corporate goods and services to supplement the official Summit budget. Specifically, the Host Committee is underwriting all the unofficial Summit events, including the Sunday evening barbeque/western entertainment, the Wednesday evening salute to Houston and the thank you from the President and Mrs. Bush, as well as several other pre-Summit press oriented events.

To date over \$2 million has been committed, and the Host Committee does not foresee any problems in the funding of these events.

We are making every effort to get donations of inkind services, products and cash to help insure that we keep Summit costs and expenses at a minimum.

Brown Convention Center Food Pavilion

In conjunction with the Houston Host Committee, we are finalizing plans for a 24 hour food pavilion at the Brown Center to accommodate the international press. The Host Committee is getting donated all the food products for the pavilion from local businesses as well as the services of the best local chefs. We should have a first rate food pavilion, including a separate Japanese restaurant.

Summit Houston Headquarters

The official Summit headquarters was opened at Kirby Mansion in downtown Houston last month. Kirby Mansion is an historic Houston home that is currently being donated to the Summit. The building has been renovated by volunteers for the use of the Summit staff and the Houston Host Committee. Additional office space is being used across the street from Kirby in a GSA building.

Foreign Delegations Site Surveys

The second delegation site surveys will be held in Houston in late May and early June. Each delegation will be visiting all sites and will have the opportunity to explore them in detail. Our staff Directors will be working directly with their counterparts from each delegation to assess their plans and requirements.

Accommodations

All foreign delegation and press housing assignments have been finalized. As you recall, all foreign delegation hotels will be in the Galleria area and most of the press will reside downtown (nearer the press center at the Brown Convention Center).

Official Summit Logo

The official Summit logo was unveiled at a news conference in Houston during the announcement of the schedule. It is an artistic rendition of the American flag, with eight white stars on the far left, symbolizing the seven participating industrialized nations and the European Community. To the far right are thirteen red and white stripes. The logo is rectangular in shape, and is placed on a dark blue field, with a gold border surrounding the entire design. (See attached).

Shuttle System

Houston METRO has donated its services and will provide a comprehensive shuttle service for all official Summit delegation members and press at no cost to the government. The shuttle service will operate 24 hours a day and cover routes between the downtown press center at Brown, the Galleria hotel area and Rice University.

Summit Staff

The Summit organization is now fully staffed. The staff has begun moving to Houston on a permanent basis for the duration of the Summit. I, along with most of the Summit staff, will be in place in Houston by June 1. We have assembled a first rate staff. Most of the Summit staff has been recruited from the Bush Administration and will be either returning to their former positions or looking for new positions. We have been fortunate to get a number of Bush administration detailees from various government agencies. This has helped keep personnel costs down.

Next Steps

We are now developing detailed schedules for each Summit event and all aspects of operations, including transportation, communications, and security needs. The focus from here on will be on the fine tuning and execution of these plans.

We appreciate all the assistance and counsel that we have received from you and your staffs. We will continue to work with your offices for input as details and plans continue to progress.



1990

ECONOMIC SUMMIT

OF

INDUSTRIALIZED

NATIONS

HOUSTON, TEXAS





1990 ECONOMIC SUMMIT OF INDUSTRIALIZED NATIONS

734 JACKSON PLACE ★ WASHINGTON, DC 20503

202-408-0290 (FAX) 202-408-0298

April 27, 1990

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: FRED MALEK *Jm*
SUBJECT: Summit Conference Tables

This memo responds to the questions you raised concerning the Summit tables and their financing.

Background

In order to accommodate the Restricted and Plenary Sessions of the Economic Summit, we as the host country will have to provide four tables. The largest table to be used during the Main Plenary Sessions of the Summit must accommodate 24 participants. The table in the Restricted Sessions of the Heads of Delegations must accommodate the eight principals. Concurrent to the Restricted Sessions of the Heads of Delegations will be Restricted Sessions for the Foreign and Finance Ministers. The table for the meeting of the Finance Ministers must accommodate sixteen, and the number to be seated at Secretary Baker's table is yet to be determined.

Because of the conference rooms' sizes and configurations, the normal, existing conference tables cannot accommodate the requirements. Further, tables must also be specifically built in order to accommodate the intricate translation equipment needed.

Plan

Approximately two months ago a Houston based architectural design company approached the Houston Summit Host Committee regarding the donation of a conference table for the Summit. After being advised of this offer by the Host Committee, representatives of my Summit staff met with this company, Planning Design Research Corporation (P.D.R.), and inquired about their willingness to build all four conference tables that will be used during the Summit.

The agreement crafted with the Houston company revolved around two major benefits: the larger table used during the Main Plenary Sessions would be donated to the Summit, and would become the property of the Federal Government at the conclusion of the

Summit. The three other tables, while built to our specifications, would be considered a loan to the Summit. P.D.R.'s intention was to approach Houston-based companies and ask them to sponsor the construction of the three smaller tables. Should no suitable sponsor be found, P.D.R. would provide the tables at their cost. Such an arrangement was approved by the State Department Legal Advisor. The Houston Host Committee was in full agreement with these proposed plans.

P.D.R. estimates the cost of building the four Summit tables would be near \$167,000.00. All of this is donated money, and at no expense to the Federal Government. The 1983 Williamsburg Summit had one table constructed at a cost of \$75,000.00, paid for by the U.S. Government. Other tables were adapted from William & Mary College at additional cost to the Government. The Canadians spent comparable amounts for two tables for the 1988 Toronto Summit.

As far as I know, neither our staff nor P.D.R. has approached any individual or company at this time for donations...certainly no past Bush campaign contributors.

Alternatives

We feel our approach is sound and totally defensible. It provides an excellent product, it saves considerable U.S. Government funds, and it provides another meaningful avenue of involvement for Houstonians. There are three alternatives we can take:

1. Work with P.D.R. to reduce the specifications and costs of the table they are preparing.
2. Terminate the relationship with P.D.R. and go to our back-up plan. In order to protect against any unexpected delays or failure of P.D.R., we have a back-up plan to adapt specific existing tables owned by the U.S. Government and private concerns (e.g. the 1983 Williamsburg table is at the Department of Agriculture). The adaption and shipping expenses, of course, would be borne by the Government and would be considerable. The end product would not be as good but would be acceptable.
3. Have P.D.R. donate only the main plenary table and adopt other existing tables for the remaining three. This would cost less money overall but would cost the U.S. Government more, due to the adaptation/reconfiguration costs.

I hope this clarifies our actions to date with regard to the Summit conference tables. All of our actions have been directed towards saving the government a substantial amount of money, consistent with having the best possible product.

Again, I recommend we stay with our original plan for reasons already stated. Please let me know if you feel otherwise.

February 27, 1990

FOR IMMEDIATE RELEASE

THE WHITE HOUSE
WASHINGTON

Date: March 8

TO:

Ed Rogers

FROM:

AMY L. SCHWARTZ
Associate Counsel
to the President

- ☐ Action
- ☐ Comments
- ☒ FYI

Contact: Roxanne Bell Casscells
(202) 408-1644

of the 1990 Economic Summit of today the appointment of the Economic Summit. The Executive Senior advisors to the Summit staff, media coordination, and other

of Wexler, Reynolds, Fuller, Chairman of the Committee. The Committee includes: President of Conwall; Government Affairs of Textron; Milton G. Keel, Deputy Chairman for National Bank; James H. Lake, President & Montgomery; Homer Luther, President; Joshua I. Smith, Chairman and M. Teeter, President of Coldwater, President and Co-Chairman of J. Walker, Managing Director of

assembled in January and will be the time of the Economic Summit in

The Committee brings a diverse experience in major events like the World and the Houston Host Committee Committee's counsel. We are fortunate to have people of this caliber to ensure the success of

the Summit."

THE WHITE HOUSE
WASHINGTON

1ST meeting

1. Scofield -
2. Baker - OK - need to confirm
3. Brody -
4. Malik - OK - Oct 30TH need to confirm
5. Samson 2:45 - 45 mins
6. Pres.

Even
Summit
file

CONFIDENTIAL

October 17, 1989

To: Ed Rogers

From: Fred Malek *Fred Malek*

Subject: Preliminary Plan - Economic Summit

Subsequent to our meeting Friday, I have given further thought to the scenario and initial actions regarding the Summit. My suggestions are:

1. Concurrent with my appointment, the President should announce his desire or intention to hold the Summit in Texas. However, he should not designate a specific city (even though he could privately indicate his choice). This would provide the leverage needed in negotiating the optimum arrangements with the city and would preclude any embarrassment in the unlikely event that there are insurmountable obstacles to his preferred city.
2. *3 people* The day after my appointment I would designate a Selection Committee to evaluate the major cities in Texas and formulate a recommendation to the President. This would enable me to be recused from the selection. The Selection Committee would be chaired by Craig Fuller. *sh*
3. At the same time I would designate an Executive Director and also an Executive Assistant. They would immediately set up office. This latter point is important as we want to expeditiously respond to the calls, letters, and inquiries that will be coming in. I have talked to Amy Schwartz, and she is discussing with the Personnel Office how we can quickly clear these people.
4. A working lunch or other meeting with the President and Secretary Baker immediately preceding my appointment would be highly useful. The purpose would be to focus on some of the key issues that we will need for guidance, such as:
 - The theme envisioned for the Summit.
 - The basic message we want to convey to the American and World publics.
 - The impression we want to make on our guests--what do we want them to take away from the Summit.
 - The type of setting desired: formal, academic, relaxed, or some combination; opportunities for informal discussions vs. plenary sessions only. *sh*

- 2 -

- The type of activities envisioned such as: Space demonstration; Western event (rodeo and/or barbecue); Special entertainment (perhaps including country/western).
- Comments on what was liked best and least about the last Summit.
- Dates that are preferred given the Soviet Summit as well as factors such as climate.

A suggested rough timetable for the above as well as the key follow on steps might look like this:

1. Meeting with the President - November 1 or 3.
2. Announce my appointment - November 1, 3, 6 or 7.
3. Designate Selection Committee Chairman, Executive Director, and Executive Assistant - one day after 2 above.
4. Designate full Executive Committee and Selection Committee one week after 2 above.
5. Determine available and preferred dates from each foreign government and recommend dates to the President by November 30.
6. Selection Committee recommend city to the President and announcement of selection - December 15.

Let's discuss at your convenience. In the meantime I will be working on clearances for the initial appointments.

Frederic V. Malek
Vice Chairman

Northwest Airlines, Inc. 612 726-2091
Department A1200 612 726-0622 Fax
Minneapolis/St. Paul
International Airport
St. Paul MN 55111

February 8, 1991

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

Since August 2, you personally have set the agenda on the home front that the country had to carry on its business as usual. Your determination to deliver the State of the Union message, and your leadership in insisting that the Super Bowl proceed as scheduled all were welcome and important gestures to the country that we will prevail at home as well as in the Persian Gulf.

Your leadership in this area is in recognition that the terrorist measures success not so much by the execution of the act itself, but rather by the extent to which the behavior patterns of ordinary people are altered to the detriment of the national good. Thus far, through vigilance and a lot of hard work, we have been successful in avoiding significant acts of terrorism. We must fight the attitudinal war just as forcefully as we are fighting the terrorists themselves.

Unfortunately, I am terribly concerned that the American business community has collectively stuck its head in the sand, and for three weeks has been cowering in fear of what Saddam might do. Investment decisions are on hold; purchases of new cars and homes are down (Teeter told me that Ford did not receive a single car order from its dealers the last half of December); attendance at theme parks and resorts is way off; and air travel has plummeted. It would be a shame to allow Saddam to have an economic victory and to achieve economically what he can never achieve on the battlefield.

Quite bluntly, business has headed for the bunkers. Shortly after the onset of Desert Storm, many businesses banned all international travel, even though in cooperation with the Federal Aviation Administration, the airlines have gone to extraordinary lengths to raise the security of air travel to the highest levels in history. This behavior has

The President
February 8, 1991
Page Two

had devastating effects on the airline industry, related travel industries such as hotels, rental car companies, caterers and theme parks. A recent Commerce Department study reports that tourism is down forty percent since the onset of Desert Storm. States like Hawaii that are particularly dependent on tourism have seen their economies decimated in just three short weeks.

This hysterical and irrational response to the crisis in the Gulf is perhaps the most palpable sign of a war-induced malaise in the business community; it seems to reflect the notion that business activity should be frozen in place while we all watch CNN, and try to figure out how long it will be before victory is achieved.

This defeatist syndrome must be addressed forcefully and aggressively by the Administration because unless it is broken, I fear that the economic downturn will be greatly exacerbated, and make economic recovery longer and more difficult. I also fear that critical industries, like the airline industry -- which has been so instrumental in the successful prosecution of your Persian Gulf policies -- will suffer irreparable damage unless people start traveling again, and soon.

Thus, I believe that the Administration should pursue a coordinated effort to prod the business community to get on with the business of America. Here are some of the actions that come to mind:

1. Take every opportunity to make this point yourself -- ensure it is addressed at your next news conference and upcoming speeches.

2. Consider convening a White House Business Leadership Conference to deliver this message personally.

3. Bob Mosbacher and the Commerce Department can play a crucial role. Bob could personally write to the Chief Executive Officers of the Fortune 1000, and the Business Roundtable and the Chamber of Commerce to encourage American businesses to push ahead.

4. Sam Skinner could pursue an equally aggressive campaign to reassure American businesses (and consumers) that they should travel with confidence and not fall victim to exaggerated threats of terrorism.

The President
February 8, 1991
Page Three

5. Nick Brady and other cabinet members should adopt this theme in their speeches and appearances.

6. Finally, this effort should be multi-national. State can be helpful in this area as well. The Japanese, for example, have reduced their foreign travel by extreme amounts, out of all proportion to any realistic threat. Clearly, the Japanese, and our other major trading partners should have just as great an incentive in restoring confidence as we have, and I would hope these concerns and themes could be shared with our partners, and they be encouraged to also speak out in their countries.

Mr. President, I earnestly believe that a sustained effort of the type described above is critical to the economic health of the nation. I am willing to assist in this effort in any way you might deem appropriate. Thank you for your indulging me in this rather lengthy letter.

Sincerely,



Frederic V. Malek

P.S. Attached is a well thought through letter from your friend, Bill Marriott, on the same subject.



Marriott Corporation
International Headquarters

Marriott Drive
Washington, D. C. 20036

February 8, 1991

J. Willard Marriott, Jr.
Chairman of the Board
and President

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

Although he is losing the war in Iraq, Saddam Hussein is beginning to win the economic war in America as American consumers are climbing into their bunkers and pulling the deepening recession in on top of them.

They are too busy feeding their fears by watching CNN News to make trips to Disneyland or even to the automobile showroom to buy a new car.

I serve on the General Motors Board where we just cut our dividend and are predicting up to a 20% drop in auto production through 1991. Hotel industry occupancy in Europe is off some 40%. In the United States, it is off 5-10%. Meetings are being cancelled and customer calls are being made by telephone. The airports are virtually empty. International air travel is down 50-75%. Domestic air travel is off 5-10%.

The media are overdoing it with continuous coverage of empty airports, airplanes, and hotel lobbies.

Travel and the automobile industry are our two largest employers. Already over 100,000 auto workers have been laid off. By the end of February over 150,000 workers will have been laid off by the hotel and airline industry. If present trends continue, many of our largest airlines, hotels, and automobile manufacturing companies will be in serious financial difficulty.

Your reply at the Economic Club of New York to the question about the public's reluctance to travel was superb. Your taking the President's Day weekend in

The President
February 8, 1991
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Kennebunkport is a very strong signal. Your comment regarding the Super Bowl was also very encouraging when you said, "Life must go on."

I hope you will continue to use every opportunity to tell the American people to get out of their collective bunkers, to take vacations, and make sales calls, to attend meetings and yes, to buy a new car -- even with a war going on.

Thank you for your great leadership and your fine example of getting away from the White House and encouraging all Americans that life must go on.

With warmest personal regards,



J.W. Marriott, Jr.

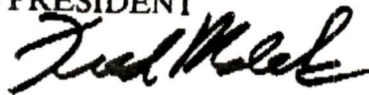
cc: The Honorable John H. Sununu
The Honorable Robert A. Mosbacher
The Honorable Nicholas F. Brady
The Honorable Samuel K. Skinner
The Honorable Drew Lewis
The Honorable Roger B. Porter

THE CARLYLE GROUP
A Private Merchant Bank
1001 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-2505
(202) 347-2626

November 26, 1990

MEMORANDUM FOR THE PRESIDENT

FROM: FRED MALEK



Congratulations on a magnificent trip. The appearances in Saudi Arabia were an emotional high, and there seemed to be a great deal of substantive progress with our allies and the Congressional leaders. These results should firm support for your policies here.

I'd like to take advantage of your invitation to offer follow-up thoughts to our luncheon two weeks ago. As stated then, I believe the American people have confidence in your handling of the Middle East but are less sure of your understanding and actions related to the country's economic problems. Yet, assuming the Iraqi problem is resolved in 1991, and we are otherwise at peace, our economic health will be, as usual, the principle measure by which the voters will judge you in 1992.

Business and political leaders who are your friends were genuinely pleased to see your subsequent meetings with your economic team and then with a series of business and financial leaders. These sessions undoubtedly helped to accurately define the problem and its dimensions. Most likely these sessions have helped you and your team to conclude that:

- The country is indeed in a recession.
- It is selective, e.g., although the Northeast is a mess, the Northwest is healthy; while real estate is a true disaster, electronics/technological industries are doing fine.
- The recession has the clear potential of becoming deeper, larger, and more destructive than the 1981-2 recession.
- We do have an unprecedented credit crunch in the country, and bank regulators are unwittingly contributing to the problem. Their actions could drive a shallow recession into a major downturn, and will, at the least, mitigate against any rapid recovery.
- There is a sense of government apathy, unawareness, or insensitivity to the growing problems.

Now, let me be so bold as to suggest a few measures you can consider to deal with the problem, both perceptually and substantively:

1. Indicate your awareness and concern to the American people. Unfortunately, there is a serious fear, bordering on paranoia, developing among the American public. They see their economic future threatened as never before as homes -- their single greatest asset -- decline dramatically in value, jobs are threatened by recession and

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bankruptcies, financial services are in disarray, and former pillars (banks and insurance companies) appear vulnerable. They need you as a "father figure" to take them by the hand, acknowledge times are tough today, state that you are acting to improve the economy, and offer hope for the future. You should indicate that we have faced recessions before and will come through this one because:

- Your successful budget deficit efforts have already led to reduced interest rates, and have put us on a course designed to balance the budget over five years.
 - Exports are increasing, and the balance of payments improving.
 - Inflation is stabilizing and appears under control, and declining.
 - You and your team are on top of this and taking further actions.
2. Continue to use your influence to press interest rates down. They are moving in the right direction, but need to fall further. Greenspan seems to agree, but my fear is that the Fed is not moving fast enough. While there are risks involved, and subtlety is required, a visible meeting with Greenspan, prior to a likely move by the Fed, may help to demonstrate your leadership and your success in lowering interest rates.
3. Deal with the credit crunch. This problem is real, it is pervasive, and if unchecked it will cripple the economy. Regulators are holding banks to impossible standards and have established an atmosphere of fear and uncertainty that precludes lending even for worthwhile projects. Based on their fear of regulatory retaliation, banks are simply not lending to anyone, even the Fortune 500 companies are having trouble with credit; there is no longer such a thing as a real estate loan -- for even the strongest developer with a fully leased building. Listen to your many friends from the business world on this one -- yes, there have been excesses in the past, but the present atmosphere goes far beyond reason. The regulators are determined to avoid blame, and they are therefore forcing loan and write-off standards on banks which are beyond any heretofore rational standard for the providing of credit. This is a truly difficult issue to deal with since you can't simply call off the regulators. However, here are a few things to consider that could make a difference:
- Ensure that the top people at Treasury, including the Comptroller, are carefully listening to the same message you are hearing and understand the problem.
 - Encourage Treasury and the Comptroller to take a more measured approach and deal constructively with the problem so as to avoid destructive economic consequences. It's really their job -- not yours -- to direct the regulators.

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- Set the tone publicly by communicating clearly and frequently that you believe we are on a course toward continued economic growth and that you encourage financial institutions to take prudent risks and make the sensible loans that their charters envision and that have helped build the U.S. economy into the World's strongest. You can emphasize that you have been a business man and know the necessity of credit.
- 4. Address the problems of some industries selectively. Let me take as an example an industry where I have a self-interest but also know something about - the airline industry. Jet fuel prices more than doubled from August 2 to late October and are still up some 80%. Ticket prices cannot be raised enough to offset this, and the industry losses are in billions. A number of airlines will fail in the coming months, and there is likely to be serious political fallout. Eastern, and Pan Am, TWA, Continental and others are on the edge. If Continental failed, for example, it would most likely be grounded, with serious impact on Houston. Other failures would have similar consequences in cities such as St. Louis and Phoenix, to say nothing of the loss of jobs. Sam Skinner is intimately aware of the problem, is addressing it, and may develop recommendations for dealing with it. In the meantime I am planning sessions with several of your key advisors on the issue.
- 5. Work with business leaders to reduce the impact of massive layoffs. Business leaders do not want to engage in the massive layoffs now being announced at many financial and industrial companies, but they are concerned that the credit crunch and the softening economy mean inevitable revenue and profit reductions down the road. You can indicate that you are working on business leaders' concerns and want them to consider carefully their own contribution to the problem by trying to avoid precipitous, massive layoffs. The public would certainly approve of your expressed public concern about rising unemployment, which to date you have not really addressed.
- 6. Prepare economic measures for the State of the Union and New Congress. You can take advantage of the time available before the State of the Union address to develop measures to stimulate investment, savings and growth in the economy. By the time of the State of the Union address, we could be in a deeper recession than now, and there will be the inevitable Congressional call for Presidential leadership on the economy. A clear set of Presidential initiatives -- some requiring Congressional approval and some not -- will help convey the image that you are in command domestically as well as in foreign affairs.

If it would be helpful to you, I would be pleased to assemble a small and select group of highly thoughtful people from the business/financial community for an informal and private chat about all of the above issues.

Thanks for the opportunity to comment. Let me close with a personal and more upbeat note. My son, Fred, is now a Lieutenant on the USS Juneau in San Diego and departs with his ship and 700 Marines for the Persian Gulf on December 1. He is proud to be serving and reports that morale is high, with solid across-the-board support for the Commander in Chief.

THE WHITE HOUSE
WASHINGTON

October 13, 1989

MEMORANDUM FOR EDWARD M. ROGERS, JR.
DEPUTY ASSISTANT TO THE PRESIDENT AND DEPUTY TO
THE CHIEF OF STAFF

FROM: AMY L. SCHWARTZ *ALS*
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Fred Malek's Appointment

Attached is the draft waiver prepared by the State Department to deal with Fred Malek's financial interests. As we have discussed, it would be extremely helpful if you could review the draft to ensure that it describes the job duties accurately and that the proposed recusal will be workable. FYI, the State Department has not yet sent the waiver forward for review by the Deputy Secretary (who needs to sign off on it), but the Legal Advisor's office does not anticipate a problem.

Although this waiver should resolve the hardest issues, a number of the more routine steps are still needed -- such as the drafting of a job description for Malek's basic State Department appointment, the Presidential Personnel paperwork associated with giving him the personal rank of Ambassador, and the security investigation. It is my understanding that Presidential Personnel is waiting to initiate these steps until it receives word that the selection of Malek is definite.

Please feel free to call me at x2674 if you have any questions.

Attachment

cc: Diana Kendrick

DRAFT 10/12/89

ACTION MEMO

TO: The Deputy Secretary

FROM: L - Abraham D. Sofaer

SUBJECT: Waiver Decision: Fred Malek, Special Economic Summit Representative

ISSUE FOR DECISION

Whether to provide Mr. Malek with a waiver under the ethics statute barring a government official from acting on matters in which he holds a financial interest.

ESSENTIAL FACTORS

The federal conflicts of interest statute, 18 U.S.C. 208, prohibits a government official from participating personally and substantially in any "particular matter" which would have a direct and predictable effect on his personal financial interests. "Particular matter" potentially covers not only matters involving individual companies but also broad policy matters affecting classes of companies or industries.

18 U.S.C. 208(b)(1) permits participation by a Department employee in particular matters in which he has a financial interest, if the employee sets forth the relevant particular matters in which he may be involved, makes full disclosure of his or her financial interest, and receives in advance a written determination that "the interest is not so substantial as to be deemed likely to affect the integrity of the services which the Government may expect from such officer or employee." We believe such a waiver is appropriate in the current case.

The President intends to appoint Mr. Malek with personal rank of Ambassador to the part-time, uncompensated position of Special Economic Summit Representative. The Summit will be held in the United States between May and September of 1990, and the President has tentatively chosen Texas as its site. Subject to factors unknown at this time, such as the unavailability of adequate facilities, the President has further stated his preference that the city be San Antonio,

with Houston as an alternative. As Special Representative, Mr. Malek would be responsible for staging the Summit. His primary responsibilities would include coordinating with representatives of the participating foreign countries to determine the date of the Summit and the needs of each foreign government for accommodations, security, and press relations; determining the participants needs for hotel space, communications, air travel, ground transportation, and conference facilities; and evaluating whether San Antonio or Houston have adequate facilities to accommodate the Summit. Further, he would be responsible for logistics and press coordination. Mr. Malek would have no responsibility or involvement in developing the agenda or the U.S. Government's positions on the substantive issues to be discussed.

It is envisioned that the office of the Special Representative will be organized and staffed along the lines of the office of the Administrator of the 1983 Economic Summit. There will be a Deputy Representative, Assistants to the Representative, and Directors for security, administration, logistics, advance, press, and operations.

The ethical issue is how to reconcile Mr. Malek's responsibilities for logistics and administration with his corporate affiliations and financial interests in travel companies. Relevant to his prospective appointment, Mr. Malek is president and is chief executive officer of Northwest Airlines and is a director of Avis, (and its parent company Wings Holding), and Caterair (an airline food service firm). He additionally owns stock in Marriott Corporation (\$2.5 million), Caterair (\$4.8 million), and Northwest Airlines (\$8 million). Marriott has higher than average market shares in the two Texas cities under consideration. It has two hotels in San Antonio with 1,500 or 33.6% of the quality tier rooms in that city suitable for the Summit. In Houston, Marriott has five hotels, with a total of 2,478 rooms and 23.6% market share. Northwest Airlines does not maintain hubs in either San Antonio or Houston; even if the site of the Summit is changed, it is highly unlikely that the cities in which Northwest Airlines maintains hubs (Minneapolis, Detroit, and Memphis) will be selected. There will not be an "official airline" of the Summit and most key players will not use commercial airlines to travel to the Summit.

Mr. Malek is also a limited partner with financial interests in several hotels in Texas and other U.S. cities: the New York Marriott Marquis (\$800,000); Marriott Hotels LP (\$150,000); Atlanta Marriott LP (\$80,000); Potomac Hotels LP (less than \$50,000, partnership owns 11 hotels with one in Dallas and another in Houston)); Courtyard of Marriott LP (\$100,000, partnership owns 50 suburban hotels, with three in Dallas and 2 in San Antonio); and Marriott Residence Inn LP (\$125,000, partnership owns 15 suburban; none are in Texas).

We believe that we can satisfy applicable ethical rules and protect the integrity of Mr. Malek's government decision making through a combination of requiring selective sales of stock; mandating recusal from issues directly bearing upon selections of hotel, airline and rental cars; and issuing a carefully focussed waiver for duties that do not bear directly on his financial interests. (Mr. Malek has sold his interests in all media related companies.)

With the exceptions listed below, we would generally authorize Mr. Malek to participate in the overall preparations for the Summit, including decisions on format for the discussions, relations with the press, and negotiations with foreign leaders over timing. We would require that Mr. Malek recuse himself from deciding where the President and other foreign leaders would stay, and from any direct dealings with Marriott or its hotels, until after the decisions as to site of the Summit and housing of participants are made. Although Mr. Malek would be authorized in the waiver to determine the logistical needs of the Summit, such as hotel space, communications availability, air travel, ground transportation, and conference facilities and report to the President or his aides the views of his staff whether San Antonio or Houston is an appropriate site, he would recuse himself from participation in the selection of a new site should it become necessary.

Mr. Malek would also be barred from dealing directly with Northwest Airlines, Wings Holding, and Caterair. He would, however, be authorized to participate in the logistical arrangements for the arrival and departure of the participants even if Northwest Airlines is one of the carriers used. Similarly, Mr. Malek would be barred from direct dealings with Avis, and from negotiations and selection of car rentals. We would authorize him, however, to participate in overall logistical decisions involving ground transportation.

We believe that you can reasonably conclude that Mr. Malek's financial interests would not be so substantial as to affect the integrity of his duties as we have enumerated them. While Marriott will receive some incremental financial benefit from the selection of San Antonio or Houston where it enjoys higher market shares, the sites were already identified by the President. Because Marriott's nationwide holdings guarantee that it would receive a significant financial benefit wherever the Summit is held, we do not believe that Mr. Malek's assessment of the two cities would be swayed by the marginal additional benefit to Marriott that would result from the choice of either of these two cities where Marriott's market share is larger than average. Further, because a Summit would require virtually all the remaining quality rooms in the chosen city (an estimated 10,000 people will be attending the Summit), Marriott is unlikely to have any significant competitive advantage over other hotels in the same city. Finally, Mr. Malek's interests in Marriott and related hotels do not comprise the major part of his total assets.

RECOMMENDATION

That you sign the 18 U.S.C. 208(b)(1) waiver attached, in two originals, at Tab A.

Approve _____

Disapprove _____

Attachments:

Tab A: Proposed waiver determination (two originals)

Tab B: Recusal letter

Drafter: L/M:LJacobson
7263K 10/12/89

Clearances: L/M:JHThessin
L:ERRindskopf
WH:ASchwartz
OGE:FNebecker

Determination

To: Fred Malek

I have been advised of the various particular matters that a Special Economic Summit Representative may be asked to address. I have been advised also that you will not have responsibility or involvement in developing the substantive agenda or the U.S. Government's positions on the substantive issues to be discussed. In light of these matters, I have reviewed the information you have provided on your financial interests.

In accordance with 18 U.S.C. 208(b)(1), I have determined that, with respect to particular matters for which you would be personally and substantially responsible as Special Economic Summit Representative, your financial interests, including corporate affiliations, in Marriott Corporation, Avis Inc., Northwest Airlines, Inc., Caterair, Wings Holdings Inc., Marriott Hotels Limited Partnership, Atlantic Marriott Limited Partnership, Potomac Hotels Limited Partnership, Courtyard Limited Partnership, and Residence Inns Limited Partnership, companies which may be affected by the holding of the Summit, are not so substantial as to be deemed likely to affect the integrity of the services which the Government may expect from you in these matters.

You must, however, recuse yourself from participation in the decision as to the selection of the site of the Summit other than participation in the activities explained below, in the selection of the hotel where the President and other foreign leaders will stay, in negotiation of hotel rates, and in negotiation and selection of commercial air service and car rentals.

Consistent with these recusals, you may participate, however, in the overall preparations for the Summit, including negotiations with foreign leaders over timing, decisions on format for the discussions, and relations with the press. You may also assume general responsibilities for the logistics and administration for the Summit, including developing the needs of the Summit for hotel space, communications availability, air travel, ground transportation, and conference facilities, and report to the President or his aides whether in light of these factors, San Antonio or Houston are viable sites. Further, after the Summit site is selected and hotels for participants, including the President are determined, you may have official dealings with Marriott, as appropriate. You must, however, recuse yourself from participation in the selection of a new site should it become necessary.

Should your responsibilities change in any way you are always free to request a further waiver.

Deputy Secretary of State

October , 1989

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Washington, D.C. 20004-2505
(202) 347-2626

September 12, 1989

VIA FACSIMILE

Mr. Ed Rogers
The White House
Washington, D.C.

Dear Ed:

Attached in case you have missed it is the complete A.P. story . I thought you and John might be interested in seeing it in light of the favorable comments by two key members of the American Jewish Leadership, Seymour Reich and Abraham Foxman.

Sincerely,



Frederic V. Malek

AP-BA-09-11 0858

By CHRISTOPHER CONNELL
Associated Press Writer

WASHINGTON (AP) Jewish leaders are backing Frederick V. Malek for a White House role after hearing the business executive's apology for an incident in the Nixon administration with anti-Semitic overtones.

The White House said Sunday that President Bush wants Malek to run next year's economic summit of Western industrialized nations, expected to be held in Texas.

Malek, 51, a central player in three major business deals this year, including the nearly \$4 billion takeover of Northwest Airlines, said he still must make arrangements with his partners before taking on the part-time White House post.

But Malek has cleared one possible hurdle in a series of private, fence-mending meetings with leaders of major Jewish organizations.

Malek said he both explained and apologized for his role in the 1971 incident in which he complied with a Richard Nixon request to find out how many top Bureau of Labor Statistics officials were Jews.

Malek resigned as a top Bush campaign adviser and deputy Republican chairman last Sept. 11 after reports about the memo resurfaced.

He denied charges of anti-Semitism, but said then he was relinquishing his posts "because of my belief that nothing should interfere with the vice president's victory in November."

Seymour D. Reich, chairman of the Conference of Presidents of Major American Jewish Organizations, said Malek "made a mistake 18 years ago when he agreed to a regrettable request by President Nixon."

But Reich added that Malek "has taken pains to assure the Jewish community that he realizes his error and that he intended no harm. I believe he is sincere ... and that he intends to serve the president and the country with integrity and with respect for all Americans. We wish him good luck in his new assignment."

"He did make one mistake and he's apologized for it," said Abraham H. Foxman, national director of the Anti-Defamation League of B'nai B'rith. "I think he's put it behind him."

White House spokesman Roman Popadiuk said: "The president has spoken to Fred Malek about (the summit post). The president would like him to do it. No final decisions have been made. We do expect it to occur."

Malek, 51, who ran last year's Republican convention in New Orleans, said he wrote the memo only after ignoring several earlier demands from Nixon for the information.

Nixon had complained to aides that a "Jewish cabal" within the bureau was trying to undermine his economic policies, and demanded to know how many top officials were Democrats and Jews.

Malek said he provided the data on Democrats after a check of voter registration rolls, but balked at fulfilling the rest of Nixon's query.

"I refused four times," Malek said Sunday. "The fifth time he came back and gave me a direct order through (chief of staff H.R.) Haldeman, so I gave him a number."

"I regret my compliance. It was a mistake," said Malek, a West Point graduate who was a special assistant to Nixon in 1970-73 and then deputy director of the Office of Management and Budget until 1975.

"I don't think anyone has ever found any shred of evidence of bigotry or anti-semitism in my life, except this footnote," Malek said in a telephone interview from his McLean, Va., home.

Before accepting Bush's offer, Malek said he first must make sure his other business obligations allow him to take on the job of summit coordinator and that there are no conflicts of interest.

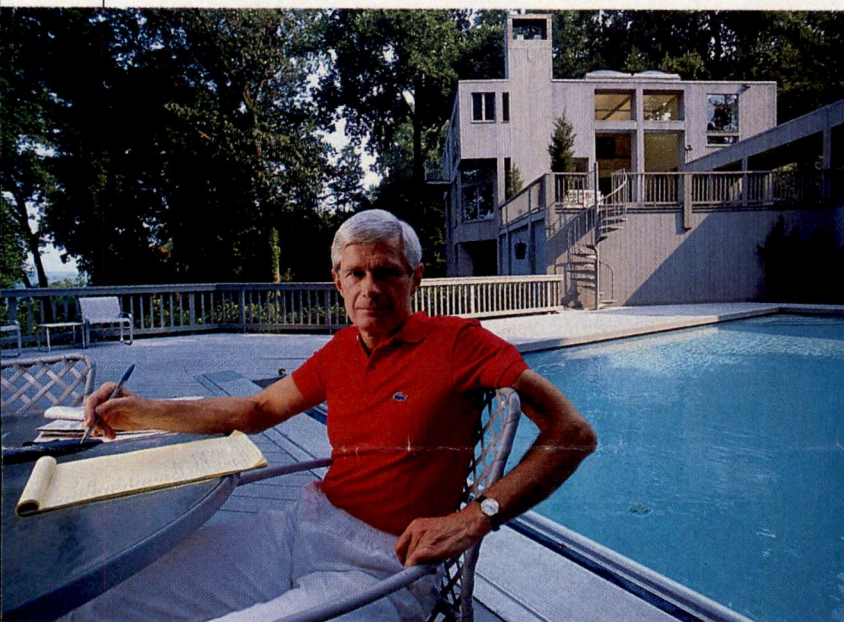
Malek is a former Marriott Corp. executive and president of Marriott Hotels.

In addition to the Northwest Airlines takeover, he was a principal in two other recent major business deals: the purchase of Coldwell Banker's commercial real estate operations from Sears for \$300 million and the \$800 million sale of Marriott's airline catering business to Malek and executives of the catering division.

Bush attended a party at Malek's home overlooking the Potomac last month to mark the first anniversary of the GOP convention.

The last summit was in Paris in July. Bush is believed intent on holding the next in Texas — probably San Antonio or Houston — in late spring. Neither the date nor site is firmly set.

AP-BA-09-11 0858EDT



New dealmaker Malek taking a break at home after his triple play

BIG DEALS SOMETIMES COME IN THREES

■ **Frederic Malek**, 52, the former Marriott Hotels president, has set up shop as a merchant banker—and how. In April he brought together a disparate group of investors, which includes Sumitomo Bank, Bankers Trust, and Westinghouse Credit, to buy Coldwell Banker's commercial real estate operations from Sears for \$300 million. In June he teamed with **Alfred Checchi**, a former Marriott compatriot, to make a successful \$3.65 billion offer for Northwest Airlines. And in July, Marriott agreed to sell its \$800 million airline catering division to Malek and the division's management.

Malek admits to having little dealmaking prowess, but he has good connections.

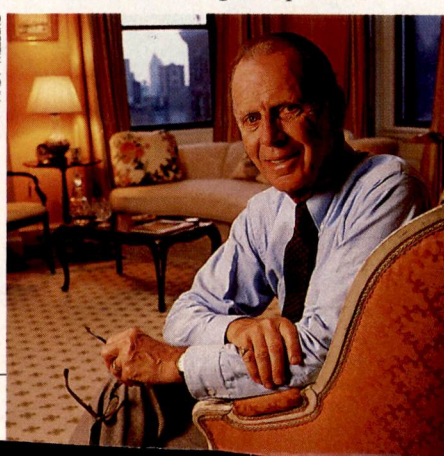
He's an adviser to Carlyle Group, a Washington, D.C., merchant banking firm that includes former Defense Secretary **Frank Carlucci**. He is also a member of the Bush Administration's kitchen cabinet, a group of infor-

mal advisers to the President. A former Green Beret who was an aide in the Nixon White House, Malek says he wants to play an advisory role in each of his three ventures: "I want to help create value *after* the acquisition is done." And deal No. 4? Right now he's not pressing his luck.

LBO BOY SCOUT

■ Speaking of dealmakers: CEOs of undervalued companies may be getting a call from former Morgan Stanley chairman **Robert Baldwin**. After five years in semiretirement, Baldwin, 69, is chairman of a year-old investment banking boutique called Lodestar Group.

Robert Baldwin: the gentle persuader



With nearly \$300 million provided largely by Japanese investors, Lodestar has quietly acquired toehold stakes—less than 5%—in half a dozen companies.

Unlike the typical leveraged-buyout group, Lodestar won't acquire more than 20% unless the managers are amenable. "I'm sure they're intimidated at first," Baldwin says. "When we call, they probably think, 'Okay, here it comes.' But we tell them there's no need to get excited." Baldwin and his Lodestar partners—Merrill Lynch alums **Ken Miller** and **Tull Gearreald**—say they're content to cajole reluctant top officers into restructuring the company or taking it private. Lodestar stands to pick up underwriting fees and hopes to see its holdings run up in value.

An example of Lodestar's finesse is the proposed restructuring of Kinder-Care, the \$572-million-a-year company in Montgomery, Alabama, that started with day care centers and diversified with mixed success into shoe stores, savings and loans, and insurance. Lodestar's partners argued that the company would look better to investors if it were less cluttered. So Kinder-Care is spinning off the day care subsidiary. Says CEO **Richard Grassgreen**: "Their word was clearly to be trusted." No wonder. Baldwin, who built Morgan Stanley into a Wall Street powerhouse during his ten years as chief, has been called "the Boy Scout of the investment banking business."

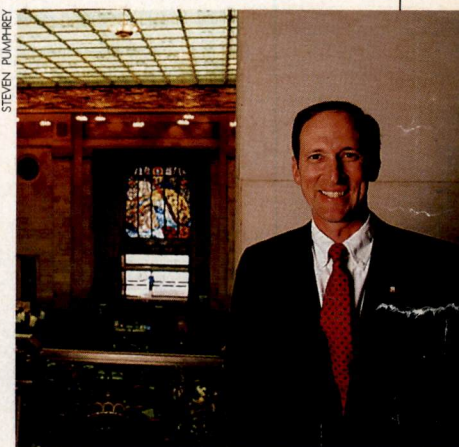
A TEXAS SURVIVOR

■ The past few years have cost Texas many of its top bankers, but **Marc J. Shapiro** is one native who survived the cuts. Long the *Wunderkind* of Texas Commerce Bancshares, Shapiro, 42, has been named to

BY MARK ALPERT

succeed **Ben Love**, 64, as CEO of the Houston-based institution (assets: \$18 billion) in December. Love, who will remain a director, kept the bank afloat while its competitors succumbed to hard times. "You can't fill those kinds of shoes," Shapiro says. "You just take the foundation he built and move it forward."

A graduate of Harvard with an MBA from Stanford, Shapiro joined Texas Commerce's finance division in 1972 and rose to chief financial officer four years later at age 29. He helped establish the cautious credit policy that saved the



Marc J. Shapiro: a lone star

bank when the Southwest's economy soured in the mid-1980s. The Federal Deposit Insurance Corp. has bailed out what ten years ago were the bank's four main competitors—MCorp, First City Bancorp of Texas, RepublicBank, and InterFirst—and non-Texans now run most of their operations. But Chemical Banking Corp. received no federal aid when it bought Texas Commerce for \$1.2 billion in 1987.

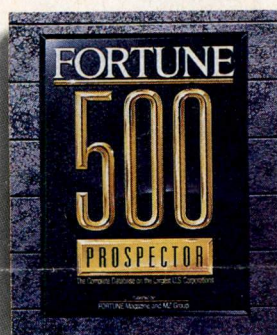
Shapiro wants to build the bank's customer base. Says he: "We gained strength through the turmoil." One of the few that did.

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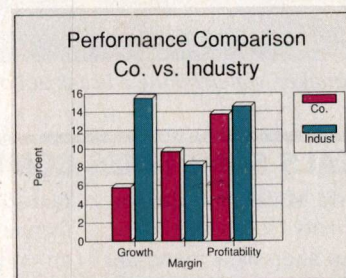
James B. Hayes
Publisher, *Fortune Magazine*

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