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## The White House NEWS SUMMARY

## WEDNESDAY, NOVEMBER 14, 1984 -- 6 a.m. EST Edition

#### TODAY'S HEADLINES

## INTERNATIONAL NEWS

Reagan Promises Steady Course for International Affairs -- President Reagan says his second-term mandate is "to pursue a steady course in international affairs" and keep cutting the size and scope of big government in Washington. (UPI)

U.S. Warns Nicaragua Against Attacking Neighbors -- The U.S., while maintaining it has no plans to invade Nicaragua, is warning Managua it will take whatever steps are necessary to prevent an attack on U.S. friends in Central America. (Washington Post, Washington Times, AP, Reuter, UPI)

## NATIONAL NEWS

Deficit Forecast Revised Upward -- Budget Director Stockman told President Reagan the budget news for the current year is worse than Stockman believed a week ago, but the President said he is determined not to propose a tax increase or "submit a budget that would cause us to acquiesce in a tax increase," Administration sources said.

(Wall Street Journal, Washington Post, Washington Times, AP, UPI)

## NETWORK NEWS SUMMARY (Tuesday Evening)

CABINET MEETING -- Budget Director Stockman made it official: the deficit will likely be at least \$190B -- \$18B more than he thought three months ago.

NICARAGUA -- There was no letup in the verbal assault President Reagan has authorized and sometimes led against Nicaragua....The Russians are becoming increasingly involved in all aspects of Nicaraguan life as American influence decreases.

JAPANESE IMPORTS -- Lee Iacocca said that despite record profits for American car makers, the U.S. trade deficit is reason enough to continue import restrictions.

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NETWORK NEWSB-1

This Summary is prepared Monday through Friday by the White House News Summary Staff. For complete stories or information, please call ext. 2950

## INTERNATIONAL NEWS

#### REAGAN PROMISES STEADY COURSE FOR INTERNATIONAL AFFAIRS

President Reagan says his second-term mandate is "to pursue a steady course in international affairs" and keep cutting the size and scope of big government in Washington. Reagan will huddle today with Secretary Shultz and NSC Adviser McFarlane for the first round of discussions on foreign policy goals over the next four years. The two advisers planned to present Reagan with a blueprint of possible goals in promoting peace and reconciliation around the world in his next term and a key concern is trying to resume substantive arms talks with the Soviet Union.

(Helen Thomas, UPI)

## 7 EXERCISES GOING ON AS U.S. CONTINUES NICARAGUA PRESSURE

## Nicaragua Says Alert Was Drill

MANAGUA -- The nationwide military alert announced Monday was aimed primarily at preparing Nicaragua for an "eventual" U.S. attack rather than an imminent one, Defense Minister Humberto Ortega said Tuesday. Without ruling out "a surprise attack," Ortega described the mobilization as a sort of dress rehearsal for how to react in case of U.S. air strikes or a full scale invasion, "if one happens." His comments at a news conference suggested that the government was backing off from warnings over the past week that the U.S. might be about to move against the leftist government. Vice President-elect Ramirez warned that a "crisis" could result the next time a Soviet or Bulgarian ship delivers weapons. But he and Ortega said Nicaragua would continue to import arms from Soviet Bloc countries as long as it is battling antigovernment rebels, and as long as the U.S. is "threatening" it and violating its air space and territorial waters. (Robert McCartney, Washington Post, A1)

## Managua 'Designs' On Neighbors Seen

The Reagan Administration stepped up its war of words against Nicaragua amid disclosures that the U.S. military is conducting seven separate exercises in neighboring Honduras, three of which began the day after the U.S. election. Nicaragua has denied any such intentions, accusing the U.S. of seeking a pretext to attack it and overthrow its leftist Sandinista government. Nicaraguan officials have said they are bolstering their armed forces to counter an indigenous rebel army of 10,000 to 15,000 men organized and financed by the CIA.

(Fred Hiatt, Washington Post, A1)

## Pentagon Cites 'Circumstantial Evidence' of Nicaraguan Invasion Plans

The U.S. has expressed concern about a growing arsenal in Nicaragua and the Pentagon says there is "enough circumstantial evidence" to indicate the arms buildup may be directed against Nicaragua's neighbors. Pentagon spokesman Michael Burch, responding to charges by Nicaragua's government, said Tuesday there are no U.S. plans to invade, to attack it by air or to cut it off with a naval blockade. But, he said, the U.S. "would take very seriously" Nicaraguan threats to Honduras and El Salvador. Secretary Shultz said the Administration "will work in every way we can to cast this aggression and subversive influence out of our hemisphere." He did not elaborate. (Richard Gross, UPI)

## Arms Buildup Threatens Nicaragua's Neighbors

Nicaragua has taken delivery of advanced Soviet-bloc weapons at an unprecedented rate over recent weeks, the Reagan Administration said, and those weapons pose a threat to Nicaraguan neighbors. The most immediate threat is thought to be against Honduras and Costa Rica. Opinions vary widely within the government and among outside experts in Washington as to why the Soviet Union has chosen this means and time to upgrade its shipments of arms to Nicaragua. Officials suggest shipments may be part of an escalation to test the threshold of U.S. tolerance, turn up tensions and divide Washington from other Central American governments. Another theory is simply that the Sandinistas are trying to intimidate other Central American countries. (Washington Times, A1)

## U.S. Warns Nicaragua Against Attacking Neighbors

The U.S., while maintaining it has no plans to invade Nicaragua, is warning Managua it will take whatever steps are necessary to prevent an attack on U.S. friends in Central America. One senior official likened the Nicaraguan buildup to the 1962 Cuban missile crisis and said Washington would prevent a permanent Soviet military presence in Nicaragua as it did in Cuba. (Jeffrey Antevil, Reuter)

## NICARAGUA REPEATS CHARGE U.S. LAYING PLANS FOR AN ATTACK

MANAGUA -- In a press conference lasting almost two hours, Defense Minister Ortega repeatedly charged that the U.S. is planning an aggression against Nicaragua. However, Ortega said U.S.-Nicaraguan talks would continue. (Jay Mallin, Washington Times, A5)

## Nicaragua Says U.S. Chose West Coast for Possible Invasion

Nicaragua continued its preparations for a U.S. invasion — despite continued high-level American denials — as a senior government official warned that U.S. strategists had chosen two northwestern provinces, close to the border with Honduras, to launch a possible assault. Commandante Carlos Nunez, state council president and a member of the directorate of the Sandinist Party, told the Nicaraguan News Agency that U.S. military strategists had chosen Leon and Chinandega provinces to launch a possible invasion. (Anne-Marie O'Connor, Reuter)

## U.S. SEEMS POISED FOR ACTION IN NICARAGUA, BUT NOT INVASION

The Reagan Administration, from all that is being said and done, appears to be building momentum toward some military action against Nicaragua aimed at halting a Soviet arms buildup. A U.S. invasion apparently is being ruled out. But other action, short of an invasion, ranging from a naval blockade to an air strike on some of the newly arrived Soviet armaments, could be in the works. Alan Romberg said he didn't think the Nicaraguan government had any reason to fear threatened by the U.S. because U.S. officials had repeatedly said there were not any plans to invade Nicaragua. However, U.S. actions toward Nicaragua over the past year clearly have been intended to destabilize and frighten the Sandinista government. Although the Administration initially justified its actions as aimed at halting Nicaraguan military support for leftist guerrillas in El Salvador, it has never publicly produced conclusive evidence that the Sandinistas were smuggling arms. (News Analysis by Gregory Nokes, AP)

## CENTRAL AMERICA/MILITARY AID

The U.S. would be prepared to provide military assistance to El Salvador and Honduras should they face invasion by Nicaragua, a Defense Department spokesman said. Michael Burch denied anew that the U.S. was planning any military action against Nicaragua. But citing a continuing arms buildup by the Nicaraguan government, Burch said U.S. officials "believe they (Nicaraguan officials) have designs on their neighbors."

(Norman Black, AP)

#### U.S. MUST FOLLOW LEGAL PATH FOR ANY LATIN MILITARY MOVE

The U.S. would be walking a legal tightrope on any military action toward Nicaragua, but it probably would be safely within international law if it follows the line used in recent history toward its Latin neighbors. The World Court has rejected the rationale of "collective self defense" for such U.S. activity as the mining of Nicaraguan ports, but should a clear and immediate danger to other states in Central America be demonstrated and they should invite U.S. help, the legal situation would be altered.

(News Analysis by Don McLeod, Washington Times, A3)

## MIDEAST RIFT PULLS U.S. BACK INTO TALKS

The U.S. has been dragged deeply -- and perhaps inadvertently -- into the imbroglio over the withdrawal of Israeli troops from Lebanon despite public vows it would not happen. This became clear Tuesday when a high State Department official flew to Syria on what amounted to an exercise in mini-shuttle diplomacy in an effort to get Israel and Lebanon back to the bargaining table. Richard Murphy traveled Monday from Tel Aviv to Beirut and back again and then flew to Damascus Tuesday for talks with President Assad. One of the Reagan Administration's goals for its second term is to bring about an improvement in relations between Israel and its neighbors. However, Murphy apparently just happened to be in the region when the scheduled talks between Israel and Lebanon suddenly collapsed. (News Analysis by Donald Neff, Washington Times, A5)

#### WESTERN SUMMITS DEEMED SHALLOW

The top leaders of the western alliance have almost never addressed the central questions of war and peace in their private summit talks but dwell instead on much less vital subjects, according to Pierre Trudeau. In an interview and an acceptance address for the award of the \$50,000 Albert Einstein Peace Prize at a luncheon here, Trudeau expressed frustration with the unwillingness and inability of world leaders, in both East and West, to focus broadly and seriously on the nuclear arms race that imperiled mankind. (Don Oberdorfer, Washington Post, A1)

#### AFRICAN CONFERENCE CALLS FOR FAMINE AID

ADDIS ABABA, Ethiopia -- Nigerian President Muhammadu Buhari says the African drought is so severe there is not enough time for the Organization of African Unity to organize emergency food supplies for the starving victims. "What we have to do now, is put our heads together and organize bilateral aid," Buhari said Tuesday at the OAU's 20th summit meeting. U.N. officials have described Ethiopia as the hungriest country on earth, but Buhari said Chad, Mali and Niger also had millions of people who needed urgent food supplies because of the drought.

(Roman Rollnick, UPI)

#### 2 'NATURAL DISASTERS' LAID TO HUMANS

The severe drought and famine ravaging Ethiopia and this year's massive flooding in Bangladesh are not "natural disasters" in the usual sense but are largely the result of human activity. That is the conclusion of a joint report issued by the Swedish Red Cross and Earthscan, a branch of the U.N.-funded International Institute for Environment and Development. In both countries, the report said, decades of poverty-driven misuse of the land have made the effects of natural processes far worse than would otherwise have been the case.

(Boyce Rensberger, Washington Post, A4)

#### U.S. SAYS IT WILL CONSIDER MEETING WITH DEBTOR NATIONS

BRASILIA -- A State Department official says the U.S. will consider a request by Latin American nations, which together owe \$350B, for a meeting with bankers and industrial nations trying to collect on the loans. In speech after speech Tuesday, foreign ministers insisted that creditor and debtor nations jointly seek a solution to the economic woes they say cripple Latin America's development and threaten its social stability. Brazilian President Joao Figueiredo described the debt as "unbearable," and criticized what he said was lack of action by industrialized countries. (Bryna Brennan, AP)

#### INDIA IS EXPECTED TO KEEP ITS RELIANCE ON SOVIET WEAPONS

NEW DELHI -- Despite indications by PM Rajiv Gandhi that he favors improving relations with the U.S., India is expected to continue major arms purchases from the Soviet Union, according to Indian and western defense analysts. In a major policy speech, Gandhi pledged that his government "will do all it can for the modernization of defense." He said India valued its "wide-ranging and time-tested relationship with the Soviet Union, based upon mutual cooperation, friendship wand vital support when most needed." While he spoke of a need to acquire new technology, he generally stressed pursuit of his mother's policies.

(William Branigin, Washington Post, A21)

## INDIA ELECTION SET; PUNJAB, ASSAM EXCLUDED

NEW DELHI -- PM Gandhi's government called parliamentary elections to be held Dec. 24-27 in most of India. The majority party is once again expected to capture the vote under Mr. Gandhi's leadership. Much opposition criticism centered on the government's handling of violent religious feuding in the Punjab and Assan regions -- both of which are to be excluded from the coming elections. No date for elections there was given. (Stephanie Voss, Washington Times, A6)

## MANILA AIDE SEES INSURGENCY GROWING

MANILA -- The Philippines' acting armed forces chief, Lt. Gen. Ramos, said in his first major news conference that communist insurgents have gained "significant armed capability" and he complained of limited authority to combat them. But President Marcos, in talks with visiting Sen. Dodd, repeated his contention that political and economic stability will prevent a communist takeover of his government. (Washington Post, A26)

#### NEW TACTICS ALMOST HALT EXIT OF SOVIET JEWS

MCSCOW -- Jewish emigration is at its lowest point since the beginning of detente in the early 1970s, and the authorities seem to be doing what they can to discourage further applications. In addition to offering a few Jews their jobs back, authorities have moved in other ways to end what was for them the bothersome and embarrassing era of Jewish emigration. In the past two years they have changed the already complex process by requiring renewal of applications every six months. Each renewal requires a new invitation from abroad. The invitations must come through the Soviet mail, but Jews say letters are being intercepted. Authorities have also cracked down on the organized emigration movement that thrived in the 1970s, arresting some of its leading figures.

(Seth Mydans, New York Times, A1)

#### POLAND'S OPENING TO WEST HAS SHAKY START

WARSAW -- The political opening to the West that Poland had hoped for this autumn after nearly three years of diplomatic quarantine has gotten off to a shaky start. Critical remarks by PM Craxi and contacts with Polish opposition figures by a visiting British official last week have drawn expressions of sharp disapproval from the Polish government. In a vociferous outburst, government spokesman Jerzy Urban attacked France for refusing to join in a current series of visits by senior West European officials. As a result of what he called France's evident lack of desire to "resume serious relations," Urban said Polish authorities were considering dropping French language courses in schools. Such displays of irritation belie the image communist officials had sought to convey of ties between Warsaw and the West Europeans returning to normal.

(Bradley Graham, Washington Post, A21)

#### SEOUL OPTIMISTIC THAT TALKS WITH N.KOREA WILL PAY OFF

SEOUL -- Expectation is growing here that an economic conference with North Korea will yield substantive progress in relations with its communist neighbor. The conference, scheduled for Thursday at the Panmunjom truce village, has a good chance of being more than a propaganda exercise, South Korean observers say. No agenda has been set for the conference. (Timothy Elder, Washington Times, A6)

EDITOR'S NOTE: Elisabeth Bumiller and Elizabeth Kastor's article, "Dinner Deluxe for the Duke: The Reagans Toast Luxembourg's Royalty," appears on page D1 of The Washington Post (Style).

NATIONAL NEWS

#### DEFICIT FORECAST REVISED UPWARD

Budget Director Stockman told President Reagan the budget news for the current year is worse than Stockman believed a week ago, but the President said he is determined not to propose a tax increase or "submit a budget that would cause us to acquiesce in a tax increase," Administration sources said. Administration sources said Stockman also said federal spending this fiscal year will reach 24.5% of GNP. That would be a slight increase from last year, when it was 23.5%, though down from fiscal 1983, when government consumed 25% of GNP, largely because of the recession. Reagan was described as "taken aback" by the new estimates from his budget director, who has been accused in the past by anti-tax supply-side theorists of exaggerating his deficit forecasts to pressure the President into a tax increase. (David Hoffman, Washington Post, A1)

## Cut Deficit, Reagan Tells Cabinet

President Reagan asked his entire Cabinet to remain aboard for his second term and help "dam the river" of government spending, saving there is much more to be done. Larry Speakes had said shortly before the meeting that, "The President will give marching orders to the Cabinet on how he wants his goals and policy objectives outlined for the second term." And that's what Mr. Reagan did.

(John McCaslin, Washington Times, A1)

## Reagan Seeks 'Realistic' Solution with Congress on Deficit

President Reagan, faced with reports that the deficit is swelling more quickly than predicted, said he has little faith in budget projections and repeated his campaign vow that he would raise taxes "over my dead body." The deficit estimate, computed by Administration officials, immediately spawned new questions about whether the President would be able to stick to his promise not to raise taxes to reduce the deficit. But Reagan did not seem concerned as he briefly discussed the new figures with reporters Tuesday night during a state dinner in honor of the Grand Duke of Luxembourg. Rep. Wright said he is sure Reagan will have to seek a tax increase and that Democrats will try to ensure that low-income Americans will not be effected by it. Larry Speakes said Reagan will have to have a lot of convincing before agreeing to a tax hike. But Speakes also said the President will approach Congress "on a realistic basis" to rescue the red ink spending. (Helen Thomas, UPI)

## Deficit Projection Brings Out Budget Axes

Faced with a new prediction that future budget deficits could rise to at least \$190B, top Administration officials are conducting an intensive search for ways to cut government spending and reduce the red ink. Although there was no official confirmation of the latest deficit projection, sources said David Stockman provided a new estimate while briefing Reagan and the Cabinet. With Administration officials ordered by the White House not to discuss the ongoing budget process, the sources would speak only on condition they not be named. But they said the deficit may well go as high as \$190B or higher if current economic conditions persist and no action is taken to cut spending or raise taxes. (Michael Putzel, AP)

#### BUSINESS IS SPLIT ON TAX REVISION

President Reagan has vowed not to raise taxes. But the business community doesn't believe it. When the President talks about tax "simplification," many businessmen envision their favorite tax breaks, such as accelerated depreciation and investment credits, being simplified right out of existence. "If you had a big tax increase," says Richard Rahn, chief economist for the U.S. Chamber of Commerce, "the business community would be a target." But business groups are markedly divided about how best to take advantage of the impending drive to overhaul the tax system. On the tax issue, business groups break into two camps: those that believe the government doesn't need to raise taxes and those who believe it must. (Jeffrey Birnbaum, Wall Street Journal, A1)

## PANEL RECOMMENDS SWEEPING REGULATORY CHANGES

With the banking industry in the midst of upheval, an Administration task force is recommending ways of streamlining the government's apparatus for regulating banks and thrift institutions. In its final report, the task force has spelled out more than four dozen recommendations for simplifying the confused jurisdictional lines between the government agancies that regulate the financial services industry. If adopted by Congress, the recommendations would create the most sweeping changes to the regulatory structure since the 1930s. The report, "Blueprint for Reform," has been approved by President Reagan. (Sally Jacobsen, AP)

#### PRESIDENT WELCOMES DRAFT OF BISHOPS' PASTORAL LETTER

President Reagan "welcomes" the draft pastoral letter of the U.S. Roman Catholic bishops stating the U.S. has a moral responsibility to see that no one is hungry, homeless or unemployed, and he shares "the bishops' concern for the poor," Larry Speakes said. Reagan's economic policies have helped the poor, Speakes said. Nevertheless, the poverty rate has increased under the Reagan Administration from about 13% to 15.2% in 1983. Rev. Falwell blasted the bishops' letter as an endorsement of socialism. (James Dickenson, Washington Post, A15)

#### PLIGHT OF HOMELESS CRIES OUT TO A NATION

Most experts on the homeless estimate their number in the U.S. at between 2 and 3M. And they say it is rising despite the economic recovery. A nationwide survey has just been completed by the National Coalition for the Homeless. "The number of homeless has gone up; it's now between 2.5 and 3M," says coalition spokesman Dan Salerno. The report is based on information gathered from 72 public and private shelter agencies across the country.

(Louise Sweeney, Christian Science Monitor, A1)

#### FORMER PRESIDENT ADVISED REAGAN CAMP

Former President Nixon, who avoided any public role in the 1984 presidential campaign, often gave private advice to President Reagan's campaign strategists and received regular political briefings.

(Maureen Santini, AP)

## STUDY FINDS JEWISH VOTE LESS FIRM FOR DEMOCRATS

NEW YORK -- The Jewish vote is no longer a Democratic Party certainty, according to a survey released by the American Jewish Community. While American Jews are more liberal than most Americans, the survey of 959 Jews nationwide indicates they are less liberal than American Jews of the past. Many political observers expected a shift to the right among Jewish voters because of increased personal affluence and friction between Jews and blacks over Jesse Jackson's association with Louis Farrakhan, said Hyman Bookbinder, the AJC's representative in Washington. But the emergence of conservative fundamentalist influence during and after the Republican Convention provoked "great concern" within the Jewish community, Bookbinder noted.

(Dody Tsiantar, Washington Post, A3)

#### MONSON VICTORY

SALT LAKE CITY -- Republican David Monson defeated Democrat Frances Farley in a hotly contested congressional race that ended with the counting of 1,500 absentee ballots. Farley said she had not yet decided whether to request a recount. (Jennifer Brandlon, AP)

#### MADELINE KUNIN'S ELECTION FINALLY VERIFIED

MONTPELIER, Vt. -- Democrat Madeline Kunin, escaping a legislative runoff by a scant 62 votes, emerged the winner in the closest governor's race here in 22 years. (David Karvelas, AP)

## REAGAN SEEN BETTER AT TURNING POLITICAL ISSUES INTO ASSETS

President Reagan and Vice President Bush effectively "managed" most decisive political issues to their own advantage during the presidential campaign, while Walter Mondale and Rep. Ferraro turned only a few to their own minor benefit, a media analyst said. Both tickets drew large amounts of negative news coverage but its impact hurt Mondale and Ferraro more even though they got less of it than the Reagan-Bush ticket, according to John Merriam, publisher of Issues Management Letter.

(Bill Kling, Washington Times, A2)

#### DROP IN TOP RECRUITS WORRIES ARMY BRASS

Despite a recent Pentagon report that 1984 was its best recruiting year, a 25% drop in a critical pool of high quality new applicants may be the first sign of trouble on the horizon for the all-volunteer Army, officials indicated. In an interview with The Washington Times, recruitment chief Col. Cerone said a three-pronged program was launched effective Oct. 1 to counteract the downturn. Initial results from October indicate the program is successful, he said. The officer said the \$28M program involves increases in enlistment bonuses and in the college fund for recruits going to college after their four-year hitch. The program also aims to attract recruits with two years of college by offering \$20,000 to enable them to finish their college educations after a two-year tour.

(Walter Andrews, Washington Times, A1)

### NEW POSTMASTER GENERAL NAMED TODAY

Chicago postal chief Paul Carlin emerged as the likely choice of the U.S. Postal Service Board of Governors to succeed retiring postmaster William Bolger. The Washington Post reported White House officials were backing Edward Rollins. However, postal industry and government sources familiar with the governors said they believed Carlin would be named. (Sydney Shaw, UPI)

## PLANNED SPACE STATION UNJUSTIFIED, REPORT SAYS

The kind of space station NASA is planning cannot be justified on scientific, economic or military grounds, according to a study prepared for the congressional committees that control the space program. The entire nation ought to consider what the country wants to do in the second quarter-century of the space era, the congressional Office of Technology Assessment said in a report published Tuesday. The report characterizes the nation's goals in space as shortsighted and narrow, reflecting the views only of the science and technology communities and not the general public, which foots the bills. The report spelled out "kinds" of goals the nation should set: increase the efficiency of space activities and reduce their costs; involve the public; reap scientific, economic, social and political benefits; increase international cooperation; and "spread life, in a responsible fashion, throughout the solar system." (Washington Post, A4)

#### COURT SHUNS APPEAL BY NEBRASKA CHURCH

The Supreme Court refused to involve itself in a dispute between Nebraska state officials and a fundamentalist church school. The justices refused without comment to hear an appeal by the North Platte Baptist Church from Nebraska court orders holding them in contempt for operating the school without state approval. (Tom Diaz, Washington Times, A3)

## WHITE HOUSE ELECTRICIAN CARRIES COLORS IN A CRISIS

He did not quite fit the image of an honor guardsman at the White House, but he did the right thing. A White House electrician, dressed in work clothes, scooped up the American flag and carried it in the President's honor guard when the soldier holding the banner fell faint seconds before the Grand Duke of Luxembourg arrived to meet President Reagan. Richard Chapman happened to be standing nearby when the guard's knees buckled, and he and several other men rushed to grab the soldier before he fell. (Washington Times, A2)

-end of A-Section-

NETWORK NEWS SUMMARY FOR TUESDAY EVENING, November 13, 1984

## CABINET MEETING

CBS's Bill Plante: At President Reagan's first post-election Cabinet meeting today, Budget Director David Stockman made it official: the deficit will likely be at least \$190B -- \$18B more than he thought three months ago.

(TV coverage: President in Cabinet Room.)

But the President, reminded of his vow that tax increases would come only over his dead body, wasn't talking today. (President: "What I really mean 'over my dead body' is no questions...") No specifics yet, but Mr. Reagan told the Cabinet, "Things have to change. We came here to dam the river. Let's start throwing in the rocks." But which rocks? Mr. Reagan still maintains the deficit will shrink through economic growth and new spending cuts. What he wants to do, and right away, is reform the tax code with its many special tax breaks. He has pledged to keep the deduction for home mortgage interest, but here are some other ideas floating around the Treasury: Exclude deductions for mortgage interests for second homes, for interest on consumer loans, for state and local taxes. Tax unemployment insurance and workmen's compensation. Restructure corporation taxes. The upshot: Even if tax rates come down with tax reform, some taxpayers will almost certainly pay more without some of the deductions they now enjoy. (Majority Leader Jim Wright: "He left the impression with the American people that only over his dead body would their taxes be increased, and I think Congress would feel obliged to help him keep that promise.") Sources said Mr. Reagan insisted today that he still won't ask for tax increases, but many Republicans who have to run in 1986 are afraid of the political fallout from more spending cuts and tax reform, and concerned that the President is already setting them up so that whatever happens, it won't be his fault.

NRC's Chris Wallace: Telling his Cabinet there is much more to be done, the President today issued his marching orders for a second term.

(TV coverage: President in Cabinet Room.)

Officials quoted Reagan as saying their main job is to cut government growth, adding, "We came here to dam the river. Let's start throwing in the rocks." The President's call for new spending cuts came with an alarming new deficit projection. Last summer, Budget Director Stockman said without any more cuts, deficits would rise from \$172B to \$184B, before falling in 1989. But Stockman now says without cuts, deficits will exceed \$190B for each of the next two years. This new projection contradicts Reagan's campaign statement that economic recovery would take care of the problem. (President: "We can sharply reduce the deficit through growth.") Democrats today were saying, "I told you so." (Majority Leader Wright: "All of us knew that this theory that economic growth just automatically would cancel out the deficit was a fantasy.") Perhaps because of the deficit, the White House today backed off the President's hard stand on taxes. Reagan has said he will not use tax simplification to sneak in a tax hike.

(TV coverage: President in Arkansas, Nov. 3: "Over my dead body.") But today, spokesman Larry Speakes said Reagan meant no increase in tax rates, implying people with many current deductions may lose some and end up paying more. Still, aides say Reagan's attack on the deficit will focus on spending cuts, cuts the Democratic House won't like, which means Reagan's effort to continue his economic revolution will be tested in the very first weeks of his second term. (NBC-4)

CABINET MEETING (continued)

ABC's Sam Donaldson: It was a case of fresh starts, same faces, as the Administration reconvened today in the White House Cabinet room, getting hold of the huge budget deficit still the number one domestic priority. (TV coverage: President in Cabinet Room.)

The President is said to have told his Cabinet, "We came here to dam the river. Let's start throwing in the rocks." The problem is, the deficit river has gotten wider and the available rocks fewer, even since this group last met. Mr. Reagan's own budget advisers are reporting this week that next year's deficit will not be \$172B as they had estimated earlier, but well over \$190B, mainly because of the slowdown in the economy. And, what's more, they agree that growth alone will not reduce the trend line. Notwithstanding the President's oft-repeated suggestion to that effect, along the recent campaign trail.

(TV coverage of President at podium on October 15, 1984.)

Today the White House budget team met to examine areas where deep cuts in entitlement programs and non-defense discretionary spending can be proposed. But House Democrats, and not a few Republicans, are already lining up behind Majority Leader Jim Wright's argument that social programs have already been cut enough. (Wright: "We've squeezed that lemon pretty dry. But the bottom line is that you don't do anything to help the deficit unless you raise more revenue.") Raise revenue, raise taxes. But, according to a spokesman, the President said again today he's determined not to raise taxes, at least not tax rates. The spokesman conceded that under tax reform, some people who lose their tax shelters will wind up paying more, but not enough to make a dent in the deficit. So, the White House and Capitol Hill are squaring off over the budget, and for a while, at least, they'll throw the rocks at each other. (ABC-13)

#### **NICARAGUA**

CBS's Dan Rather: There was no letup today in the verbal assault that President Reagan has authorized and sometimes led against Nicaragua. A State Department spokesman charged that the Sandinista regime has been receiving Soviet weaponry that "exceeds anything which is justifiable in purely defensive terms." An unidentified Administration official charged that Nicaragua's military buildup "has reached an unprecedented rate." And the Pentagon charged that there is "enough circumstantial evidence to indicate Nicaragua may be planning an attack against El Salvador or Honduras." What the U.S. government definitely does not like is Nicaragua's close relationship with the Soviet Union. There are now more than 2,500 Soviet-bloc military advisers in the country. (CBS-2)

ABC's Peter Jennings: You could hear it almost everywhere in Washington today -- at the State Department, at the Pentagon, and at the White House. They are saying that Nicaragua has too many weapons for purely defensive reasons. Last week it was the Soviet MiG fighters that turned out not to be there. This week, the Reagan Administration is talking about an arms buildup it says has a haunting parallel in history.

NICARAGUA (continued)

ABC's John McWethy: U.S. intelligence sources say in less than a month, four Soviet-bloc ships have unloaded weapons in Nicaragua. They claim five more ships, these all believed to be Russian, are heading for Nicaragua now, with cargo that analysts say is probably still more weapons. A high-ranking White House official called the magnitude of the buildup -- and the fact that it has now accelerated -- strikingly similar to what the Soviets were doing in the months just before the Cuban Missile Crisis in 1962. He said at that time, before the Soviets tried to bring in nuclear missiles, they were pouring weapons of all other types into Cuba. Though there is no suggestion nuclear missiles will ever be involved in Nicaragua, the scale of the rest of the buildup, this official said, is similar. At the State Department and White House, there were more public expressions of concern. (Alan Romberg: "The level of weaponry -particularly -- any weaponry which has come into Nicaragua, and which is continuing to come in at a rapid pace, exceeds anything which is justifiable in purely defensive terms." Michael Burch: "Nicaragua has now armed itself to a greater degree or in quantities far bigger than any of its neighbors or even combination of neighbors.") To U.S. charges that Nicaragua plans to use all of the weapons to invade its neighbors, on "Good Morning America" Nicaraguan Foreign Minister D'Escoto was categorical. (D'Escoto: "That is a sheer lie and hypocrisy and bullshit, if you'll pardon my English.") D'Escoto says all Nicaragua is trying to do is to defend itself against the 15,000-man army that the CIA has built to overthrow his government. The Reagan Administration claims the Nicaraguan buildup has gone far beyond that, threatening every country in Central America. (ABC-1)

NBC's Tom Brokaw: There were fresh salvos today in the war of words between the Reagan Administration and Nicaragua. The White House, the State Department and the Pentagon all charged that Nicaragua has been imposing a threat to El Salvador and Honduras. One Reagan official said that Nicaragua has been getting advanced weapons from the Communist bloc at what he called "an unprecedented rate -- far beyond what might be needed for defense of that country." On the other hand, a top Nicaraguan official accused the United States of lying and hypocrisy and warned again that Washington is planning an invasion. (NBC-8)

ABC's Peter Jennings: One of the leaders of the anti-government forces in Nicaragua says his men will attack major strategic targets in the country if the Sandinista government uses its new Soviet-made helicopters against them. He said the targets would include Nicaragua's only oil refinery as well as sugar mills. (ABC-2)

## SOVIETS IN NICARAGUA

CBS's Richard Schlesinger: The Russians are becoming increasingly involved in all aspects of Nicaraguan life as American influence decreases. One Western financial analyst says the U.S. is forcing the Nicaraguans into the Soviet's arms by cutting off American aid. Their tanks are Russian-made. Most of the military equipment in this country is from the Eastern bloc.

SOVIETS IN NICARAGUA (continued)

Schlesinger continued: Russian ships dock in Nicaragua regularly, delivering everything from military supplies to consumer goods. Many cars here are Russian made, and the Soviet Union provides about 50% of the country's gasoline. The Nicaraguans can buy on credit from the Soviet bloc -- that makes a lot of difference to a country with very scant foreign currency reserves. (President-elect Ortega through translator: "The U.S.S.R. cooperates with Nicaragua on very favorable terms.") Diplomatically, there's no question the Soviets have greater access to the Nicaraguan government than their American counterparts. But Sandinista officials say the Nicaraguan government has not chosen to align itself solely with the Soviets. (Interior Minister Borge through translator: would like to be friends also with the United States, and if we're friends with the Soviet Union, it's because the Soviet Union has adopted a friendly attitude toward Nicaragua.") The Reagan Administration fears that friendship will tilt the balance of power in Central America. The warning is not that the Russians are coming, but that the Russians are already here. (CBS-3)

## **FONDURAS**

NBC's Brian Ross reports that it wasn't that long ago that Gus Alvarez, now living in Miami, was one of the most powerful men in Central America, who as Commander-in-Chief of the Armed Forces in Honduras, became one of this country's most dependable supporters in Central America, a man frequently at the side of top American officials, and American generals, ready to provide almost anything the American military or the CIA wanted in Honduras. Then last March, Alvarez was forced out of power and out of the country at the point of a gun, and behind it all was the story of murder, corruption, strange disappearances and apparent serious miscalculations by the American military and the CIA. General Alvarez is now telling his story. He says his friends at the American embassy did nothing to save him. The U.S. Ambassador there now says the U.S. did not depend on Alvarez as much as some people thought. (NBC-9)

#### NASA CONGRESSIONAL STUDY

Pather: As the shuttle orbits above, a two-year Congressional study concluded today that NASA's proposed \$8B space station cannot be justified on scientific, economic, or military grounds. And the Office of Technology Assessment also suggests that the American public have a greater role in determining long-range NASA goals. (CBS-11, ABC-6)

#### TRUDEAU CHARGES

Brokaw: Former Canadian PM Trudeau charged today that government leaders everywhere seem unable or unwilling to avert nuclear war.

Trudeau was in Washington to receive the Albert Einstein International Peace Prize. At the same time, the former PM did say that he doesn't believe that nuclear war is imminent or inevitable.

(NBC-3)

#### JAPANESE IMPORTS

Brokaw: Chrysler Chairman Lee Iacocca said that despite record profits for American car makers, the restrictions on Japanese car imports should be continued for another year. He said the soaring U.S. trade deficit is reason enough to continue those curbs.

(NBC-6)

## MINUTEMAN RAID

Brokaw: The Minuteman Missile is the biggest bang in this country's collection of nuclear weapons — the missile that would be fired if there were a nuclear war. A small band of protesters has been able to get right on top of a Minuteman silo to protest nuclear war and to attack that silo with a jackhammer. Anne Reubenstein reports from Missouri tonight that the Air Force insists that there was no danger. (NBC-2)

#### AFGHANISTAN

Rather: Combat reports on the war in Afghanistan are often slow in reaching the West. One out today involves 450 Muslim rebels who held a mountain fortress in the central part of the country last month until their ammunition ran out. When they surrendered, according to the report out today, a Soviet officer ordered them massacred. (CBS-16)

#### BRITISH COAL STRIKE

Rather: There are, of course, many differences between the economies of the United States and Great Britain. But there are striking similarities between the economic policies of the Reagan Administration and the Thatcher government. One British action that Washington is watching closely these days is the coal miner's strike. (CBS-5)

#### WELCOMING CEREMONY

Jennings: At the White House today, some people were literally carrying on tradition. It was a routine welcoming ceremony for Grand Duke Jean of Luxembourg, or at least, it should have been. Moments before the ceremony began, one member of the Honor Guard, assigned to carry the Flag, fainted, but the White House electrician, standing just behind him, grabbed the Flag, and as the ceremony began, Richard Chapman marched in along with the rest of the Color Guard. He may have looked a bit out of place in his working uniform, but he is not slow on the uptake. You sort of wondered if he'll ever be happy with his old job. (ABC-14)

#### BABY FAE

Brokaw: "Baby Fae" is in trouble tonight. Her transplanted baboon heart is being rejected by her body. (NBC-1, CBS-14, ABC-3)



# The White House NEWS SUMMARY

## WEDNESDAY, NOVEMBER 14, 1984 -- 6 a.m. EST Edition

#### TODAY'S HEADLINES

## INTERNATIONAL NEWS

Reagan Promises Steady Course for International Affairs -- President Reagan says his second-term mandate is "to pursue a steady course in international affairs" and keep cutting the size and scope of big government in Washington. (UPI)

U.S. Warns Nicaragua Against Attacking Neighbors -- The U.S., while maintaining it has no plans to invade Nicaragua, is warning Managua it will take whatever steps are necessary to prevent an attack on U.S. friends in Central America. (Washington Post, Washington Times, AP, Reuter, UPI)

## NATIONAL NEWS

Deficit Forecast Revised Upward -- Budget Director Stockman told President Reagan the budget news for the current year is worse than Stockman believed a week ago, but the President said he is determined not to propose a tax increase or "submit a budget that would cause us to acquiesce in a tax increase," Administration sources said.

(Wall Street Journal, Washington Post, Washington Times, AP, UPI)

## NETWORK NEWS SUMMARY (Tuesday Evening)

CABINET MEETING -- Budget Director Stockman made it official: the deficit will likely be at least \$190B -- \$18B more than he thought three months ago.

NICARAGUA -- There was no letup in the verbal assault President Reagan has authorized and sometimes led against Nicaragua....The Russians are becoming increasingly involved in all aspects of Nicaraguan life as American influence decreases.

JAPANESE IMPORTS -- Lee Iacocca said that despite record profits for American car makers, the U.S. trade deficit is reason enough to continue import restrictions. INTERNATIONAL NEWS.....A-2

NETWORK NEWS.....B-1

This Summary is prepared Monday through Friday by the White House News Summary Staff. For complete stories or information, please call ext. 2950

## INTERNATIONAL NEWS

## REAGAN PROMISES STEADY COURSE FOR INTERNATIONAL AFFAIRS

President Reagan says his second-term mandate is "to pursue a steady course in international affairs" and keep cutting the size and scope of big government in Washington. Reagan will huddle today with Secretary Shultz and NSC Adviser McFarlane for the first round of discussions on foreign policy goals over the next four years. The two advisers planned to present Reagan with a blueprint of possible goals in promoting peace and reconciliation around the world in his next term and a key concern is trying to resume substantive arms talks with the Soviet Union.

(Helen Thomas, UPI)

## 7 EXERCISES GOING ON AS U.S. CONTINUES NICARAGUA PRESSURE

## Nicaragua Says Alert Was Drill

MANAGUA -- The nationwide military alert announced Monday was aimed primarily at preparing Nicaragua for an "eventual" U.S. attack rather than an imminent one, Defense Minister Humberto Ortega said Tuesday. Without ruling out "a surprise attack," Ortega described the mobilization as a sort of dress rehearsal for how to react in case of U.S. air strikes or a full scale invasion, "if one happens." His comments at a news conference suggested that the government was backing off from warnings over the past week that the U.S. might be about to move against the leftist government. Vice President-elect Ramirez warned that a "crisis" could result the next time a Soviet or Bulgarian ship delivers weapons. But he and Ortega said Nicaragua would continue to import arms from Soviet Bloc countries as long as it is battling antigovernment rebels, and as long as the U.S. is "threatening" it and violating its air space and territorial waters. (Robert McCartney, Washington Post, A1)

## Managua 'Designs' On Neighbors Seen

The Reagan Administration stepped up its war of words against Nicaragua amid disclosures that the U.S. military is conducting seven separate exercises in neighboring Honduras, three of which began the day after the U.S. election. Nicaragua has denied any such intentions, accusing the U.S. of seeking a pretext to attack it and overthrow its leftist Sandinista government. Nicaraguan officials have said they are bolstering their armed forces to counter an indigenous rebel army of 10,000 to 15,000 men organized and financed by the CIA.

(Fred Hiatt, Washington Post, A1)

## Pentagon Cites 'Circumstantial Evidence' of Nicaraguan Invasion Plans

The U.S. has expressed concern about a growing arsenal in Nicaragua and the Pentagon says there is "enough circumstantial evidence" to indicate the arms buildup may be directed against Nicaragua's neighbors. Pentagon spokesman Michael Burch, responding to charges by Nicaragua's government, said Tuesday there are no U.S. plans to invade, to attack it by air or to cut it off with a naval blockade. But, he said, the U.S. "would take very seriously" Nicaraguan threats to Honduras and El Salvador. Secretary Shultz said the Administration "will work in every way we can to cast this aggression and subversive influence out of our hemisphere." He did not elaborate. (Richard Gross, UPI)

## Arms Buildup Threatens Nicaragua's Neighbors

Nicaragua has taken delivery of advanced Soviet-bloc weapons at an unprecedented rate over recent weeks, the Reagan Administration said, and those weapons pose a threat to Nicaraguan neighbors. The most immediate threat is thought to be against Honduras and Costa Rica. Opinions vary widely within the government and among outside experts in Washington as to why the Soviet Union has chosen this means and time to upgrade its shipments of arms to Nicaragua. Officials suggest shipments may be part of an escalation to test the threshold of U.S. tolerance, turn up tensions and divide Washington from other Central American governments. Another theory is simply that the Sandinistas are trying to intimidate other Central American countries. (Washington Times, A1)

## U.S. Warns Nicaragua Against Attacking Neighbors

The U.S., while maintaining it has no plans to invade Nicaragua, is warning Managua it will take whatever steps are necessary to prevent an attack on U.S. friends in Central America. One senior official likened the Nicaraguan buildup to the 1962 Cuban missile crisis and said Washington would prevent a permanent Soviet military presence in Nicaragua as it did in Cuba. (Jeffrey Antevil, Reuter)

## NICARAGUA REPEATS CHARGE U.S. LAYING PLANS FOR AN ATTACK

MANAGUA -- In a press conference lasting almost two hours, Defense Minister Ortega repeatedly charged that the U.S. is planning an aggression against Nicaragua. However, Ortega said U.S.-Nicaraguan talks would continue. (Jay Mallin, Washington Times, A5)

## Nicaragua Says U.S. Chose West Coast for Possible Invasion

Nicaragua continued its preparations for a U.S. invasion -- despite continued high-level American denials -- as a senior government official warned that U.S. strategists had chosen two northwestern provinces, close to the border with Honduras, to launch a possible assault. Commandante Carlos Nunez, state council president and a member of the directorate of the Sandinist Party, told the Nicaraguan News Agency that U.S. military strategists had chosen Leon and Chinandega provinces to launch a possible invasion. (Anne-Marie O'Connor, Reuter)

## U.S. SEEMS POISED FOR ACTION IN NICARAGUA, BUT NOT INVASION

The Reagan Administration, from all that is being said and done, appears to be building momentum toward some military action against Nicaragua aimed at halting a Soviet arms buildup. A U.S. invasion apparently is being ruled out. But other action, short of an invasion, ranging from a naval blockade to an air strike on some of the newly arrived Soviet armaments, could be in the works. Alan Romberg said he didn't think the Nicaraguan government had any reason to fear threatened by the U.S. because U.S. officials had repeatedly said there were not any plans to invade Nicaragua. However, U.S. actions toward Nicaragua over the past year clearly have been intended to destabilize and frighten the Sandinista government. Although the Administration initially justified its actions as aimed at halting Nicaraguan military support for leftist guerrillas in El Salvador, it has never publicly produced conclusive evidence that the Sandinistas were smuggling arms. (News Analysis by Gregory Nokes, AP)

#### CENTRAL AMERICA/MILITARY AID

The U.S. would be prepared to provide military assistance to El Salvador and Honduras should they face invasion by Nicaragua, a Defense Department spokesman said. Michael Burch denied anew that the U.S. was planning any military action against Nicaragua. But citing a continuing arms buildup by the Nicaraguan government, Burch said U.S. officials "believe they (Nicaraguan officials) have designs on their neighbors."

(Norman Black, AP)

## U.S. MUST FOLLOW LEGAL PATH FOR ANY LATIN MILITARY MOVE

The U.S. would be walking a legal tightrope on any military action toward Nicaragua, but it probably would be safely within international law if it follows the line used in recent history toward its Latin neighbors. The World Court has rejected the rationale of "collective self defense" for such U.S. activity as the mining of Nicaraguan ports, but should a clear and immediate danger to other states in Central America be demonstrated and they should invite U.S. help, the legal situation would be altered.

(News Analysis by Don McLeod, Washington Times, A3)

## MIDEAST RIFT PULLS U.S. BACK INTO TALKS

The U.S. has been dragged deeply -- and perhaps inadvertently -- into the imbroglio over the withdrawal of Israeli troops from Lebanon despite public vows it would not happen. This became clear Tuesday when a high State Department official flew to Syria on what amounted to an exercise in mini-shuttle diplomacy in an effort to get Israel and Lebanon back to the bargaining table. Richard Murphy traveled Monday from Tel Aviv to Beirut and back again and then flew to Damascus Tuesday for talks with President Assad. One of the Reagan Administration's goals for its second term is to bring about an improvement in relations between Israel and its neighbors. However, Murphy apparently just happened to be in the region when the scheduled talks between Israel and Lebanon suddenly collapsed. (News Analysis by Donald Neff, Washington Times, A5)

#### WESTERN SUMMITS DEEMED SHALLOW

The top leaders of the western alliance have almost never addressed the central questions of war and peace in their private summit talks but dwell instead on much less vital subjects, according to Pierre Trudeau. In an interview and an acceptance address for the award of the \$50,000 Albert Einstein Peace Prize at a luncheon here, Trudeau expressed frustration with the unwillingness and inability of world leaders, in both East and West, to focus broadly and seriously on the nuclear arms race that imperiled mankind. (Don Oberdorfer, Washington Post, A1)

#### AFRICAN CONFERENCE CALLS FOR FAMINE AID

ADDIS ABABA, Ethiopia -- Nigerian President Muhammadu Buhari says the African drought is so severe there is not enough time for the Organization of African Unity to organize emergency food supplies for the starving victims. "What we have to do now, is put our heads together and organize bilateral aid," Buhari said Tuesday at the OAU's 20th summit meeting. U.N. officials have described Ethiopia as the hungriest country on earth, but Buhari said Chad, Mali and Niger also had millions of people who needed urgent food supplies because of the drought.

(Roman Rollnick, UPI)

#### 2 'NATURAL DISASTERS' LAID TO HUMANS

The severe drought and famine ravaging Ethiopia and this year's massive flooding in Bangladesh are not "natural disasters" in the usual sense but are largely the result of human activity. That is the conclusion of a joint report issued by the Swedish Red Cross and Earthscan, a branch of the U.N.-funded International Institute for Environment and Development. In both countries, the report said, decades of poverty-driven misuse of the land have made the effects of natural processes far worse than would otherwise have been the case.

(Boyce Rensberger, Washington Post, A4)

## U.S. SAYS IT WILL CONSIDER MEETING WITH DEBTOR NATIONS

BRASILIA -- A State Department official says the U.S. will consider a request by Latin American nations, which together owe \$350B, for a meeting with bankers and industrial nations trying to collect on the loans. In speech after speech Tuesday, foreign ministers insisted that creditor and debtor nations jointly seek a solution to the economic woes they say cripple Latin America's development and threaten its social stability. Brazilian President Joao Figueiredo described the debt as "unbearable," and criticized what he said was lack of action by industrialized countries. (Bryna Brennan, AP)

## INDIA IS EXPECTED TO KEEP ITS RELIANCE ON SOVIET WEAPONS

NEW DELHI -- Despite indications by PM Rajiv Gandhi that he favors improving relations with the U.S., India is expected to continue major arms purchases from the Soviet Union, according to Indian and western defense analysts. In a major policy speech, Gandhi pledged that his government "will do all it can for the modernization of defense." He said India valued its "wide-ranging and time-tested relationship with the Soviet Union, based upon mutual cooperation, friendship wand vital support when most needed." While he spoke of a need to acquire new technology, he generally stressed pursuit of his mother's policies.

(William Branigin, Washington Post, A21)

## INDIA ELECTION SET; PUNJAB, ASSAM EXCLUDED

NEW DELHI -- PM Gandhi's government called parliamentary elections to be held Dec. 24-27 in most of India. The majority party is once again expected to capture the vote under Mr. Gandhi's leadership. Much opposition criticism centered on the government's handling of violent religious feuding in the Punjab and Assan regions -- both of which are to be excluded from the coming elections. No date for elections there was given. (Stephanie Voss, Washington Times, A6)

## MANILA AIDE SEES INSURGENCY GROWING

MANILA -- The Philippines' acting armed forces chief, Lt. Gen. Ramos, said in his first major news conference that communist insurgents have gained "significant armed capability" and he complained of limited authority to combat them. But President Marcos, in talks with visiting Sen. Dodd, repeated his contention that political and economic stability will prevent a communist takeover of his government. (Washington Post, A26)

## NEW TACTICS ALMOST HALT EXIT OF SOVIET JEWS

MOSCOW -- Jewish emigration is at its lowest point since the beginning of detente in the early 1970s, and the authorities seem to be doing what they can to discourage further applications. In addition to offering a few Jews their jobs back, authorities have moved in other ways to end what was for them the bothersome and embarrassing era of Jewish emigration. In the past two years they have changed the already complex process by requiring renewal of applications every six months. Each renewal requires a new invitation from abroad. The invitations must come through the Soviet mail, but Jews say letters are being intercepted. Authorities have also cracked down on the organized emigration movement that thrived in the 1970s, arresting some of its leading figures.

(Seth Mydans, New York Times, A1)

#### POLAND'S OPENING TO WEST HAS SHAKY START

WARSAW -- The political opening to the West that Poland had hoped for this autumn after nearly three years of diplomatic quarantine has gotten off to a shaky start. Critical remarks by PM Craxi and contacts with Polish opposition figures by a visiting British official last week have drawn expressions of sharp disapproval from the Polish government. In a vociferous outburst, government spokesman Jerzy Urban attacked France for refusing to join in a current series of visits by senior West European officials. As a result of what he called France's evident lack of desire to "resume serious relations," Urban said Polish authorities were considering dropping French language courses in schools. Such displays of irritation belie the image communist officials had sought to convey of ties between Warsaw and the West Europeans returning to normal.

(Bradley Graham, Washington Post, A21)

## SEOUL OPTIMISTIC THAT TALKS WITH N.KOREA WILL PAY OFF

SEOUL -- Expectation is growing here that an economic conference with North Korea will yield substantive progress in relations with its communist neighbor. The conference, scheduled for Thursday at the Panmunjom truce village, has a good chance of being more than a propaganda exercise, South Korean observers say. No agenda has been set for the conference. (Timothy Elder, Washington Times, A6)

EDITOR'S NOTE: Elisabeth Bumiller and Elizabeth Kastor's article, "Dinner Deluxe for the Duke: The Reagans Toast Luxembourg's Royalty," appears on page D1 of The Washington Post (Style).

NATIONAL NEWS

#### DEFICIT FORECAST REVISED UPWARD

Budget Director Stockman told President Reagan the budget news for the current year is worse than Stockman believed a week ago, but the President said he is determined not to propose a tax increase or "submit a budget that would cause us to acquiesce in a tax increase," Administration sources said. Administration sources said Stockman also said federal spending this fiscal year will reach 24.5% of GNP. That would be a slight increase from last year, when it was 23.5%, though down from fiscal 1983, when government consumed 25% of GNP, largely because of the recession. Reagan was described as "taken aback" by the new estimates from his budget director, who has been accused in the past by anti-tax supply-side theorists of exaggerating his deficit forecasts to pressure the President into a tax increase. (David Hoffman, Washington Post, A1)

## Cut Deficit, Reagan Tells Cabinet

President Reagan asked his entire Cabinet to remain aboard for his second term and help "dam the river" of government spending, saying there is much more to be done. Larry Speakes had said shortly before the meeting that, "The President will give marching orders to the Cabinet on how he wants his goals and policy objectives outlined for the second term." And that's what Mr. Reagan did.

(John McCaslin, Washington Times, A1)

## Reagan Seeks 'Realistic' Solution with Congress on Deficit

President Reagan, faced with reports that the deficit is swelling more quickly than predicted, said he has little faith in budget projections and repeated his campaign vow that he would raise taxes "over my dead body." The deficit estimate, computed by Administration officials, immediately spawned new questions about whether the President would be able to stick to his promise not to raise taxes to reduce the deficit. But Reagan did not seem concerned as he briefly discussed the new figures with reporters Tuesday night during a state dinner in honor of the Grand Duke of Luxembourg. Rep. Wright said he is sure Reagan will have to seek a tax increase and that Democrats will try to ensure that low-income Americans will not be effected by it. Larry Speakes said Reagan will have to have a lot of convincing before agreeing to a tax hike. But Speakes also said the President will approach Congress "on a realistic basis" to rescue the red ink spending. (Helen Thomas, UPI)

## Deficit Projection Brings Out Budget Axes

Faced with a new prediction that future budget deficits could rise to at least \$190B, top Administration officials are conducting an intensive search for ways to cut government spending and reduce the red ink. Although there was no official confirmation of the latest deficit projection, sources said David Stockman provided a new estimate while briefing Reagan and the Cabinet. With Administration officials ordered by the White House not to discuss the ongoing budget process, the sources would speak only on condition they not be named. But they said the deficit may well go as high as \$190B or higher if current economic conditions persist and no action is taken to cut spending or raise taxes. (Michael Putzel, AP)

#### BUSINESS IS SPLIT ON TAX REVISION

President Reagan has vowed not to raise taxes. But the business community doesn't believe it. When the President talks about tax "simplification," many businessmen envision their favorite tax breaks, such as accelerated depreciation and investment credits, being simplified right out of existence. "If you had a big tax increase," says Richard Rahn, chief economist for the U.S. Chamber of Commerce, "the business community would be a target." But business groups are markedly divided about how best to take advantage of the impending drive to overhaul the tax system. On the tax issue, business groups break into two camps: those that believe the government doesn't need to raise taxes and those who believe it must. (Jeffrey Birnbaum, Wall Street Journal, A1)

#### PANEL RECOMMENDS SWEEPING REGULATORY CHANGES

With the banking industry in the midst of upheval, an Administration task force is recommending ways of streamlining the government's apparatus for regulating banks and thrift institutions. In its final report, the task force has spelled out more than four dozen recommendations for simplifying the confused jurisdictional lines between the government agancies that regulate the financial services industry. If adopted by Congress, the recommendations would create the most sweeping changes to the regulatory structure since the 1930s. The report, "Blueprint for Reform," has been approved by President Reagan. (Sally Jacobsen, AP)

#### PRESIDENT WELCOMES DRAFT OF BISHOPS' PASTORAL LETTER

President Reagan "welcomes" the draft pastoral letter of the U.S. Roman Catholic bishops stating the U.S. has a moral responsibility to see that no one is hungry, homeless or unemployed, and he shares "the bishops' concern for the poor," Larry Speakes said. Reagan's economic policies have helped the poor, Speakes said. Nevertheless, the poverty rate has increased under the Reagan Administration from about 13% to 15.2% in 1983. Rev. Falwell blasted the bishops' letter as an endorsement of socialism. (James Dickenson, Washington Post, A15)

## PLIGHT OF HOMELESS CRIES OUT TO A NATION

Most experts on the homeless estimate their number in the U.S. at between 2 and 3M. And they say it is rising despite the economic recovery. A nationwide survey has just been completed by the National Coalition for the Homeless. "The number of homeless has gone up; it's now between 2.5 and 3M," says coalition spokesman Dan Salerno. The report is based on information gathered from 72 public and private shelter agencies across the country.

(Louise Sweeney, Christian Science Monitor, A1)

## FORMER PRESIDENT ADVISED REAGAN CAMP

Former President Nixon, who avoided any public role in the 1984 presidential campaign, often gave private advice to President Reagan's campaign strategists and received regular political briefings.

(Maureen Santini, AP)

## STUDY FINDS JEWISH VOTE LESS FIRM FOR DEMOCRATS

NEW YORK -- The Jewish vote is no longer a Democratic Party certainty, according to a survey released by the American Jewish Community. While American Jews are more liberal than most Americans, the survey of 959 Jews nationwide indicates they are less liberal than American Jews of the past. Many political observers expected a shift to the right among Jewish voters because of increased personal affluence and friction between Jews and blacks over Jesse Jackson's association with Louis Farrakhan, said Hyman Bookbinder, the AJC's representative in Washington. But the emergence of conservative fundamentalist influence during and after the Republican Convention provoked "great concern" within the Jewish community, Bookbinder noted.

(Dody Tsiantar, Washington Post, A3)

#### MONSON VICTORY

SALT LAKE CITY -- Republican David Monson defeated Democrat Frances Farley in a hotly contested congressional race that ended with the counting of 1,500 absentee ballots. Farley said she had not yet decided whether to request a recount. (Jennifer Brandlon, AP)

#### MADELINE KUNIN'S ELECTION FINALLY VERIFIED

MONTPELIER, Vt. -- Democrat Madeline Kunin, escaping a legislative runoff by a scant 62 votes, emerged the winner in the closest governor's race here in 22 years. (David Karvelas, AP)

#### REAGAN SEEN BETTER AT TURNING POLITICAL ISSUES INTO ASSETS

President Reagan and Vice President Bush effectively "managed" most decisive political issues to their own advantage during the presidential campaign, while Walter Mondale and Rep. Ferraro turned only a few to their own minor benefit, a media analyst said. Both tickets drew large amounts of negative news coverage but its impact hurt Mondale and Ferraro more even though they got less of it than the Reagan-Bush ticket, according to John Merriam, publisher of Issues Management Letter.

(Bill Kling, Washington Times, A2)

#### DROP IN TOP RECRUITS WORRIES ARMY BRASS

Despite a recent Pentagon report that 1984 was its best recruiting year, a 25% drop in a critical pool of high quality new applicants may be the first sign of trouble on the horizon for the all-volunteer Army, officials indicated. In an interview with The Washington Times, recruitment chief Col. Cerone said a three-pronged program was launched effective Oct. 1 to counteract the downturn. Initial results from October indicate the program is successful, he said. The officer said the \$28M program involves increases in enlistment bonuses and in the college fund for recruits going to college after their four-year hitch. The program also aims to attract recruits with two years of college by offering \$20,000 to enable them to finish their college educations after a two-year tour.

(Walter Andrews, Washington Times, A1)

#### NEW POSTMASTER GENERAL NAMED TODAY

Chicago postal chief Paul Carlin emerged as the likely choice of the U.S. Postal Service Board of Governors to succeed retiring postmaster William Bolger. The Washington Post reported White House officials were backing Edward Rollins. However, postal industry and government sources familiar with the governors said they believed Carlin would be named. (Sydney Shaw, UPI)

## PLANNED SPACE STATION UNJUSTIFIED, REPORT SAYS

The kind of space station NASA is planning cannot be justified on scientific, economic or military grounds, according to a study prepared for the congressional committees that control the space program. The entire nation ought to consider what the country wants to do in the second quarter-century of the space era, the congressional Office of Technology Assessment said in a report published Tuesday. The report characterizes the nation's goals in space as shortsighted and narrow, reflecting the views only of the science and technology communities and not the general public, which foots the bills. The report spelled out "kinds" of goals the nation should set: increase the efficiency of space activities and reduce their costs; involve the public; reap scientific, economic, social and political benefits; increase international cooperation; and "spread life, in a responsible fashion, throughout the solar system." (Washington Post, A4)

## COURT SHUNS APPEAL BY NEBRASKA CHURCH

The Supreme Court refused to involve itself in a dispute between Nebraska state officials and a fundamentalist church school. The justices refused without comment to hear an appeal by the North Platte Baptist Church from Nebraska court orders holding them in contempt for operating the school without state approval. (Tom Diaz, Washington Times, A3)

#### WHITE HOUSE ELECTRICIAN CARRIES COLORS IN A CRISIS

He did not quite fit the image of an honor guardsman at the White House, but he did the right thing. A White House electrician, dressed in work clothes, scooped up the American flag and carried it in the President's honor guard when the soldier holding the banner fell faint seconds before the Grand Duke of Luxembourg arrived to meet President Reagan. Richard Chapman happened to be standing nearby when the guard's knees buckled, and he and several other men rushed to grab the soldier before he fell. (Washington Times, A2)

-end of A-Section-

NETWORK NEWS SUMMARY FOR TUESDAY EVENING. November 13, 1984

#### CABINET MEETING

CBS's Bill Plante: At President Reagan's first post-election Cabinet meeting today, Budget Director David Stockman made it official: the deficit will likely be at least \$190B -- \$18B more than he thought three months ago.

(TV coverage: President in Cabinet Room.)

But the President, reminded of his vow that tax increases would come only over his dead body, wasn't talking today. (President: "What I really mean 'over my dead body' is no questions....") No specifics yet, but Mr. Reagan told the Cabinet, "Things have to change. We came here to dam the river. Let's start throwing in the rocks." But which rocks? Mr. Reagan still maintains the deficit will shrink through economic growth and new spending cuts. What he wants to do, and right away, is reform the tax code with its many special tax breaks. He has pledged to keep the deduction for home mortgage interest, but here are some other ideas floating around the Treasury: Exclude deductions for mortgage interests for second homes, for interest on consumer loans, for state and local Tax unemployment insurance and workmen's compensation. Restructure corporation taxes. The upshot: Even if tax rates come down with tax reform, some taxpayers will almost certainly pay more without some of the deductions they now enjoy. (Majority Leader Jim Wright: left the impression with the American people that only over his dead body would their taxes be increased, and I think Congress would feel obliged to help him keep that promise.") Sources said Mr. Reagan insisted today that he still won't ask for tax increases, but many Republicans who have to run in 1986 are afraid of the political fallout from more spending cuts and tax reform, and concerned that the President is already setting them up so that whatever happens, it won't be his fault. (CBS-1)

NBC's Chris Wallace: Telling his Cabinet there is much more to be done, the President today issued his marching orders for a second term. (TV coverage: President in Cabinet Room.) Officials quoted Reagan as saying their main job is to cut government growth, adding, "We came here to dam the river. Let's start throwing in the rocks." The President's call for new spending cuts came with an alarming new deficit projection. Last summer, Budget Director Stockman said without any more cuts, deficits would rise from \$172B to \$184B, before falling in 1989. But Stockman now says without cuts, deficits will exceed \$190B for each of the next two years. This new projection contradicts Reagan's campaign statement that economic recovery would take care of the problem. (President: "We can sharply reduce the deficit through growth.") Democrats today were saying, "I told you so." (Majority Leader Wright: "All of us knew that this theory that economic growth just automatically would cancel out the deficit was a fantasy.") Perhaps because of the deficit, the White House today backed off the President's hard stand on taxes. Reagan has said he will not use tax simplification to sneak in a tax hike.

(TV coverage: President in Arkansas, Nov. 3: "Over my dead body.") But today, spokesman Larry Speakes said Reagan meant no increase in tax rates, implying people with many current deductions may lose some and end up paying more. Still, aides say Reagan's attack on the deficit will focus on spending cuts, cuts the Democratic House won't like, which means Reagan's effort to continue his economic revolution will be tested in the (NBC-4)very first weeks of his second term.

CABINET MEETING (continued)

ABC's Sam Donaldson: It was a case of fresh starts, same faces, as the Administration reconvened today in the White House Cabinet room, getting hold of the huge budget deficit still the number one domestic priority. (TV coverage: President in Cabinet Room.)

The President is said to have told his Cabinet, "We came here to dam the river. Let's start throwing in the rocks." The problem is, the deficit river has gotten wider and the available rocks fewer, even since this group last met. Mr. Reagan's own budget advisers are reporting this week that next year's deficit will not be \$172B as they had estimated earlier, but well over \$190B, mainly because of the slowdown in the economy. And, what's more, they agree that growth alone will not reduce the trend line. Notwithstanding the President's oft-repeated suggestion to that effect, along the recent campaign trail.

(TV coverage of President at podium on October 15, 1984.)

Today the White House budget team met to examine areas where deep cuts in entitlement programs and non-defense discretionary spending can be proposed. But House Democrats, and not a few Republicans, are already lining up behind Majority Leader Jim Wright's argument that social programs have already been cut enough. (Wright: "We've squeezed that lemon pretty dry. But the bottom line is that you don't do anything to help the deficit unless you raise more revenue.") Raise revenue, raise taxes. But, according to a spokesman, the President said again today he's determined not to raise taxes, at least not tax rates. The spokesman conceded that under tax reform, some people who lose their tax shelters will wind up paying more, but not enough to make a dent in the deficit. So, the White House and Capitol Hill are squaring off over the budget, and for a while, at least, they'll throw the rocks at each other. (ABC-13)

## NICARAGUA

CBS's Dan Rather: There was no letup today in the verbal assault that President Reagan has authorized and sometimes led against Nicaragua. A State Department spokesman charged that the Sandinista regime has been receiving Soviet weaponry that "exceeds anything which is justifiable in purely defensive terms." An unidentified Administration official charged that Nicaragua's military buildup "has reached an unprecedented rate." And the Pentagon charged that there is "enough circumstantial evidence to indicate Nicaragua may be planning an attack against El Salvador or Honduras." What the U.S. government definitely does not like is Nicaragua's close relationship with the Soviet Union. There are now more than 2,500 Soviet-bloc military advisers in the country. (CBS-2)

ABC's Peter Jennings: You could hear it almost everywhere in Washington today -- at the State Department, at the Pentagon, and at the White House. They are saying that Nicaragua has too many weapons for purely defensive reasons. Last week it was the Soviet MiG fighters that turned out not to be there. This week, the Reagan Administration is talking about an arms buildup it says has a haunting parallel in history.

NICARAGUA (continued)

ABC's John McWethy: U.S. intelligence sources say in less than a month, four Soviet-bloc ships have unloaded weapons in Nicaragua. They claim five more ships, these all believed to be Russian, are heading for Nicaragua now, with cargo that analysts say is probably still more weapons. A high-ranking White House official called the magnitude of the buildup -- and the fact that it has now accelerated -- strikingly similar to what the Soviets were doing in the months just before the Cuban Missile Crisis in 1962. He said at that time, before the Soviets tried to bring in nuclear missiles, they were pouring weapons of all other types into Cuba. Though there is no suggestion nuclear missiles will ever be involved in Nicaragua, the scale of the rest of the buildup, this official said, is similar. At the State Department and White House, there were more public expressions of concern. (Alan Romberg: "The level of weaponry -particularly -- any weaponry which has come into Nicaragua, and which is continuing to come in at a rapid pace, exceeds anything which is justifiable in purely defensive terms." Michael Burch: "Nicaragua has now armed itself to a greater degree or in quantities far bigger than any of its neighbors or even combination of neighbors.") To U.S. charges that Nicaragua plans to use all of the weapons to invade its neighbors, on "Good Morning America" Nicaraguan Foreign Minister D'Escoto was categorical. (D'Escoto: "That is a sheer lie and hypocrisy and bullshit, if you'll pardon my English.") D'Escoto says all Nicaragua is trying to do is to defend itself against the 15,000-man army that the CIA has built to overthrow his government. The Reagan Administration claims the Nicaraguan buildup has gone far beyond that, threatening every country in Central America.

NBC's Tom Brokaw: There were fresh salvos today in the war of words between the Reagan Administration and Nicaragua. The White House, the State Department and the Pentagon all charged that Nicaragua has been imposing a threat to El Salvador and Honduras. One Reagan official said that Nicaragua has been getting advanced weapons from the Communist bloc at what he called "an unprecedented rate -- far beyond what might be needed for defense of that country." On the other hand, a top Nicaraguan official accused the United States of lying and hypocrisy and warned again that Washington is planning an invasion. (NBC-8)

ABC's Peter Jennings: One of the leaders of the anti-government forces in Nicaragua says his men will attack major strategic targets in the country if the Sandinista government uses its new Soviet-made helicopters against them. He said the targets would include Nicaragua's only oil refinery as well as sugar mills. (ABC-2)

#### SOVIETS IN NICARAGUA

CBS's Richard Schlesinger: The Russians are becoming increasingly involved in all aspects of Nicaraguan life as American influence decreases. One Western financial analyst says the U.S. is forcing the Nicaraguans into the Soviet's arms by cutting off American aid. Their tanks are Russian-made. Most of the military equipment in this country is from the Eastern bloc.

SOVIETS IN NICARAGUA (continued)

Schlesinger continued: Russian ships dock in Nicaragua regularly, delivering everything from military supplies to consumer goods. Many cars here are Russian made, and the Soviet Union provides about 50% of the country's gasoline. The Nicaraguans can buy on credit from the Soviet bloc -- that makes a lot of difference to a country with very scant foreign currency reserves. (President-elect Ortega through translator: "The U.S.S.R. cooperates with Nicaragua on very favorable terms.") Diplomatically, there's no question the Soviets have greater access to the Nicaraguan government than their American counterparts. But Sandinista officials say the Nicaraguan government has not chosen to align itself solely with the Soviets. (Interior Minister Borge through translator: would like to be friends also with the United States, and if we're friends with the Soviet Union, it's because the Soviet Union has adopted a friendly attitude toward Nicaragua.") The Reagan Administration fears that friendship will tilt the balance of power in Central America. The warning is not that the Russians are coming, but that the Russians are already (CBS-3) here.

#### HONDURAS

NBC's Brian Ross reports that it wasn't that long ago that Gus Alvarez, now living in Miami, was one of the most powerful men in Central America, who as Commander-in-Chief of the Armed Forces in Honduras, became one of this country's most dependable supporters in Central America, a man frequently at the side of top American officials, and American generals, ready to provide almost anything the American military or the CIA wanted in Honduras. Then last March, Alvarez was forced out of power and out of the country at the point of a gun, and behind it all was the story of murder, corruption, strange disappearances and apparent serious miscalculations by the American military and the CIA. General Alvarez is now telling his story. He says his friends at the American embassy did nothing to save him. The U.S. Ambassador there now says the U.S. did not depend on Alvarez as much as some people thought. (NBC-9)

## NASA CONGRESSIONAL STUDY

Rather: As the shuttle orbits above, a two-year Congressional study concluded today that NASA's proposed \$8B space station cannot be justified on scientific, economic, or military grounds. And the Office of Technology Assessment also suggests that the American public have a greater role in determining long-range NASA goals. (CBS-11, ABC-6)

## TRUDEAU CHARGES

Brokaw: Former Canadian PM Trudeau charged today that government leaders everywhere seem unable or unwilling to avert nuclear war. Trudeau was in Washington to receive the Albert Einstein International Peace Prize. At the same time, the former PM did say that he doesn't believe that nuclear war is imminent or inevitable. (NBC-3)

#### JAPANESE IMPORTS

Brokaw: Chrysler Chairman Lee Iacocca said that despite record profits for American car makers, the restrictions on Japanese car imports should be continued for another year. He said the soaring U.S. trade deficit is reason enough to continue those curbs.

(NBC-6)

#### MINUTEMAN RAID

Brokaw: The Minuteman Missile is the biggest bang in this country's collection of nuclear weapons — the missile that would be fired if there were a nuclear war. A small band of protesters has been able to get right on top of a Minuteman silo to protest nuclear war and to attack that silo with a jackhammer. Anne Reubenstein reports from Missouri tonight that the Air Force insists that there was no danger. (NBC-2)

#### **AFGHANISTAN**

Rather: Combat reports on the war in Afghanistan are often slow in reaching the West. One out today involves 450 Muslim rebels who held a mountain fortress in the central part of the country last month until their ammunition ran out. When they surrendered, according to the report out today, a Soviet officer ordered them massacred. (CBS-16)

#### BRITISH COAL STRIKE

Rather: There are, of course, many differences between the economies of the United States and Great Britain. But there are striking similarities between the economic policies of the Reagan Administration and the Thatcher government. One British action that Washington is watching closely these days is the coal miner's strike. (CBS-5)

#### WELCOMING CEREMONY

Jennings: At the White House today, some people were literally carrying on tradition. It was a routine welcoming ceremony for Grand Duke Jean of Luxembourg, or at least, it should have been. Moments before the ceremony began, one member of the Honor Guard, assigned to carry the Flag, fainted, but the White House electrician, standing just behind him, grabbed the Flag, and as the ceremony began, Richard Chapman marched in along with the rest of the Color Guard. He may have looked a bit out of place in his working uniform, but he is not slow on the uptake. You sort of wondered if he'll ever be happy with his old job. (ABC-14)

## BABY FAE

Brokaw: "Baby Fae" is in trouble tonight. Her transplanted baboon heart is being rejected by her body. (NBC-1, CBS-14, ABC-3)