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FRIDAY, JULY 19, 1985 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

NATIONAL NEWS

Reagan Recovery on Target -- President Reagan ate his first solid food since doctors removed a cancerous growth from his intestine and could be back at the White House by Monday, Larry Speakes says.

(AP, UPI, Washington Post, New York Times)

Miller Expected to Be Reagan's Nominee for Budget Director -- James Miller, a conservative economist who toned down the pro-consumer stance of the Federal Trade Commission, is in line to take over from David Stockman as President Reagan's budget director, congressional and Administration sources say.

(AP, UPI, Washington Post, Washington Times)

INTERNATIONAL NEWS

U.S. Links Managua to Terrorism -- A note, presented to the Nicaraguan Foreign Ministry by U.S. Ambassador Harry Bergold, produced a sharply worded reply by the Nicaraguan Foreign Ministry which was delivered to the U.S. Embassy.

(Washington Post, New York Times)

NETWORK NEWS (Thursday Evening)

PRESIDENT REAGAN -- President Reagan made his first brief public appearance since colon cancer surgery, and he ate his first solid food in more than a week.

(All Nets Lead)

BUDGET -- Republicans said they'd be back to their colleagues in the House with some new budget ideas, but not until next week.

True to Form

Roger Simon, a columnist for the *Chicago Tribune*, recently wrote about a woman who decided she didn't need the cost-of-living increase that she had gotten with her last Social Security check. She decided to let the U.S. Senate know her feelings, and sent letters to each of the hundred Senators.

"Almost everyone who bothered to reply, about one third of the Senators," wrote Simon, "assured her that they would fight to the death to keep her Social Security benefits high and increasing. . . ."

—*Washington Monthly*

FORBES, JULY 29, 1985

NATIONAL NEWS

UPBEAT REAGAN MAKES APPEARANCE

President Reagan, continuing his smooth recovery from cancer surgery six days ago, made the first public appearance of his recuperation when he came to a window of Bethesda Naval Hospital to wave at photographers assembled below.

Reagan's upbeat appearance came amid new indications that his decision to undergo the exam that found his tumor last Friday was triggered by a call in late June from his brother, J. Neil (Moon) Reagan, who had just been told that he had cancer of the colon.

(Boyce Rensberger, Washington Post, A1)

Reagan Resuming Duties, May Return to White House Saturday

The President could return to the White House as early as Saturday, one week after he underwent cancer surgery, Larry Speakes said.

Reagan appeared publicly in person Thursday for the first time since he entered the hospital, giving reporters an OK sign from his third-floor balcony at Bethesda Naval Hospital when they asked how he was feeling.

(W. Dale Nelson, AP)

Reagan Recovery on Target

In stepping up his workload, the President met in the morning with chief of staff Regan and National Security Adviser McFarlane.

Speakes said Reagan's road to recovery is "unimpeded" and is going "extremely well."

(Helen Thomas, UPI)

BUSH: TRANSFER OF POWER IS PROOF OF STABILITY

Vice President Bush gave foreign leaders a first-hand report on the President's health, and jokingly described his nine hours in power as "awesome."

Bush called the leaders of eight countries to tell them about President Reagan's strong rebound from surgery.

(Mary Belcher, Washington Times, A4)

REAGAN TO GREET CHINESE

The White House says Tuesday's arrival ceremony and state dinner for President Li of China will be "somewhat abbreviated" because of President Reagan's recent surgery, but that plans call for the President to preside at both.

"The President wants to be involved in the Chinese visit because he feels it is so important," James Rosebush, Nancy Reagan's chief of staff, said.

(Donnie Radcliffe, Washington Post, B1)

BROTHER'S CANCER MATCHES REAGAN'S

President Reagan's brother Neil had exactly the same type of cancerous colon polyp removed 10 days before the President's malignancy was discovered, and the cancers were situated in the same area of the colon, according to three of Neil Reagan's doctors.
(Lawrence Altman, New York Times, A1)

REGAN CALLS STALEMATE ON BUDGET 'RIDICULOUS'

White House chief of staff Regan denounced the congressional budget stalemate as "ridiculous," while House-Senate negotiators indicated they will try again, possibly next week, to agree on deficit reductions for the next three years.

But there was no movement toward an agreement, and congressional leaders agreed that the outlook for a settlement was not encouraging.
(Helen Dewar and Anne Swardson, Washington Post, A9)

BUDGET DEAL SHREDS GOP UNITY

The damage done when the White House turned its back on the Republican Senate last week may be more apparent than real, at least as far as the fiscal 1986 budget is concerned.

The political damage to Republican unity is something else.

That unity appears gone for the moment as Senate Republicans have formed somewhat of a coalition with Senate Democrats against both parties in the House. The issue is the House's inability or refusal to make enough domestic spending cuts to satisfy the Senate.

(Ralph Hallow, Washington Times, A5)

LAWMAKERS SEEK FRESH IDEAS TO REVIVE BUDGET TALKS

Congressional leaders are searching for fresh ideas to revive budget talks aimed at stopping the government's flood of red ink.

Senate Majority Leader Dole and Rep. Gray both have indicated there still may be room for the House and Senate to work out a compromise version of fiscal 1986 budgets passed by each chamber.

(Cliff Haas, AP)

SENATE GOP LEADERS PLAN TO JOIN HOUSE IN VOTING OUTLAYS WITHOUT A BUDGET PACT

The Senate Republican leadership said it would join the House in passing fiscal 1986 appropriations bills without waiting for enactment of a budget agreement.

Spending legislation covering such departments as Energy, Commerce, State and Justice is expected to be brought to the floor before the August recess. And while leaders speak of resuming budget talks, the mood remained pessimistic.

(David Rogers and Jeffrey Birnbaum, Wall Street Journal, A44)

FTC CHIEF MAY BE CHOSEN TO SUCCEED STOCKMAN AT OMB

White House chief of staff Regan is likely to recommend to President Reagan today that FTC Chairman James Miller be nominated director of the Office of Management and Budget, White House officials said.

Regan is said to be taking to the President a list that also includes two other possible nominees, Alton Keel, now associate director of OMB for national security and international affairs, and John Svahn, the chief White House domestic affairs adviser.

(David Hoffman, Washington Post, A2)

Search Continues for OMB Director

The White House denied widespread speculation that President Reagan has chosen Miller to replace David Stockman.

"The chief of staff is still interviewing people for the job," (Larry Speakes) said. "The list has been narrowed, but it includes a number of names."

(Hugh Vickery, Washington Times, A3)

FTC Chief Favored for Stockman Job

The White House circulated the name of James Miller on Capitol Hill Thursday, along with a few others on a "short list" of candidates.

Larry Speakes indicated chief of staff Regan, who was still interviewing people for the job, may make his recommendations to Reagan today.

The President could make a final decision later in the day, but the candidate would need to be confirmed by the Senate.

(Helen Thomas, UPI)

Miller Expected to be Reagan's Nominee for Budget Director

Congressional sources, speaking on condition they not be named, said the Administration was spreading the word that Miller would be the nominee. An Administration source, also insisting on anonymity, said it appeared Miller was going to be chosen.

"I don't see how it could come unglued," the source said.

(Terence Hunt, AP)

HOUSE PANEL AGREES TO REQUIRE EPA TO MEET DEADLINES ON WASTE CLEANUP

The House Energy and Commerce Committee, working on a tight schedule to complete a Superfund bill, reversed itself and agreed to put deadlines on toxic-waste cleanups by the EPA.

In the Senate, efforts to move Superfund legislation appeared to be picking up momentum after weeks of inaction.

(Cass Peterson, Washington Post, A5)

Panel Votes Deadline to Start Waste Cleanup

The agreement was hammered out following a stormy hearing in which the committee rejected legislation that would have required the EPA to start cleaning up 600 of the worst 800 hazardous waste sites by 1990.

(William Matthews, Washington Times, A8)

Senators Urging Dole to Release Superfund Bill

Two-thirds of the Senate is urging its majority leader to forget about Reagan Administration opposition to a new Superfund bill and bring the stalled measure to the floor.

"I would guess that those who want to kill the bill would delay it," says one of the group, Environment Committee Chairman Stafford.

(David Goeller, AP)

GNP REVISION SHOWS WEAKNESS IN U.S. ECONOMY

The sluggish U.S. economy, restrained by a rising trade deficit, grew at a weak 1.7 percent rate in the second quarter, the Commerce Department reported.

(John Berry, Washington Post, A1)

Production Nearly Flat; GNP Revised Lower

In another report, the Federal Reserve said industrial production edged up a scant 0.1 percent in June, matching May's increase. (AP)

U.S. Economy Grew at Slow 1.7% Rate in Second Quarter

The new 1.7 percent GNP figure, coming on top of a mere three-tenths of 1 percent rate in the first quarter, meant that, over the first six months, the economy grew at a rate of only 1 percent. Such a pace has proved too weak to produce declines in an unemployment rate that has been locked at 7.2 percent since February.

(Peter Kilborn, New York Times, A1)

SENATE BACKERS OF LINE-ITEM VETO FAIL TO CUT OFF FILIBUSTER

Senators who want to give President Reagan veto power over individual projects in spending bills -- a concept called line-item veto -- fell three votes short of breaking a filibuster that is keeping the issue off the Senate floor.

Although the cloture motion failed, the vote signaled the start of a major confrontation pitting some of the Senate's most powerful figures against one another.

(Thomas Brandt, Washington Times, A4)

Senators Opposed to Line-Item Veto Bill to Stand Firm with Filibuster

"Maybe between now and next Tuesday, when we have our next vote, the President can persuade at least three more senators to vote with him," Sen. Dole said.

(Steven Komarow, AP)

DEFENSE AUDIT UNCOVERS 'QUESTIONABLE' PURCHASES

Navy officers stationed in the Pacific paid gardeners \$61,000 in government funds to groom their lawns and spent \$5,098 to outfit a commander's motorboat with a teak wine and stereo cabinet and \$900 for a 48-piece china and crystal service for a stateside admiral, according to a Defense Department report.

(Michael Weisskopf, Washington Post, A6)

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CASEY OVERVALUED PATENTS, U.S. TAX COURT JUDGE RULES

A U.S. Tax Court Judge has ruled that two engine patents that CIA Director Casey valued at \$5 million in 1976 had no commercial value at the time. "The groundless gross overvaluation of the patents is convincing evidence that tax consequences were the paramount concern of all the participants," Judge Lapsley Hamblen added in Monday's ruling.

Hamblen disallowed all \$5.5 million in deductions the Tri-Rotor Motor Co. partners took for depreciation, interest and research and development costs. Casey is not liable for back taxes in the case because he was not a member of the partnership. (Charles Babcock, Washington Post, A17)

NAVY SECRETARY'S DECISION TO REBUILD CARRIERS IN HIS HOMETOWN OF PHILADELPHIA STIRS DISPUTE

Navy Secretary Lehman is planning to move three San Diego-based aircraft carriers 15,000 nautical miles to his hometown of Philadelphia for rebuilding, overruling some admirals who say the move will cost \$1 billion too much and leave the Pacific Fleet critically short of flattops in the 1990s.

Lehman argues that the Philadelphia yard is more experienced in such work and can do it more cheaply than any on the West Coast, and he insists that Atlantic Fleet carriers can fill in when needed overseas.

(Brooks Jackson and John Fialka, Wall Street Journal, A44)

ADMINISTRATION SUSPENDS FUNDING OF PENNSYLVANIA ANIMAL RESEARCH

A four-day protest by animal rights activists at the National Institutes of Health had no bearing on the decision by the Reagan Administration to suspend funding of head injury research on animals at the University of Pennsylvania, an Administration official says.

The demonstration merely forced HHS Secretary Heckler to make the decision about a day sooner than she normally would have, according to HHS spokesman Don Rheem. (Steve Gorman, UPI)

CONGRESSMEN REQUEST PROBE OF ALLEGED EEOC PERSONNEL SHAKEUP

Eight congressmen are calling for a federal investigation of the Equal Employment Opportunity Commission in the wake of allegations by current and former EEOC employees that a shakeup is under way of key agency personnel.

The congressmen, in seeking a full review of the EEOC by the GAO, say they fear the shakeup may be a purge of top legal talent that has served both Republican and Democratic administrations.

(Pete Yost, AP)

USIA DIRECTOR REPORTS FAMILY INCOME EXCEEDING \$1 MILLION

Charles Wick, director of USIA and a longtime friend of President Reagan, is among the wealthiest officials in the Administration with a family income last year of over \$1 million.

Wick's personal financial disclosure statement, filed with the government and made available to the AP, shows that Wick received income during 1984 from various sources totaling at least \$888,595, and possibly much higher. That was in addition to his annual government salary of \$75,100.

His wife, Mary Jane, had a separate income of \$221,198, the report showed. (William Welch, AP)

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INTERNATIONAL NEWS

U.S. LINKS MANAGUA TO TERRORISM, WARNS OF 'REPERCUSSIONS'

MANAGUA -- The Reagan Administration charged that Nicaragua "may be directly involved" in plans to attack Americans in neighboring Honduras and has warned the Sandinista government that the United States will "react accordingly" if such attacks are carried out.

The U.S. warning, contained in a note using exceptionally strong language, also tied the Sandinista leadership indirectly to the assassinations June 19 of six U.S. citizens, including four Marines, at an outdoor cafe in San Salvador, saying Nicaragua has supported and influenced the Salvadoran rebel group that claimed responsibility. The note warned of "serious repercussions" if any such incident happened again.

(Edward Cody, Washington Post, A1)

Nicaragua Role In Terror Plans Charged by U.S.

There was no immediate response to the allegations from Nicaraguan officials.

The diplomatic note did not contain specific details of the purported support by Nicaragua for the Salvadoran guerrilla faction that took responsibility for killing the six United States citizens.

A senior State Department official, however, said "we told them we were well aware of the fact" that the Salvadoran guerrillas had their headquarters in Managua and were "armed by Managua."

(Charles Mohr, New York Times, A1)

SANDINISTA RESISTANCE AT 20,000 AND GROWING, NSC SAYS

Forces resisting Marxist Sandinista rule in Nicaragua have grown to 20,000 armed soldiers and "are growing by 150 to 200 people each week," Robert McFarlane said.

Many of them bear weapons issued by the Nicaraguan government to fight off a U.S. invasion, he said at a special White House briefing on the eve of the sixth anniversary of the Sandinista takeover.

(Bill Kling, Washington Times, A1)

HOUSE VOTES TO EASE BAN ON CIA LINKS WITH CONTRAS

The House swiftly approved an intelligence bill that provides none of the \$28 million in military aid President Reagan requested for Nicaraguan rebels next year, but would significantly ease a ban on Central Intelligence Agency involvement with the insurgents.

No debate preceeded the voice-vote approval of the fiscal 1985 intelligence authorization. (Margaret Shapiro, Washington Post, A28)

SALVADORAN AIR WAR INTENSIFIES WITH NEW U.S.-SUPPLIED PLANES

SAN SALVADOR -- The air war in El Salvador, an object of mixed military reviews and heavy criticism from human rights groups, is growing in intensity as the armed forces acquire more and more weaponry.

The bombs being dropped by the country's small fleet of jet fighters are heavier than those dropped last year. More rockets are being fired from increasing numbers of helicopters that also are armed with rapid-fire machine guns. Slow-flying propeller planes pepper the countryside with thousands of bullets. (Dan Williams, Washington Post, A27)

U.S. SAYS ISRAEL HAS NO VETO OVER NEXT MOVES IN MIDEAST

The Reagan Administration, clearly irritated with Israel's rejection of a list of Palestinians suggested for Middle East negotiations, said that the United States will not give Israel veto power over its next moves in the peace process. (David Ottaway, Washington Post, A1)

U.S. Says No to Israel on Ban of Palestinians

The State Department registered irritation with Israel, apparently over Israel's swift rejection of the candidates and the surfacing of some of the names on the state-run military radio. (Washington Times, A7)

U.S. Asserts Israel Can't Veto Talks with Palestinians

Clearly annoyed by the reports from Israel that Israeli leaders had "rejected" (the list), the State Department also sought to reassure Jordan that the United States remained interested in such a meeting. (Bernard Gwertzman, New York Times, A1)

U.S., OMAN HOLD DELICATE NEGOTIATIONS OVER BASES

The United States has been involved for two months in delicate negotiations with the Persian Gulf sultanate of Oman, which is seeking more control over U.S. access to, and use of, its strategically located airfields and other military facilities.

The bases in Oman are considered extremely important by the United States for effective operations of the U.S. Central Command, formerly known as the Rapid Deployment Force, in a Persian Gulf crisis.

(David Ottaway, Washington Post, A29)

U.S. STUDY FINDS A SOVIET ICBM IS LESS OF A THREAT TO MISSILE SILOS

United States intelligence officials, in a revised assessment of a Soviet missile known as the SS-19, now believe that it is too inaccurate to pose a threat to American missile silos, Administration sources said.

The new appraisal, which differs from assessments by the Pentagon, is contained in a secret report which is prepared once a year by the CIA and represents the consensus of U.S. intelligence experts.

(Bill Keller, New York Times, A1)

Friday, July 19, 1985 -- A-10

Report: Soviet ICBMs Couldn't Hit U.S. Missile Silos

The reported accuracy of the SS-19, an intercontinental ballistic missile, to hit the United States' missile silos has been a crucial political factor in American arms control considerations and in plans by the Reagan Administration to build the MX missile.

But officials said the military significance of the SS-19 capabilities was minimal because the SS-18, another Soviet ICBM, is believed accurate enough to threaten missile silos, the Times said. (AP)

DETENTE HOPES HINGE ON AFGHANS' FREEDOM

The Soviet Union's withdrawal of all its forces from Afghanistan could serve as the "cornerstone" of a new relationship between the superpowers and nations of eastern Asia, the foreign minister of Pakistan said.

Sahabzada Yaqub Khan said he believes that the situation in Afghanistan holds "an importance out of proportion" to its size and location and that a Soviet withdrawal could bring about a thaw in both East-West and Sino-Soviet relations. (Dave Doubrava, Washington Times, A1)

MI-23s LURE NORTH KOREA CLOSE TO THE SOVIET ORBIT

The Soviet delivery of advanced MiG-23 jet interceptors to North Korea as part of the communist ally's continuing build-up is expected to move the Korean government closer to a Soviet orbit.

U.S. officials, who spoke on condition they remain unidentified, said about six of the Swing-wing interceptors have recently been delivered to the Kim Il-sung regime. (Walter Andrews, Washington Times, A1)

TAIWAN HIDDEN GOAL OF CHINESE LEADER'S VISIT WITH REAGAN

President Li of the People's Republic of China comes to town next week for a state visit whose ceremonial trappings will mask two high-priority goals for Peking:

*Keeping relations with Washington on an "even keel" by utilizing American expertise and high tech equipment for economic modernization and possibly military enhancement while not offending the Soviet Union.

*Getting the ball in motion for reunification of Taiwan with China under the so-called "one country, two systems" formula used by Peking and London on the future of Hong Kong.

(Edward Neilan, Washington Times, A6)

WOMEN SET OCT. 24 FOR WORLDWIDE JOB WALKOUT

NAIROBI, Kenya -- If the organizers of the "Wages for Housework" campaign succeed, next Oct. 24 will be a holiday such as the world has never seen.

On that day, the 40th anniversary of the founding of the United Nations, every woman in the world is supposed to knock off work.

The holiday is meant to be a forerunner to the day on which housewives everywhere can stroll down to the post office to collect government paychecks, but how such a vast new employment program would be paid for is not yet clear.

(Jay Mallin, Washington Times, A1)

U.S. DELEGATES CALL FOR RETURN TO WOMEN'S ISSUES

NAIROBI, Kenya -- The United States, lashed by political attacks from Nicaraguan, Syrian and dissident South African delegates to the U.N. Women's Decade Conference, called for a return to women's issues.

The verbal attacks came despite a warning by U.S. delegation leader Maureen Reagan that the United States would not stand for a major politicization of the conference.

Nancy Clark Reynolds, the deputy head of the U.S. delegation, also urged a return to women's issues. (Charles Mitchell, UPI)

GANDHI ASSAILS U.S. ON SIKH TRAINING

NEW DELHI -- PM Gandhi, in an interview published yesterday, charged that Washington is withholding information on camps in the United States where Sikhs allegedly train to stage terrorist attacks.

In an interview in the English-language weekly, Blitz, Gandhi also said he found it "incredible" that Washington allows such camps to continue operating. (Washington Times, A6)

EDITOR'S NOTE: "Declining Price of Oil Has Saudis in a State Of Domestic Distress" by Youssef Ibrahim is on page A1 of The Wall Street Journal.

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NEWS FROM THE STATES

CARLIN, LAMM PRESENT NGA'S CASE FOR TAX REFORM

TOPEKA, Kan. (UPI) -- Gov. John Carlin and Colorado Gov. Richard Lamm Wednesday presented the National Governors Association case for tax reform to a U.S. House committee, calling for a broader tax base, but defending deductions for taxes paid to state and local governments. The NGA spokesmen said the governors support a modified flat income tax that broadens the tax base, and would consider some modification of state and local tax deductibility. However, they said they oppose total elimination of state and local tax deductibility from federal taxes. They said the Reagan Administration's proposals on deductibility and tax-exempt funding represent about \$35 billion, or 73 percent, of the modifications that are used to reduce marginal tax rates. Carlin and Lamm said the federal government cannot continue to increase state responsibility for support of programs, while providing less assistance and substantially restricting the states' ability to raise revenues through taxes and debt financing.

CONGRESS WARNED OF DANGERS OF 'DESIGNER DRUGS'

WASHINGTON (Robert Doherty, UPI) -- A medical expert told Congress Thursday that people who use so-called "designer drugs" -- easy-to-produce, highly-potent synthetics -- are "playing Russian roulette with their brain." Dr. J. William Langston, of Stanford Medical School, told the Senate Budget Committee synthetically produced drugs, prominent so far only in California, have caused symptoms similar to those produced by Parkinson's disease. Normally by the time authorities identify the synthetic, a new designer drug -- which Sen. Lawton Chiles, who chaired the hearing, termed a "Frankenstein monster" -- is on the street. The Reagan Administration recently proposed legislation to crack down on the manufacture of the drugs.

NAVY PORT SELECTION TOUCHES OFF LAND RUSH

INGLESIDE, Texas (Mack Sisk, UPI -- advance for July 20) -- The Navy's decision to build a \$130 million base and dock five warships on Corpus Christi Bay touched off a land rush that has tripled prices for prime commercial property in this small city where the facility will be located. Ingleside, population 5,344, is expected to start booming with construction beginning in six months, San Patricio County Judge J.M. Edmonson said. The battlewagon's base is projected to employ 5,600 military and civilian workers. Besides immediately doubling the city's population once it opens, the base is expected to attract dozens of new businesses and their employees eager to get their share of the estimated \$100 million a year Navy payroll. Edmonson said the Navy base is a boon for his county which has lost \$108 million in property valuations since oil drilling declined.

CALIFORNIA FIRE DISASTERS

WASHINGTON (UPI) -- Sen. Pete Wilson, backing up California Gov. George Deukmejian, urged President Reagan Thursday to declare five more California counties disasters because of \$7.5 million in brush fire damages. The California Republican asked in a letter to the White House that Ventura, San Luis Obispo, Monterey, Santa Cruz and Santa Clara counties be declared disaster areas so victims can obtain federal aid.

ICE CREAM STORE TRUST FUND

OLYMPIA, Wash. (UPI) -- An Olympia ice cream store announced Thursday it is establishing a trust fund to send the first U.S. child astronaut into space. Les Kandel, president of Hoffnagle's Ice Cream Emporium, said the fund will be designed "for the sole purpose of paying for all or part of the expense of sending the first American child into orbit." Kandel said the ice cream store has notified President Reagan of its intentions, and has invited the President and Mrs. Reagan to attend the first fund-raising event for the project -- an attempt to break the world record for the longest banana split. In the fundraiser, scheduled for July 28, Hoffnagle's plans to build a banana split that is at least 3 miles long, breaking the 1.6-mile record now listed in the Guinness Book of World Records.

POW/MIA DAY

ROSEMONT, Ill. (UPI) -- The "Rambo" approach in Southeast Asia would harm government efforts to get an accounting of any remaining living prisoners or remains of men held, a Navy spokesman said Thursday. Col. James Cossey, Navy director of internal security affairs for East Asia and the Pacific region, addressed about 800 people attending Prisoner of War/Missing in Action Day sponsored by the Veterans Administration and area military installations. He was critical of groups who call for individual or covert military maneuvers to identify or free live American prisoners in Indochina. Cossey said the Defense Department has not been able to confirm reports of sightings of live prisoners, but is proceeding on the basis that some still may be living. Such reports get high priority, reflecting the Reagan Administration's strong commitment to resolve the POW-MIA issue with governments in Southeast Asia, the colonel said.

HUNGER MARCHER HOPES PUBLICITY HELPS CAUSE

CRESTVIEW, Fla. -- His hunger march may lack the glamor of a "Live Aid" concert, but Frank Giles still hopes to gain enough publicity from his six-month walk through the South to gain the ear of the President. Giles, 51, of Forest Hill, La., left his home last month for a 1,700-mile trek to Washington D.C. He hopes it will culminate with a visit to the White House and a talk with President Reagan. The unemployed veteran has already passed through Mississippi and Alabama, and took a brief respite Monday in this Panhandle Florida town. From here he heads for Georgia and a walk up the East Coast. A sign attached to two poles strapped to Giles' knapsack proclaims: "March Against Hunger. We Can Raise Enough Food To Feed All Of The Hungry People On Earth If We Try."

NETWORK NEWS SUMMARY

(Thursday Evening, July 18, 1985)

PRESIDENT REAGAN

CBS's Dan Rather: President Reagan today made his first brief public appearance since colon cancer surgery, and he ate his first solid food in more than a week. The news on Mr. Reagan remains tightly controlled and strictly upbeat.

CBS's Lesley Stahl: (TV Coverage: President and Mrs. Reagan at hospital window.)

A healthy-looking President Reagan waved to reporters from his hospital window with Mrs. Reagan looking on. He said he was okay, but didn't know when he'd be leaving the hospital. The White House put out the good news -- the President is totally back to normal. He took his first solid food since the operation -- baked chicken and rice for dinner. Earlier in the day, he met with Chief of Staff Regan and National Security Adviser McFarlane. But Mrs. Reagan continued to keep a firm grip on the President's routine, insisting that his schedule remain light. He was taking no phone calls -- not even from his children.

(James Rosebush: "Sure she's concerned, as anyone would be, about -- how many meetings -- no, she's not getting into the detail of when, ten o'clock, eleven o'clock and all this sort of thing -- but, of course she's concerned about his gaining his strength again.")

White House spokesman Larry Speakes continued to defend the President's doctors, but he denied a report that back in March they strongly urged Mr. Reagan to have a thorough examination of his colon as soon as possible. Officials say, if the Reagans had received such advice, they would have acted on it.

(James Rosebush: "Knowing how much Nancy Reagan cares for the President and what she does for him, I'm sure that if there'd been some report indicating that there was a need for urgent care, they would have sought it.")

Vice President Bush said he felt it necessary to call the leaders of several European countries today to reassure them about the 74-year-old President's condition.

(Vice President Bush: "Given what I saw and given what I heard first-hand from the doctors, I was able to tell it as it is.")

Reporter: "How did it feel being in charge on Saturday?"

Vice President Bush: "Awesome.")

The cards and get-well letters and gifts came flooding in, along with messages from other leaders around the world. The big question now -- when will the President leave the hospital? Officials here say, probably Sunday. (CBS-lead)

ABC's Peter Jennings: Today President Reagan walked to a window of the Bethesda Naval Hospital and, as you can imagine, everything was in place to record the event.

PRESIDENT REAGAN (continued)

ABC's Sam Donaldson: The cameras were ready at Bethesda this afternoon to prove once again that a picture is worth a thousand words.

(TV Coverage: President and Mrs. Reagan at hospital window.)

Back at the White House, they were sorting the thousands of get-well cards and letters pouring in for the President -- too many to get an accurate count on yet. And Vice President Bush said he called several Allied leaders today to personally tell them how well Mr. Reagan is doing. Bush was asked if he found media coverage of the President's surgery distasteful.

(Vice President Bush: "-- I've seen enough of these kind of detailed diagrams of one's insides, but I don't think they're distasteful overall -- I think there's a great desire to know how the President is doing.")

And in that vein, Press Secretary Larry Speakes confirmed that the President's doctors had recommended a full bowel examination last March when they found a second polyp, but they had attached no sense of urgency to it, said Speakes, in explaining why it wasn't done then. There was no sense of urgency, either, in Vice President Bush's description of how it felt to have been Acting President last Saturday.

(Reporter: "How did it feel being in charge on Saturday?"

Vice President Bush: "Awesome." Laughter. "Got in 1½ hours of tennis, and it was like a regular weekend and there wasn't any great decisions -- no decisions that had to be taken -- but I think what happened demonstrated a certain stability, and I think that's important.")

Stability does seem to have returned here. Now everyone's waiting for the President to do the same. (ABC-lead)

NBC's Tom Brokaw: (TV Coverage: President and Mrs. Reagan at hospital window.)

President and Mrs. Reagan at Bethesda Naval Hospital today -- his first public appearance since cancer surgery on Saturday. President Reagan looked great when he came to the window of his hospital suite today and Mrs. Reagan said that they hoped to have him home by the weekend. But while the President continues his strong recovery -- today he went back to solid food for the first time -- the problems are piling up outside his hospital room, and the President is working on one of them -- the budget and the overall economy -- bad news on two important issues tonight. (NBC-lead)

BUDGET

Rather: What was supposed to be yet another new federal budget compromise -- this one calling for no cuts next year in Social Security COLAs, is instead tonight practically no federal budget at all -- and none in sight.

CBS's Phil Jones reports with budget negotiations on the edge of collapse, Republican leaders called Budget Director Stockman to the Hill for a last-ditch attempt to make significant cuts in the deficit. A meeting of all Senate Republicans this afternoon left them more adamant.

(...continued)

BUDGET (continued)

Jones continues: (Sen. Chafee: "The message that came out to the conferees in the budget was we wanted them to hang tough, we are not going along with what the House has proposed. We think those savings are phoney.")

As the politicians were deadlocked, a well-respected economist was warning of dire consequences if there is no budget. What is tearing the Capitol apart is the demand by Senate Republicans and some Democrats that the Democratic-controlled House come up with more cuts. The Senate claims that the House offer falls \$50B short of the Senate plan over three years; however, the Senate included Social Security cuts. House Budget Committee Chairman Gray said today that the House was near its final offer.

(Rep. Gray: "We see the economy slowing up already. It's going to slow further. That means unemployment comes back. And there's some communities that haven't even felt the recovery.")

According to White House aides, the President met with Chief of Staff Regan today and reiterated that he wants a sensible and sound budget, and Regan, clearly irritated with Congress, said today it would be disgraceful if there is no budget.

(Mr. Regan: "No budget has been passed by the Congress. Why not? They cannot come to grips with the fact that we're overspending in these United States and we must cut federal spending. They're afraid to come to grips with it -- and I challenge them to do it!")

Tonight, it appears more unlikely that Congress will meet its August first deadline for getting a budget. And this is sure to send a signal to the financial community that Congress is really not serious about significantly reducing the deficits. (CBS-2)

Jennings: The President may be making good progress, but there wasn't any progress today on writing the federal budget. Senate Republicans said they'd be back to their colleagues in the House with some new ideas, but not until next week. The White House Chief of Staff, Donald Regan, told the Chamber of Commerce today what he thought of the budget process.

(Mr. Regan: "Did we not submit a budget? We did. Where is that budget? It has not been passed by the Congress. No budget has been passed by the Congress. Why not? They cannot come to grips with the fact that we're overspending in these United States, and we must cut federal spending. They're afraid to come to grips with it -- and I challenge them to do it!") (ABC-2)

Brokaw: Hovering over all this bad news like a big black cloud is the federal deficit. If the economy is weak, that means less money for the federal government, and an even bigger deficit -- more red ink. That, in turn, makes the current budget battle even more important. And tonight, there are no victories in that battle, only defeats.

NBC's John Dancy reports that the negotiations are hung up over the question of where to cut the huge budget deficit. The House does not want to cut Social Security. The Senate does not want to accept the cuts the House wants to make instead of Social Security -- cuts in programs like Amtrak and mass transit, and so forth.

(...continued)

BUDGET (continued)

Dancy continues: With budget negotiations deadlocked, today was a day for finger-pointing, and for Chief of Staff Regan, table-pounding, aimed at Congress.

(Mr. Regan: "-- must cut federal spending. They're afraid to come to grips with it -- and I challenge them to do it.")

The impasse brought Budget Director Stockman to the Capitol to look for some way to get talks back on track. He, too, blamed the House. Tonight, Sen. Domenici is looking for another \$13-15B in cuts in the federal deficit, but there is so much anger and frustration on Capitol Hill that Domenici says it will be at least early next week before he's ready to put another offer on the table. (NBC-3)

Brokaw: There's an awful lot of unhappiness at the White House as well. You can tell about the unhappiness from Donald Regan's outburst today. There's not much the White House can do at this point, is there?

NBC's Chris Wallace: Really not. They're going to continue to try to work out some deal, but they are, frankly, very pessimistic -- some of them saying they don't see the basis for any compromise. In fact, you can get the feeling here today at the White House, they were spending less time trying to work out a deal than beginning to build their political case, saying, as you might expect, that the President has been very reasonable, trying compromises on Social Security and defense, and that it's all the Democrats' fault....They're going to continue to try to work behind the scenes, trying to work out this deal. But they really are not very optimistic, and they say the President will get involved when he returns to the White House next week only if it looks like he can make a difference -- and it doesn't look that way right now. If there is no compromise, then they'll have to thrash out 13 separate appropriations bills come September, which is a big mess. And the economy is already rocky, and officials here acknowledge if there is no budget deal, the failure to pass a budget is going to create even more uncertainty in financial markets all around the world.

Brokaw: And it is a problem for the White House team when their best player is in the hospital. (NBC-4)

CIA BUDGET

Rather: The House today passed and sent to the Senate a secret fiscal '86 budget for the CIA and other intelligence agencies. Few details, few numbers, few explanations were given. (CBS-11)

ECONOMY

Rather: The Commerce Department reported today that the GNP grew at an annual rate of just 1.7% in the last quarter -- that's only about half the estimate of one month ago. For the first half of the year, the government's broadest estimate of economic growth is running at only 1%. In another sign of economic weakness, the Fed reported today that industrial production edged up only .1%.

(CBS-5, ABC-3)

ECONOMY (continued)

Brokaw reports the economy has slowed down -- way down. Fresh figures, just out for the second quarter are very disappointing. The government had predicted the economy would grow by just over 3% this quarter, but today's actual figures show it is expanding at half that rate. That's a huge fall-off. There are lots of reasons, beginning with the sale of American products abroad. Down, because of the strong dollar. Here at home -- retail sales down. Auto sales, also down for the year, and housing starts down as well. (NBC-2)

NICARAGUA

Jennings: The State Department has sent a warning note to Nicaragua, blaming the Sandinista government for supporting the group that murdered U.S. Marines in El Salvador last month. The note also says that U.S. intelligence knows of preparations to introduce a program of terrorism against other Americans in Central America. The government of Nicaragua denies any such plans. (ABC-12, NBC-10)

DRUG TASK FORCE

Rather: The GAO said today that the special task force created by President Reagan in 1983 for a war on drug smugglers isn't having much impact. The man in charge of the GAO study, William Armstrong, told Congress today that "the price of cocaine is continuing to drop and the number of drugs coming into the country continues to go up." (CBS-7)

GAS MILEAGE

Rather: The Reagan Administration today formally and officially proposed rolling back the miles per gallon standards for 1986 model new cars. The nation's two largest automakers -- GM and Ford -- asked for relaxing the requirements. Chrysler protested the relaxed standards. (CBS-6, NBC-6)

MILITARY MEDICAL CARE

Rather: After coming under fire publicly, the Pentagon today ordered changes designed to end the controversy over the quality of medical care in military hospitals. Among other things, military doctors now will be required to have valid state licenses. (CBS-4)

CONGRESSIONAL ELEVATORS

Jennings: Another small indication today of what Congress decides to do with our money -- The House voted today to keep 49 Congressional elevator operators on the job, even though the elevators they operate are automatic. The cost of that item, \$650,000. The House did save some money -- it cut out the \$106,000 which it cost the Library of Congress to print the articles from Playboy in braille. (ABC-5, NBC-13)

EDITORIALS/COLUMNISTS

PRESIDENT'S HEALTH

Presidential Luck -- "Luck is a commodity that can take fortunate caroms into various corners of a nation's life. The President's brush with cancer is good luck for thousands of Americans whose lives will be saved by it. And because of it, the nation will learn that in Ronald Reagan's long run of good luck, the luckiest event was meeting Nancy Davis....The explanation of the President's confidence-inspiring contentment has much to do with the first person he sees in the morning and the last person he sees at night."

(George F. Will, Washington Post, 7/17)

The President Has Cancer -- "Let this be a lesson, not only to the White House but to everyone: If you have any reason to suspect cancer, don't mess around. See a doctor and have the necessary tests."

(New Jersey Record, 7/16)

The President's Close Call -- "In a case like the President's, no one can foretell whether cancer will recur, but statistics suggest the legendary Reagan luck is holding: He has a better than even chance of remaining cancer-free and outliving his second term in the Oval Office. On the less bright side, evidence is accumulating that the President did not receive ideal treatment by his doctors and was made to run unnecessary risks. So far no convincing explanation has been given for the lack of tests, and it is unsettling that the President received less thorough care than would have been accorded an ordinary 70-year-old man on Medicare who showed up at a good hospital."

(Pittsburgh Press, 7/16)

The President's Recovery -- "...In the medically- and politically-crucial weeks ahead, he will need help from his staff and those in both parties on Capitol Hill who care about their country. For starters, he might consider deferring his summit this fall with Soviet Premier Gorbachev. It's mainly being held for the benefit of photographers, anyway; nobody expects anything substantive to come of it. Other Presidential distractions should also be held to a minimum. Many ceremonial matters can be capably tended by Vice President George Bush, for example. President Reagan appears to have weathered another setback with his customary grace, but the strain of what he has been through clearly showed on Nancy Reagan's face as she hosted a White House reception Monday. Mr. Reagan's strength should be carefully guarded for the really crucial political battles that are sure to come this summer and fall on taxes, the budget, and national defense. We don't need to run the risk of another 1982."

(Detroit News, 7/17)

At Least the Timing was Good -- "Unless everything falls apart, the operation will go down as one more challenge met and mastered by President Reagan. It has been said that the country will now pull together to 'win one for the Gipper.' Like most slogans, that one rings hollow. The team running the White House is not the stuff out of which victories are fashioned. But it can muddle through -- for the country and the Gipper."

(Joseph Kraft, New York Post, 7/18)

PRESIDENT'S HEALTH (continued)

President's Health Cannot be Private -- "In a dangerous atomic age when split-second decision-making is required by an alert President in times of crisis, his personal medical history is not a private matter. It can't be. And the line of succession can never be in doubt. Twice in recent years, the Soviet Union has demonstrated that it does not have the self-confidence to deal candidly with the question of the health of its leaders. The President set an important and impressive precedent. If we are lucky, never again will judgement or taste lead another President to lie to us about his health. The health of the nation in a nuclear world may depend upon it. (USA Today, 7/18)

Team Reagan -- "No one knows at this stage whether Mr. Reagan will look ruddy or pale. But whatever his appearance, he will represent a political system that, for all its turbulence, is fundamentally strong. Mr. Gorbachev, on the other hand, will draw little comfort from his youth, knowing as he surely does that the problems he faces at home are intractable in the absence of fundamental political reform that could degenerate into factionalism or even anarchy. Mr. Reagan had cancer but has good prospects for recovery. Mr. Gorbachev inherited political paralysis of a type that has evaded cure." (Wall Street Journal, 7/17)

Reagan: Business as Usual? -- "The President's press staff undoubtedly feels a responsibility to reassure the nation -- and the stock market and the free world and the Soviet bloc and Congress and Nancy -- that the nation is not drifting without a captain. But too much insistence that business is going on as usual may, instead, raise questions about just how much the captain usually does....But his staff should quit trying to sell the story that he is running the Presidency as usual from his suite in Bethesda Naval Hospital....What the public can't understand is how the world's toughest job can be handled as usual by a post-surgical patient who still needs to be hospitalized -- unless he doesn't usually work very hard at the job." (Joan Beck, Chicago Tribune, 7/18)

Power Transferred Briefly -- "The record of temporary Presidential disability was sufficient to persuade Congress to press for adoption of the 25th Amendment to the Constitution providing for the temporary transfer of power to the Vice President. It was a power quickly revoked, according to Reagan aides who report the President said 'gimme a pen' when asked if he wanted to sign a document revoking the letter to Bush. There is some question, in light of the 25th Amendment, whether the letter was necessary. The record of Presidential illnesses, back to and including Woodrow Wilson, suggests the value of such an automatic transfer of power and the amendment gives assurance of a continuity of command which was lacking before." (Waynesboro, Pa., Record Herald, 7/16)

On the Mend Again -- "Special precautions were taken to make sure an orderly transfer of power occurred while Mr. Reagan was on the operating table and in the recovery room. When Mr. Reagan was sufficiently alert, he reassumed his responsibilities. And again the world has watched in awe as the United States has dealt openly and smoothly with a leadership emergency. Americans have a right to be proud. There's no trickier transaction in all of republican government." (Tampa Tribune, 7/16)

FOREIGN MEDIA REACTION

THE PRESIDENT'S HEALTH

Reagan To New Heights Of Popularity, But... -- "Sober voices are warning the long-term effects of (the TWA hijacking and cancer) incidents may ...instead cast a shadow over the authority of a President who even some supporters admit is already a lame duck." (London Times, Britain, 7/18)

Mr. Reagan Squares A Lot Of Circles -- "One of the happy results of the President's reliance on delegated power may be that the ship of state is not now going to be badly rocked. But without his reallying presence, it may well find itself becalm." (Daily Telegraph, Britain, 7/18)

She Also Processes Her Husband's Mail -- "To the extent possible, she has assumed the President's responsibilities: practically speaking, Nancy is ruling America." (Bild-Zeitung, Hamburg, West Germany, 7/18)

Reagan Resign So Bush Can Make A Name For Himself? -- "The idea now is that Mr. Reagan might resign in 1986, halfway through his Presidential term, on account of his health, and that Vice President Bush would then have a chance to make a name for himself as the President during the remaining two years." (Stern, Hamburg, West Germany, 7/18)

White House Zeal Not Enough To Stop The Debate -- "Who is in charge during Reagan's convalescence? There is no doubt that the man in charge in Donald Regan...who has by now taken on a role comparable to that of a prime minister in a presidential republic like France." (Corriere della Sera, Milan, Italy, 7/18)

That Old Man Is Fantastic -- "Reagan's popularity has increased, although the dollar has declined....Yes, that old man is fantastic..." (Aktuelt, Copenhagen, Denmark, 7/18)

Shadow of President's Cancer A Fine Weapon... -- "On the long-term basis, the dark shadow of the President's cancer will offer a fine weapon to those who doubt his abilities." (Joongang Ilbo, South Korea, 7/18)

President Reagan To Meet With President Li -- "President Reagan does feel it's important to meet with the President of the People's Republic of China and he will do so." (Xinhua News Agency, Beijing, China, 7/18)

Reagan To Cut Medicare -- "The White House reported part of the cost of Reagan's medical treatment will be covered by the Medicare fund which he is seeking to cut as much as he can in an attempt to reduce the huge budget deficit caused by the costly U.S. arms race." (Hanoi's domestic radio, Vietnam, 7/17)

Reagan-Shock -- "He is indeed, the leader of the most powerful nation and as such a long illness or even death would have extremely far-reaching consequences....Without a strong president in the White House the world would simply be a less safe place." (Beeld, Johannesburg, South Africa, 7/18)