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News Digest



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FOREIGN AFFAIRS

U.S.-SOVIET RELATIONS

President Reagan yesterday said that the Soviet Union had reserved the right to "commit any crime, to lie, to cheat" to further world revolution, and he warned Moscow that the future of detente rested on Soviet behavior. He said the Soviet Union was "amoral, not immoral, and we operate in a different set of standards. I think when you do business with them — even in detente — you keep that in mind." At his news conference Reagan nonetheless said he was willing to begin discussions "leading to negotiations" on reducing nuclear weapons. Commenting on Soviet intentions worldwide, he said, "I don't have to think of an answer what their intentions are — they have repeated it."

Earlier, the Soviet Union accused the United States of whipping up anti-Soviet feeling over Moscow's attitude toward the Iran crisis to cover up plans to maintain American naval forces in the Persian Gulf. The statement, which also rejected as slander official American suggestions that Moscow had sought to complicate the release of the 52 hostages, was read to U.S. charge d'affaires Jack Matlock, who was called to the Soviet foreign ministry.

The State Department accelerated U.S. criticism of the Soviet Union, outlining five areas in which it said Moscow is promoting terrorism around the world:

— "The provision of financial support, training, and arms to groups such as the Palestine Liberation Organization, whose members often have been involved in acts of terrorism."

— Use of Cuba and Libya as "conduits for assistance of all kinds" to groups that advocate and use the tactics of terrorism.

— Propaganda and material support for what the Soviets prefer to as "national liberation movements," some of which engage in terrorism.

— Propaganda broadcasts to Iran, which often attempted to justify the taking of American hostages.

— The general Soviet advocacy of armed struggle as the solution to regional problems from El Salvador to Namibia.

SOVIET LEADERS, REAGAN MAY SURPRISE EACH OTHER

Leslie H. Gelb (SAN DIEGO UNION, 1/18/81,
Washington):

"To hear them talk, as I have recently, the Soviet leaders would like nothing better than to get along with Ronald Reagan. They even have a theory on how to make their relationship with his administration work.

...

"It is not surprising that the Russians want to improve their ties with the United States. They realize that increased friction would provoke a further U.S. military buildup, and compel them to spend more on their own defense, which they are reluctant to do. They are also bogged down in a costly little war in Afghanistan.

"The only development that would prompt them to throw all caution to the wind would be a challenge to the Communist Party in Poland. The overthrow of the Polish communist machine would threaten their control throughout Eastern Europe, and they would intervene whatever the U.S. reaction.

...

"In their estimation, Reagan knows nothing about foreign policy, and will therefore be guided by his principal advisers. They see a split in the Reagan camp between what they call the 'moderate conservatives,' led by former President Ford and former Secretary of State Henry Kissinger,

and 'radical conservatives' like Senators Paul Laxalt and Jesse Helms.

"They think that the Ford-Kissinger group will prevail for two reasons. First, they are convinced that the U.S. public opposes world tension and would turn against Reagan if he moved toward confrontation with Moscow. Moreover, they are certain that America's allies would resist the new President should he stiffen his position.

"So, they conclude, Reagan will have no choice but to accept reality — which, in their view, is to get along with the Soviet Union.

...

"My guess . . . is that both the Soviets and Reagan are going to be surprised by each other.

"The Soviet theory, which anticipates the decisive influence of the 'moderate conservatives,' overlooks some crucial points. It ignores the fact that Reagan today is far tougher toward Moscow than Nixon was at the start of his administration. In addition, it ignores the fundamentally right-wing drift in U.S. opinion.

"By the same token, Reagan will have to learn that even though the Soviets face very serious problems, they are unlikely to reward him with significant concessions. They strive to create the impression that they too can be tough."

SOVIET UNION UNDER STRAIN

L.A. TIMES, 1/25/81, edit.:

"Official statistics released Friday confirmed that the Soviet economy, while capable of producing impressive rockets, tanks and submarines, has some serious problems — problems that in some cases are getting worse instead of better.

"Overall industrial output increased 3.6%, far less than the goal set both in the old and the new five-year plans. Energy production fell drastically as oil output increased only slightly, and the coal industry's dismal performance more than offset gains made in natural gas.

"Most glaring of all were the shortfalls in agriculture. Of all major crops produced in the Soviet Union, only cotton production was up to expectations.

"Of special interest to the United States, and to Soviet consumers, was the fact that the 1980 grain harvest was only slightly better than last year's disastrous performance, and far under the goal of 235 million metric tons.

...

"Western experts aren't certain whether the disappointing 1980 grain harvest will force the distress slaughter of cattle in 1981, something that apparently was avoided last year, but the bad harvest almost certainly will force the Soviets to continue large purchases of grain on the expensive world market.

...

"The difficulties faced by the Soviet leaders in putting the economy back on the track are intensified by demographic trends. During the next five years, for example, only about 660,000 additional workers will enter the labor force each year, compared with 2¼ million annually from 1976 to 1980.

"This puts a premium on higher worker productivity, which depends on imports of advanced Western technology. But the money available for these imports may be constrained by the problems in energy and agriculture.

"Logically, these economic strains should provide a strong incentive for efforts to patch things up with the West, and to avoid getting bogged down in a forcible occupation of Poland ..."

POLAND

The Soviet Union yesterday accused Poland's Solidarity trade union of trying to wreck the economy and destroy socialism. The Tass news agency implied that Poland's communist authorities should make no further concessions to Solidarity on the issue of a five-day work week or other worker demands. Tass said that Solidarity was shifting to the right, and was opposing efforts by the Communist Party and government to normalize the situation. In response, the Polish government threatened to take "the necessary measures" in the public interest to ensure law and order if labor unrest continued.

Solidarity said its leaders will hold wide-ranging talks with Prime Minister Jozef Pinkowski today in a move to halt the strikes and protests.

WESTERN EUROPE

Spanish Prime Minister Adolfo Suarez, who guided his country from dictatorship to democracy, resigned yesterday for personal reasons. He had been the object of increasing criticism from the minority government party, the Democratic Center Union. Opposition to Suarez by members of his own party had increased dramatically in recent months, with militants both on his left and right wings accusing him of un-democratic leadership, confused home rule thinking, and muddled economic policies resulting in Europe's highest unemployment rate of 12 percent.

NEW PARTY MIGHT HELP

BALT. SUN, 1/29/81, edit.:

"There is every reason to believe that Tony Benn, the aristocrat turned far-left ideologue, will soon be supplanting Mr. Foot. There may be no reason left for the party's right-wingers to wait for that eventuality before breaking away. An important step in that direction took place when Labor moderates formed a 'Council for Social Democracy' re-

cently. That could well become the precursor of a new center-left party encompassing Mr. Healy and his followers.

"Roy Jenkins, a highly respected politician who has just completed a term as president of the European Commission, has advocated just such a centrist party, and could well become its dominant figure. Other Labor members likely to follow are Shirley Williams, former education secretary; William Rodgers, former transport secretary; Dr. David Owen, former foreign secretary.

"A new Social Democratic Party led by this group could, along with the small Liberal Party, function as the voice of the country's less extreme elements. It could provide a responsible challenge to Margaret Thatcher's Conservative Party government and its controversial right-wing

policies aimed at combating Britain's chronic economic ills. It also could challenge the shrill, unrealistic positions of a union-dominated Labor Party that seems to be losing touch with the voters. A new party could prove to be a breath of fresh air in Britain's stuffy political scene."

IRAN

President Reagan said yesterday that he was not considering revenge against Iran for holding Americans hostage. "I don't think revenge is worthy of us," he said at his news conference. Reagan also said he did not know "whether reconciliation will be possible with the present government" [in Iran].

A State Department official said that only two or three former hostages had suffered from severe psychological problems, not the 12 that the White House had reported earlier this week. The spokesman said a White House error led to the incorrect report.

FOREIGN AID

OMB PROPOSES LARGE CUT

John M. Goshko (WASH. POST, 1/29/81):

"President Reagan's budget director, David A. Stockman, has proposed the biggest cutback of the U.S. foreign aid program since its inception in the aftermath of World War II. It would slice enormous chunks out of every phase of development assistance, tie it closely to American political interests and make it subsidiary to military aid.

"A plan completed Tuesday by Stockman's Office of Management and Budget calls for slashing the \$8 billion fiscal 1982 foreign aid proposal submitted to Congress by former president Carter by \$2.6 billion to bring it down to \$5.47 billion. A copy of the OMB proposal has been obtained by The Washington Post.

"To accomplish the cuts, Stockman's plan calls for drastically trimming every facet of nonmilitary aid: direct bilateral assistance to Third World countries, contributions to multilateral development banks, international organizations such as U.N. agencies, the Food for Peace program and the Peace Corps.

"If pursued by the Reagan administration, the Stockman proposals are certain to trigger an outburst of fierce opposition from foreign aid supporters in Congress and the traditional U.S. foreign policy establishment, which regards the program as one of the most important tools for influencing events.

"In particular, some informed sources said yesterday, it is likely to provide the first test of strength between Secretary of State Alexander M. Haig Jr., who is surrounding himself with foreign policy moderates, and those on the far right side of the Reagan administration whose first emphasis is on draconian budget cutting and an unabashed 'America First' approach to the conduct of foreign affairs."

JAMAICA NEEDS MORE AID

Robert A. Pastor (WASH. STAR., 1/28/81):

"Before leaving office, the Carter administration signed an agreement to provide \$40 million in fast-disbursing loans to Jamaica, to supplement about \$20 million in bilateral aid. With an expected current account shortfall in 1981 of about \$600 million, Jamaica knows that American aid is helpful, but not enough.

"It cannot replace assistance from the International Monetary Fund, the World Bank, or other nations like Venezuela. But once Jamaica reaches agreement on a plan with the IMF, the Reagan administration must find ways to increase the flow of public aid and private investment.

"[Prime Minister Edward] Seaga's eloquent rhetoric on the threat of communism will no doubt please his audience, but the new administration should also listen to his proposals for a massive 'Marshall Plan,' including special trade preferences, for the Caribbean. Two mechanisms already exist for helping the region, but both need added impetus from Mr. Reagan.

"One of them, Caribbean/Central American Action, is a private group which includes citizens from many countries in the area. Chaired by Governor Bob Graham of Florida, it works to promote better ties among the people of the area and to assist the development of the private sector.

"The other — the Caribbean Group, led by the World Bank — includes 31 nations and 15 international institutions. During the past three years, it had dramatically increased aid to the area; it has promoted regional cooperation — an imperative among such small nations — by developing regional projects and strengthening the Caribbean Development Bank; and it has helped governments inter-

ested in attracting private investment.

...

"The Seaga visit gives the Reagan administration an early opportunity to focus on the Caribbean. New laws and more aid will be needed. We need to work closely with the democratic leaders of the area to demonstrate that moderates who are friendly to the United States can deliver.

"In that regard, the new secretary of state may soon discover that his most formidable rival for control of for-

eign policy will be neither the assistant to the president for national security, nor the secretary of defense — but rather the able young director of the Office of Management and Budget."

[Robert Pastor, National Security Council staff member on Latin America and Caribbean affairs in the Carter administration, is writing a book on inter-American relations.]

TRADE

REAGAN TO PLAY 'HARDBALL' WITH JAPAN

Jerome Cahill (NY DAILY NEWS, 1/29/81, Washington):

"President Reagan's new special trade representative is talking tough about Japanese trade practices. 'I am sure they will understand when I express the belief that we are ready to take our turn at bat and we are not at all reluctant to play some good hardball,' former Tennessee Sen. William Brock told the Senate Finance Committee at his confirmation hearing.

"Auto industry and union officials are hoping the 'hardball' Brock promised will take the form of an effort by the Reagan administration to negotiate an agreement with the Japanese limiting auto exports to a U.S. market where thousands of autoworkers are unemployed and domestic new car sales are at a 20-year low.

"President Carter personally raised the issue at the Venice summit conference last June, but appears to have gotten little more than tea and sympathy from the Japa-

nese. Since he made his pitch, U.S. officials say there has been no evidence of any slackening of Japan's intense auto export campaign than can be attributed to voluntary restraint on the part of Japanese manufacturers.

"Moreover, U.S. officials are worried that a steady increase in Japan's auto-making capacity that is currently under way is aimed at capturing an even larger share of the American market, jeopardizing the success of Detroit's five-year \$70 billion retooling effort. Europeans already are threatening to close their markets to the Japanese competitors, leaving the extra cars no place to go but the U.S.A.

"Robert Hormats, deputy special trade representative in the Carter administration who is staying on in the Reagan administration, told Congress recently that Japan just doesn't seem to realize the damage its flood of exports — TV sets, electronics and now autos — is doing to the U.S. economy. When U.S. negotiators ask for relief, he complained, the Japanese tendency is to try to get by with the smallest possible concession."

PHILIPPINES

MARTIAL LAW DID ITS JOB

Frederic S. Marquardt (ARIZONA REPUBLIC, 1/22/81):

"President Marcos of the Philippines has ended martial law and promises to restore constitutional guarantees for the Filipinos.

"Thus end eight years of crisis government which Marcos' critics say have made a mockery of democracy.

"Supporters, however, insist Marcos prevented the Philippines from being taken over by Communists or terrorists.

...

"Marcos has a brisk rebellion on his hands in the Muslim Philippines, mainly on the island of Mindanao and in the Sulu archipelago. It is being fueled by Muammar Khadafi of Libya, whose penchant for mischief has already led

him to take over the once independent African country of Chad.

"Marcos's opposition also embraces a relatively small band of Maoists on Luzon. Their support comes from intellectuals and church elements.

"The speed with which he returns to free elections and shares the country's administration with the Batasang Pambansa [interim parliament] will depend on how well the country gets along without martial law.

...

"With the Reagan administration in power, Marcos will be under much less American pressure to liberalize his government.

"For the new administration sees clearly what Jimmy Carter would never admit.

"Political stability and economic progress in the Philippines will serve Filipinos, Americans, and all of Asia far better than near-chaos that brought on martial law."

MARCOS ACCUSED OF PLOY

Benigno Aquino (WALL ST. JRNL., 1/29/81):

"To the average Filipino, this latest Marcos maneuver means very little. President Marcos remains ensconced in his palace with all his authoritarian powers intact and even strengthened by 'safeguards' decreed a few days before the lifting. Life in the country continues to be a drudgery to a few and a struggle to many. Tweedledum has been replaced by Tweedledee.

"Hailed by his controlled press as 'the first man in history to deliberately and voluntarily lift martial law,' Mr. Marcos fooled no one because he moved more with caution than with conviction. For example, a few days before the lifting, Mr. Marcos decreed a new security code and a public order code. These laws permit the police to make preventive arrests, meaning that a citizen may be arrested for

crimes which the state believes he might even worse than the martial law orders that sanctioned mass detentions.

...

"The World Bank has just released a 392-page report raising serious questions as to whether its funds are 'making a dent on poverty in the Philippines.' The report documents a sharp decline in real Filipino wages since the 1960s. Purchasing power, the report says, has dropped in both urban and rural areas, in all regions and in practically all occupations. Thus, the World Bank acknowledges that, after eight years of martial rule, the Philippines is a great 'political risk' to potential international creditors and investors

"With external debt passing \$12 billion and projected to hit \$20 billion by the end of 1983, Mr. Marcos faces an imminent economic collapse which calls for either a political accommodation with his opposition to harness the national potential or for more repressive measures to contain growing unrest."

[Mr. Aquino is a former senator and opposition party leader in the Philippines who was incarcerated for eight years after martial law was declared. He currently is a Fellow at Harvard University's Council for International Relations.]

CHAD

FRANCE RIDES TO THE RESCUE

MIAMI HERALD, 1/26/81, edit.:

"Thanks to France and the resolve of several African nations, the United States may be spared direct involvement in a hot new foreign-policy crisis.

"The trouble is in North Central Africa, and it threatens the whole northern half of that continent of the future. It stems from the continuing and growing dangers arising from the December seizure of effective control over Chad by Libya's Col. Moammar Khadafy.

...

"Chad's location gives it strategic importance . . . Forces entrenched there could threaten all North Africa, east and west. Many nearby nations, including Nigeria, are not only friends of the West, but possess abundant minerals of vital importance.

...

"... The Organization of African Unity (OAU) re-

peated demands that Libya pull back its troops. It condemned the merger and decided to send an OAU-sponsored peace-keeping force into Chad at once.

"Most significant was the reaction of France, the traditional stabilizing force throughout west and central Africa. On Jan. 8, France condemned the proposed Libya-Chad merger as a 'threat to the security of Africa.' French President Valery Giscard d'Estaing canceled an oil-exploration deal struck days before with Libya by a French state-owned oil company. He sent several hundred French troops to a base in the Central African Republic near Chad's southern border, and he promised military aid to any African nation that asked.

"France's apparent resolve to block Libyan expansion is welcome. So is the OAU's unity and the willingness of many black African nations to turn to the West for help in time of danger. Most welcome of all is that a threat to vital Western interests is being checked without the United States having to lead the charge."

DOMESTIC AFFAIRS

ECONOMY

President Reagan announced yesterday that he is abolishing the Council on Wage and Price Stability. At his first news conference as president, Reagan said the elimination of the council, which he called a "failure," would save \$1.5 million a year. In answer to questions, Reagan said he would propose spending cuts in "every place" and they would "probably be bigger than anyone has ever attempted." He also said he still sought to abolish the departments of education and energy.

Senate majority leader Howard Baker said that Reagan's tax and budget proposals should be considered in tandem by Congress. Administration officials generally agree that tax cuts take priority, while Federal Reserve Board chairman Paul Volcker argues that the budget should be cut first.

CPI TO DROP HOME-BUYING COSTS

Edward Cowan (NY TIMES, 1/29/81, Washington):

"The much criticized home-purchase component of the Consumer Price Index will be deleted and will probably be replaced with an estimate for rents, Janet L. Norwood, the Commissioner of Labor Statistics, announced today.

"The most probable effect of such a change, which is scheduled to occur in 1985, would be to slow the rate of increase in the overall index, according to Patrick C. Jackman, the official in charge of assembling the index each month. That could mean smaller pay increases in those Federal benefits, such as Social Security, and government pensions that are tied by law to the index.

"The Reagan Administration has no official position on whether to change the index. However, David A. Stockman, director of the Office of Management and Budget, said Monday that he felt the cost of buying a house should be removed because it was essentially 'an investment item, not a consumption item.'

"Mrs. Norwood said she recently had a short discussion on the subject with Murray L. Weidenbaum, who is in line to be chairman of President Reagan's Council of Economic Advisers. 'From what I can piece together, I don't see any disagreement from anyone,' Mrs. Norwood said in a telephone interview."

Copyr. 1981, NEW YORK TIMES

STANDBY CONTROLS AUTHORITY OPPOSED

MILWAUKEE JRNL., 1/23/81, edit.:

"Wisconsin's Rep. Henry Reuss wants to give President Reagan authority to impose wage and price controls.

We hope that Reagan will politely refuse the offer -- and accept some alternative measures.

"Reagan opposes the idea of mandatory wage and price controls. In fact, the major thrust of Reagan's economic policy is to get government off the back of the economy. He is likely to find that removal easier to advocate than to execute. Nevertheless, we share his opposition to wage and price controls.

"The Nixon administration's experience with full wage and price controls indicates that they are extremely difficult to impose and administer equitably. While controls may appear to be working initially, they seem destined to cause as many problems as they solve. The US economy is too large and complex to fit any set of simplified rules. As a result, as President Nixon found, the rules break down as more and more exceptions must be made.

"Reagan may find, however, that some executive authority to influence wage and price decisions would be beneficial to his promised fight against inflation. Here Reuss and his colleagues could be helpful. Congress should: (1) give the president standby authority to *temporarily* roll back intensely inflation-feeding wage and price decisions; (2) extend rather than eliminate the president's authority to allocate credit; and (3) pass tax legislation that rewards companies and workers for staying within the bounds of *voluntary* wage-price guidelines.

"While Reagan now scorns such authority, he eventually could find those powers useful if his economic plan falters. They would allow him to influence the dynamics of the economy more adroitly than he could with straitjacket controls."

REGULATION

At his news conference yesterday, President Reagan said he was imposing a 60-day freeze on the enactment of pending federal regulations. He said the freeze will give his administration time to review proposed rules left by the Carter Administration.

REDUCE THE REGULATORY THICKET

BUFFALO EVE. NEWS, 1/26/81, edit.:

"Not only did Mr. Reagan lavish criticism during his 1980 campaign on the waste produced by costly, superfluous federal regulations, but the immediate naming of the interagency task force gives it a priority that is further underscored by the designation of Vice President George Bush as its chairman. Moreover, Mr. Reagan's choice for chairman of his Council of Economic Advisers is Dr. Murray Weidenbaum, an economist from Washington University in St. Louis and a leading academic critic of the costs of federal rules and regulations.

"It was Dr. Weidenbaum who co-authored a 1978 study that attempted to pinpoint with some care the cost of these regulations, both to Washington in administering the growing number of rules and to private industry and the state and local governments in complying with them.

"That study concluded that 'the cost imposed on the American economy by federal regulatory activities in 1976

totaled \$66.1 billion. This estimate comprises \$3.2 billion in administrative costs and \$62.9 billion in compliance costs.'

"So this is fertile ground for savings both in government and in other sectors of the economy. The auto and steel industries, for example, often complain of compliance costs in money, time and hobbled innovation. No one doubts the need for a large measure of regulation in a modern society, but few also doubt that these rules have become much too pervasive.

"During the 1980 campaign, President Reagan talked of attacking the nation's economic stagnation through a triad of policy clusters: Those that would cut taxes, reduce spending and eliminate regulations that cost more than they are worth.

"With the appointment of the Bush group, Mr. Reagan has acted publicly on the last of these policy areas first. The appointment of Dr. Weidenbaum, whatever else it does, will lend authoritative expertise to this effort."

REAGAN ADMINISTRATION

The Senate Labor and Human Resources Committee yesterday approved Raymond Donovan's nomination as Labor Secretary after weeks of investigating changes that he had ties to organized crime and was involved in illegal business activity. The vote was 11 to 0, with five Democratic abstentions.

The full Senate voted 81 to 0 to confirm Jeane Kirkpatrick to be ambassador to the United Nations. The Georgetown University professor won bipartisan praise during a brief floor debate.

DEFENSE

JONES URGES REVIEW OF RECRUITMENT POLICY

John J. Fialka (WASH. STAR, 1/28/81):

"Gen. David C. Jones, chairman of the Joint Chiefs of Staff, said today he is 'deeply concerned' that the failures of the all-volunteer armed services have hurt the nation's military capability.

"In his annual statement on the nation's military posture before the Senate Armed Services Committee, Jones came close to calling for a reinstatement of the draft:

" 'I believe this country needs a fundamental reassessment of the citizen's obligations and the society's incentives for national service. I am deeply concerned that without a broad commitment to a national cross-section in uniform, economic and demographic pressures could produce a "volunteer" armed force peopled by economic conscripts — and one without the discipline, aptitudes or cohesiveness needed for a modern global strategy.'

"Jones said he believed there is still a chance that economic incentives might attract a broader spectrum of young men and women, and said that a 'good first step' in that effort would be to reinstate a GI bill.

"In the most critical language heard from the nation's top military leader since the all-volunteer experiment started in 1972, Jones said that linking military service to 'marketplace values' has caused an 'erosion of the professional and institutional values, traditions and prerogatives that define the profession of arms as a "calling to serve" rather than a "job."

" 'By de-emphasizing discipline, esprit and service to nation above self in favor of a market-force appeal to self interest, the architects of the current system created enormous pressures on the officers and enlisted professionals charged with the training, discipline, morale, welfare and combat readiness of our armed forces,' Jones told the committee.

" 'For nearly eight years,' he asserted, 'the U.S. has

been enjoying the political benefits of an all-volunteer force without being willing to pay the price to make it succeed.'

"Jones said that by allowing military pay to lag for behind similar jobs in civilian life, the Defense Department

created 'savings' that have turned out to be very costly. '... We are now paying far higher costs (in dollars for recruiting, retraining, replacements and, more important, in lost capability) as experienced professionals take their skills into more rewarding civilian employment.' "

AGRICULTURE

BLOCK OPPOSES ANY U.S. MOVE TO STEM FOOD-PRICE RISES

Richard L. Hudson (WALL ST. JRNL., 1/29/81, Washington):

"Calling food 'a great bargain' at current prices, Agriculture Secretary John Block said he opposed any government moves to stem rising retail food prices.

"In his first news conference since his Senate confirmation last week, Mr. Block said he believes 'no steps should be taken to control food price inflation,' expected to average 12% to 15% this year. He said he doesn't think a 12% rate constitutes 'torrid' inflation when one considers what he said was the relatively low base - compared to food prices in other nations - from which prices rise. And 'if government intervention' is suggested as a means to restrain food inflation, 'I'm strongly against it,' Mr. Block said.

"Such bullish talk, while heard often in the farm belt where rising commodity prices mean higher farm incomes, is seldom enunciated publicly in Washington by top government officials. Aware of the stir that might be caused by Mr. Block, who is an Illinois hog and grain farmer, an aide explained that the new secretary was really voicing opposition to government intervention in the market, rather than support for high food prices. At the conference, Mr. Block said he believed strong food prices, in the long run, would help the economy by ensuring a steady food supply.

"Whatever Mr. Block's meaning, his words illuminate the philosophy of the Reagan administration on commodity prices. While Mr. Reagan's economic advisers do

consider 12% food inflation to be unacceptably high, they said it stems only partly from the fundamental tight supply and high demand for crops. Much of it can be blamed, they contend, on noncrop forces, such as high food distribution costs and rapid money-supply growth. The advisers say Reagan anti-inflation efforts, in this sphere, will focus on damping those noncrop sources of food inflation, rather than on controlling raw commodity prices through trade restraints or measures.

"In line with that view, Mr. Block said his 'highest priority' is to find ways to trim farm spending, as part of the new administration's broad effort to improve the economy by restraining federal outlays, regulation and taxation.

"While declining to get too specific, Mr. Block said he is scrutinizing cuts in rural lending, food welfare programs and dairy price supports. He said lending through the Farmers Home Administration has grown too much, and 'has to be brought back down to earth.' The dairy program, expected to cost a record \$1.3 billion this fiscal year, is too costly, he said. Specifically, he said he is considering proposing that Congress cancel a scheduled April boost in dairy price supports; that step would save \$138 million.

"All of these programs have strong supporters, and Mr. Block will find it difficult to persuade Congress to go along with many cuts in them. For instance, Congress two years ago overwhelmingly approved higher price-support formulas for the dairy industry. Another program singled out by Mr. Block, the 'target-price' system, has broad support among grain farmers; under that program, farmers get Treasury payments if average crop prices fall below 'target prices' set by Congress."

ENERGY

GOOD RIDDANCE TO CONTROLS

BALT. SUN, 1/29/81, edit.:

"President Reagan's cancellation of oil price controls eight months ahead of schedule is politically shrewd and economically farsighted. If American consumers are ever going to be in a forgiving mood as gasoline prices rise another nickel or dime a gallon, it is right now. The president is basking in a honeymoon glow intensified by the release of the hostages. Had he held to former President Carter's slower timetable, the inflationary price increases would

have come anyway, and possibly during a period when the citizenry would be balkier. We call this smart politics.

"The economics are even more impressive. First, it is fitting that Mr. Reagan, as a Republican president, should be getting rid of a flawed program first imposed by Richard Nixon. It was one of Mr. Carter's finer hours when he defied consumerist elements in the Democratic Party to start phasing out controls in 1979. Second, the oil decision affirms Mr. Reagan's devotion to free market principles since he not only abolished price controls but scrapped allocation and entitlement programs that penalized efficient opera-

tors. Third, the Reagan move will help the long-range supply picture. There never was any logic in a government program that discouraged domestic production and spurred imports of foreign oil, at great cost to this country's trade and security position."

DECONTROL MAY SLOW PRICE RISE

WASH. POST, 1/29/81, edit.:

"Why were controls wrong? Because they disguised the dangerously high cost of oil to the American economy. The control system required refiners with cheap, price-controlled domestic oil to subsidize other refiners' imports.

That held the price to American consumers far below the cost of the imports. Americans used a lot and kept the flow of imported oil high. That seriously damaged the country's balance of payments and eroded the value of the American dollar.

...

"Prices have been rising, inevitably, even under the controls. They aren't going to rise any faster in the absence of controls, unless another world shortage develops. Decontrol may even slow the rise a little. The control system contained a number of hidden subsidies — including the usual fat subsidy for the independent refiners — that will now lapse, saving the public a little money."

INTERNAL SECURITY

REVIVAL OF PANEL PRAISED

M. Stanton Evans (ST. LOUIS GLOBE-DEMOCRAT, 1/26/81, Washington):

"An unheralded but important addition to the Congress is a newly created panel of the Senate Committee on the Judiciary — the Subcommittee on Internal Security and Terrorism.

...

"The revival is most timely, and the new committee certainly has its work cut out for it. A peculiarity of the campaign to abolish the old internal security group, and other internal security agencies of the government, was that it occurred in tempo with an upward surge of internal security trouble. The worse the problem got, it seems, the more determined the effort to ignore it.

"Among the difficulties neglected during this span have been a marked increase in the number of Soviet and other Communist bloc personnel on our soil, attempts by the Soviet KGB to cultivate contacts in congressional offices, extensive activity by Cuban intelligence agencies, the theft and purchase of official secrets, the dissemination of forged documents, and so on.

...

"These matters that need some looking into by the

new internal security panel in the Senate. Also in need of careful inquiry is the broad-gauged campaign of people of varying motives to disrupt and paralyze the intelligence agencies of our government, and to render them useless in combating Marxist initiatives in such places as Iran, or Africa, or Latin America. Over the past five years, this effort has been extremely effective — consequences that are disastrous for America and the Free World generally.

"To get a picture of this anti-intelligence crusade and the motley crew engaged in it, the Senate panel might want to begin with a newly published staff report from a Washington foundation called Western Goals. The foundation is headed by Rep. Lawrence McDonald, D-Ga., who has functioned as a virtual one-man internal security committee during his tenure in the House. The study has an introduction by Rep. John Ashbrook, R-Ohio, and an afterword by Lt. Gen. Daniel O. Graham, both experts in the matters under discussion.

"What this study tells us is that a carefully orchestrated war has been conducted against our intelligence and internal security agencies, in concert with a broader campaign to weaken America's influence in the major theaters of global conflict. Participants in this drama often pop up in isolated contexts and seem to have no connection to one another, but the links that tie them together are numerous."

HIGHWAY SAFETY

THE 55 LIMIT MAY BE A GOOD IDEA

PITTSBURGH PRESS, 1/26/81, edit.:

"... repealing the 55-mph limit would be worse than a bad idea. To countless people on the highways, it would become a lethal reality.

"The National Safety Council estimates that the 55 limit has saved 40,000 lives since it was enacted. That is rea-

son enough to retain the law — even more compelling than the savings in gasoline.

"Although it is argued that the limit is widely flouted, especially in the West, the fatality figures indicate that millions of motorists have been obeying it.

"If Congress repeals the national limit, all states will

come under pressure to raise their limits — and motorists who would rather drive sanely and sensibly would find themselves forced to speed along with the pack.

“The Reagan administration should rethink its stand on this question before turning the nation’s highways into racetracks.”

MAGAZINES

NATURAL RESOURCES

SOME CORPORATE LEADERS WARN OF VULNERABILITY ON STRATEGIC MINERALS

Herbert E. Meyer (FORTUNE, 2/9/81):

“During the last few months, some business leaders have been sounding an alarm about the U.S.’s heavy dependence on imported strategic minerals. Harry J. Gray, chairman of United Technologies Corp. — a producer of jet engines made with cobalt, nearly all imported — has neatly encapsulated the group’s position. ‘The U.S.,’ he says, ‘is a have-not nation when it comes to certain critical materials. Since 1950 our raw-materials situation has deteriorated drastically. We never have been self-sufficient, and today we are frighteningly vulnerable to overseas producers.’

“In recent weeks the press has picked up the theme, and Ronald Reagan — two weeks *before* his election victory — appointed a strategic-minerals task force whose members include top executives of mining and metal-using companies. Heading the task force is R. Daniel McMichael, immediate past president of the World Affairs Council of Pittsburgh, which last year published an influential report on strategic minerals. That report concluded that imported minerals could prove to be as big a headache as imported oil.

“It’s easy to see why so many executives are worried. Imports meet more than 50% of our requirements for 20 important minerals, and Western Europe and Japan are even more dependent. Many of the countries we rely on — particularly the Republic of South Africa and its neighbors, which supply most of the West’s chromium, cobalt, and platinum-group metals — may not be reliable. Moreover, the U.S.S.R., another supplier of key minerals to the West, has lately begun to shift its minerals-trading pattern. And the Russians are now gaining footholds in Third World coun-

tries where they could one day threaten Western access to strategic minerals.

“Russia is unlikely to go so far as to cut off any of the West’s essential minerals — that could mean war — but other disturbing possibilities come to mind. South Africa, for example, could resort to blackmail, threatening to withhold certain key minerals unless the U.S. abandoned its anti-apartheid pressures; South Africa could also blow apart. Third World countries could form cartels and ‘do an OPEC’ with certain minerals.

“Those who worry about such scenarios point to the West’s poor state of preparedness. The U.S. government’s stockpile of strategic and critical materials . . . falls short of its official goals for 37 out of 62 items. Most of our allies, including Britain and Japan, have virtually no government stockpiles at all.

“The U.S., though, is not necessarily as vulnerable as the stockpile figures suggest. The stockpile goals are based on keeping munitions factories going in a major, three-year war; this seems less likely in the nuclear age than before. Some heavily imported minerals that are stockpiled, moreover, come partly or mainly from friendly sources such as Australia and Canada. Some that don’t can be replaced from domestic deposits, though at higher cost and considerable delay, or industry can turn to substitutes.

“Still, the U.S. appears disturbingly dependent on five minerals that together are the metallurgical Achilles’ heel of our civilization. In 1979 we relied on imports for all the titanium used in airframes and missiles; for 98% of our manganese, essential to steelmaking; 90% of our cobalt, used in cutting tools as well as jet engines; 89% of the metals in the platinum group (emission-control devices for autos and oil refining); and 90% of our chromium, essential

for making stainless steel. U.S. vulnerability varies even within this group, however, and requires a closer look at each metal.

“ *Titanium*. Here the U.S. is dependent on imports by choice. It has abundant reserves of a low-grade ore called ilmenite, used to make titanium paint pigments. All titanium metal produced in this country, however, is made from a high-grade ore called rutile because the process is simpler and creates less waste. We import 88% of our rutile from Australia, as well as metal in a form known as titanium ‘sponge’—so called because it comes out of the ore-reduction process full of air holes—from Japan and the U.S.S.R. . . . the U.S. stockpile contains more than a year’s supply of titanium sponge based on current usage, though consumption could rise markedly if defense expenditures go up. World prices could rise, too, if the Soviet Union withdrew from the export market, as it temporarily did in 1980. (It’s believed the Russians are using huge amounts of titanium for submarine hulls.) But the U.S. would be far from helpless in a prolonged crunch. Though it would entail added costs, titanium-sponge producers could alter their plants to run on low-grade ore.

“—*Manganese*. When iron is converted to steel, manganese must be added to cleanse it of sulfur. We import manganese mostly from Gabon, South Africa, and Brazil, in that order of importance. If the leading suppliers could successfully form a cartel and raise the price, say, tenfold, the cost of making steel would go up as much as 7%. At the moment that doesn’t look too likely, since manganese is in a buyer’s market worldwide and it’s two years since manganese exporters have even hinted at pegging the price. Furthermore, the amount of manganese in the stockpile, a 20-month supply, already exceeds the government’s goal. The U.S. also has some low-grade manganese deposits that it could turn to on a crash basis if necessary. In the long run our vulnerability may diminish if we begin mining manganese from deep-sea nodules, though this could be held up by international politics. The United Nations has failed, so far, to produce a draft version of the Law of the Sea treaty that satisfies U.S. mining companies.

“ *Cobalt*. The aircraft industry is crucially dependent on this metal, used in jet-engine blades. Zambia and Zaire, which produce two-thirds of the world’s supply, already appear to have set up an informal cartel. But the situation is less worrisome than it looks. The U.S. stockpile

contains more than a two-year supply of cobalt. Since relatively little is used in an airplane, even a tenfold increase in the price would cause less than a 1% increase in, say, the price of a \$65-million Boeing 747. The higher price would cause new mines to open in other countries. Noranda Mines Ltd., a big Canadian company, has already been prompted by the fourfold rise in world cobalt prices since 1978 to consider reopening the Blackbird cobalt and copper mine in Idaho. Blackbird, in which Noranda may invest \$150 million, could eventually provide 30% of U.S. consumption. In the 1990s, we might also be getting cobalt from those deep-sea nodules. By that time . . . industry may be widely using new techniques that reduce the need for such critical metals as cobalt.

“ *Platinum*. There’s more to worry about here. We rely mostly on South Africa and the Soviet Union for the metals in the platinum group, which also includes palladium, rhodium, osmium, iridium, and ruthenium. About 57% of the platinum is used by the auto industry for catalytic converters; the rest is used primarily as a catalyst in oil refining and in other industrial processes. Since the U.S. stockpile has only five-month supply to back up the 11-week supply in the industrial pipeline, any threat of a cut-off could be scary. This seems ample reason to bring the platinum stockpile up to its goal of a 14-month supply, even though it would cost at least \$400 million at today’s prices to do so.

“—*Chromium*. The situation here is even more worrisome because chromium is a workhorse metal used in big tonnages; without it you can’t make stainless steel, used in corrosion-resistant tubing and other parts in many key industries. Since the U.S. has little chrome ore, even of low grade, we rely utterly on imports, mostly from South Africa, the Soviet Union, Zimbabwe, and Turkey. The stockpile contains more than a two-year supply, but this is not as comforting as it looks. Only about half the chromium in the stockpile is in the form of smelted ferrochromium ready for use in making stainless. The rest is chrome ore. Many U.S. chrome smelters have been shut down during the past year for economic reasons; they can’t compete with overseas smelters close to mines. The major remaining chrome smelter, operated by Macalloy Corp. in Charleston, South Carolina, can meet only about 30% of the country’s annual needs.”

CHINA

DENG’S PROBLEMS WITH THE ARMY

David Bonavia (FAR EASTERN ECONOMIC REVIEW, 1/16/81, Hongkong):

“The focus of opposition to a death sentence for Jiang [Qing] may well be in the People’s Liberation Army

(PLA). Veteran Marshal Ye Jianying, spokesman for the PLA in the Politburo, is almost certainly against this threat of further discrediting Mao and his policies. Last month, Gen. Gan Weihan, a senior political commissar, issued a stiff warning to other offerings that they must fall in line behind all party decisions or take the consequences.

"Statements in the media in recent months have bolstered recurring speculation and rumours to the effect that relations between Deng and some top PLA commanders are on a slippery slope, with the brasshats angered by the loss of their long-standing prestige as political models for the masses. The friction between Deng and the PLA — he is said to have threatened to purge two-thirds of the officer corps to enforce obedience to his policies — is also symptomatic of an enduring malaise among the civilian bureaucrats, whose lip-service to the Four Modernisations programme will never be transformed into effective action until they see irrefutable proof that Deng and his group are completely secure in power.

"On top of this, there are official reports of a spate of terror bombings in Shanghai and in the northeast province of Liaoning, formerly the two chief strongholds of the gang of four and their supporters. Few details are available, but the fact that explosives are finding their way into the hands of saboteurs or disgruntled leftists inevitably raises the suspicion that some of them may have originated in military arsenals, purloined or secretly made over by treasonable elements. If this seems far-fetched, so did most of the prosecution case at the Peking trial: political struggle in China is nearly always more lurid than the available data suggests at any given time.

"While the country awaits the convocation of the sixth and probably last plenary session of the present Cen-

tral Committee — to be followed by a party congress later in the year — unofficial reports suggest that Chairman Hua Guofeng is not phasing himself out of the leadership as willingly or gracefully as seemed to be the case last month.

"Expected to offer his resignation at the plenum, Hua nonetheless seems to feel he still has a political card or two to play. Diplomats in Peking have picked up the rumour among Chinese officials that Hua was not prevented from attending the New Year reception there, an absence which was seen as having set the seal on his resignation. On the contrary, it is now said, the Deng group would have liked him to have attended, since he is still nominally chairman and they would prefer a show of good will to a parting in anger. But Hua, according to these reports, declined to attend, as did several top military commanders whose presence might otherwise have been expected.

"Disarray over the trial sentences, problems with the PLA, economic difficulties and now terror bombings — these are all aspects of the Deng group's headaches which might encourage Hua, and any others hostile to Deng, in the idea that the present chairman may be able to negotiate his way into an office where he will be eclipsed as long as Deng is in power, but from which he might make a comeback in the late 1980s. Ironically, a conciliatory role is now the best tactic for the remnant leftists in China or for those who feel Deng has gone much too far to the Right."

IRAN-IRAQ WAR

IRAN LOSES MAJOR BATTLE

THE ECONOMIST (London), 1/24/81:

"The slow-moving, indecisive, war between Iran and Iraq has now produced one decisive engagement: repulse by the Iraqis of the 12-day counter-attack the Iranians launched early in January south and west of Susangerd, a city in the battlefield's central sector. The attack was predestined to fail. It was known that it was coming, and it could be guessed where it was coming.

"The Iranians threw away the element of surprise by talking of the attack weeks ahead. Then, at the turn of the year, the mullahs opened up so concentrated a barrage of criticism against President Bani-Sadr (who is also Iran's commander-in-chief) that he was almost bound to do something within days, and he did. It was fairly clear that a large-scale thrust could be mounted only in the Susangerd area. Not only is this a sensitive sector for the Iranians but it also allows space for manoeuvring large forces of tanks, which would not be possible in the cramped Shatt-al-Arab sector farther south. And the Iranian armour had to move along the few hard-top roads across a marshy terrain rendered even more impassable than usual by winter rain.

"Nor did the Iranians have the three-to-one superiority in men and equipment that attackers are supposed to have: both sides committed an armoured division with 300 tanks to the contest. The Iraqis, ready and waiting in solidly entrenched positions, would have had to be very bad or craven fighters to lose this set-piece defensive battle. They were not, so they won it.

"Having won a conventional battle conventionally, the Iraqis did something which for them was unconventional. They promptly advanced as the beaten Iranians fell back, moving their artillery through the tank-littered battleground to new positions south and east of Susangerd, and pushing the Iranians back to its northern outskirts. This means that the vital areas of Khuzestan — the main towns of Ahwaz and Dezful and the complex of pipelines into and out of them — remain under the domination of Iraq's long-range artillery.

"Another, more important, outcome of this defeat for the ordinary Iranian is that for the first time he has been allowed to understand by his own leaders that Iran has lost a battle. This happened when a member of the Majlis asked a question, broadcast by the state radio. Why, he asked, despite the triumphant communiques, were the

front-line positions precisely where they were before the counter-offensive (even that was not strictly true)? He received no answer but the silence carries its own political message. And no less a person than Ayatollah Khomeini has asked civilians to stop meddling in the conduct of the war and to leave it to the soldiers, even to the generals.

"A footnote. During the battle the Iraqis captured large quantities of top-quality British and American armaments that the Iranians had scarcely used, including tanks. This lends credence to earlier reports that the Iraqis were handing on Chieftain tanks they had captured earlier in the war to the British-equipped Jordanian army."

TELEVISION NEWS FOR JANUARY 29, 1981

NBC NIGHTLY NEWS:

Pres. Reagan, in his first presidential press conference, says that he has asked Congress to raise the national debt ceiling by \$50 billion. He reduces the functions of the Council on Wage and Price Stability and orders a 60-day freeze on all pending government regulations--2:39.

Senate Finance Committee chairman Bob Dole (R-Kan.) says that some of the Reagan Administration's budget cuts will "boggle the mind"--:07.

FBI informant Ralph Picardo says that Secy. of Labor-designate Raymond Donovan gave him payoffs for organized crime. The Senate Labor Committee approves Donovan's nomination--1:42.

The Senate approves Jeane Kirkpatrick's nomination to be U.N. ambassador--:07.

The American charge d'affairs in Moscow is told by Soviet officials that the U.S. was fomenting anti-Soviet feelings in connection with the hostage crisis--:16.

The State Dept. attacks the Soviet Union for supporting international terrorism, and says that such action will influence future U.S.-Soviet relations--1:32.

Reagan names career diplomat Walter Stoessel to be Under Secy. of State for Political Affairs--:16.

Thousands of persons attend services at Washington's National Cathedral to celebrate the former hostages' release--2:13.

The Algerian foreign ministry building receives thousands of letters and telegrams thanking the Algerians for having been intermediaries in the negotiations for the former hostages' release--:16.

Former Secy. of State Henry Kissinger says that terrorists must be aware that the U.S. will use force to secure the release of hostages. Former Defense Secy. Clark Clifford advocates patient negotiations to secure hostages' release--4:23.

The official Soviet news agency Tass says that the Solidarity trade union in Poland is in "political opposition to the Communist Party"--:24.

Workers and farmers in southern Poland ignore Solidarity trade union leader Lech Walesa's request for a temporary halt to strikes--1:20.

Israeli warplanes bomb Palestinian guerrilla bases in southern Lebanon--:15.

Construction begins on 10 new Israeli settlements in the occupied West Bank--1:45.

Spanish Prime Minister Adolfo Suarez resigns--:20.

Robert Hager reports that the Environmental Protection Agency will probably approve a permit for the Coors Brewery Co. to open a brewery in the Blue Ridge mountains of Virginia--1:56.

Rev. Jerry Falwell, in a Penthouse magazine interview, criticizes Jimmy Carter for giving an interview to Playboy magazine--:12.

Roger Mudd reports that although reports were restrained in their efforts to get Reagan's attention at the press conference, they are unlikely to act calmly in the future--1:31.

CBS EVENING NEWS:

Pres. Reagan, at his first press conference, announces his intention to eliminate the Council on Wage and Price Stability and orders a 60-day freeze on the implementation of federal regulations. He says "we must gain control of the inflationary monster"--2:44.

The State Dept. criticizes the Soviet Union's support for terrorists, specifying the Soviet training and arming of members of the Palestine Liberation Organization--2:10.

–The Soviet Union accuses the Polish Solidarity trade union of using “blackmail and violence” to back political demands--:34.

–Iranian television transmits propaganda interviews with 10 of the former hostages. They say that they avoided directly criticizing their Iranian captivity because they did not want to hurt their chances for release--3:44.

–The State Dept. says that only two or three of the former hostages are suffering from severe psychological problems--:09.

–More than 2,000 persons attended religious services at Washington’s National Cathedral to celebrate the former hostages’ release--:56.

–Spanish Premier Adolfo Suarez resigns for personal reasons--:10.

–Israeli jets attack Palestinian guerrilla positions in southern Lebanon--:16.

–The Senate unanimously confirms Georgetown University professor Jeane Kirkpatrick’s nomination to be U.N. ambassador--:16.

–The Senate Labor Committee recommends the nomination of Raymond Donovan to be Secy. of Labor--1:50.

–Reagan names career diplomat Walter Stoessel to be Secy. of State for Political Affairs--:22.

–The Airline Pilots Association says that it may call a work stoppage around March 1 to protest the way the Federal Aviation Administration is run--:15.

–Several major oil companies raise their wholesale gasoline prices--:20.

–Stock prices are reported mixed--:04.

–Medical scientists from both sides of the Iron Curtain say that there would be few survivors in the event of a nuclear war--5:13.

–Blue Cross and Blue Shield begins a campaign to reduce overnight hospital stays following minor surgery--:12.

–Reagan says that federal officials will meet with Atlanta authorities to discuss the recent murders of 14 black children--:18.

–Press Secy. James Brady asks members of the White House press corps to act with “dignity and decorum”--1:52.

ABC WORLD NEWS TONIGHT:

–Pres. Reagan, at his first presidential press conference, says that he thinks the U.S. will honor the agreement signed with Iran for the former hostages’ release. He announces the eliminations of the Council on Wage and Price Stability and a 60-day freeze on the implementation of federal regulations--4:24.

–The director of the Council on Wage and Price Stability says that COWPS was a failure--1:27.

–The State Dept. attacks the Soviet Union’s support of international terrorism, and says that those actions will significantly affect future U.S.-Soviet relations--2:16.

–The official Soviet news agency Tass says that the Solidarity trade union in Poland is using “black-mail and physical violence” to further its political demands--:13.

–Solidarity trade union leaders and the Polish government agree to begin discussions to review the union’s political and economic demands--1:25.

–The Iranian government broadcasts propaganda interviews with the former hostages made one day before the hostages were released. The freed hostages say that they do not think the interviews complimented Iran--3:27.

–Iran’s Ayatollah Beheshti says that the U.S. embassy in Tehran may not be returned to the U.S.--:16.

–Soviet officials say that recent U.S. attacks on the Soviet Union are “slandorous”--:15.

–The State Dept. says that no more than three of the former hostages are suffering from severe psychological problems--:18.

–Thousands of persons attend religious services at Washington’s National Cathedral to celebrate the former hostages’ release--:28.

–The Senate approves the nomination of Jeane Kirkpatrick to be U.N. ambassador--:08.

–The Senate Labor Committee recommends that Ray Donovan be approved to be Secy. of Labor. Five Democratic committee members vote “present”--1:28.

–The IRS unveils a sample income tax form with easier-to-read instructions which may be adopted in 1982--2:00.

–Outgoing U.S. ambassador to Great Britain, Kingman Brewster, says that the Reagan Administration will inherit a stronger NATO because of the Carter Administration’s policies--1:15.

–James Wooten reports that reporters were more restrained than in the past in their requests for recognition at a presidential press conference--1:35.

PUBLICATIONS SURVEYED

American Spectator	Los Angeles Times
Atlanta Constitution	Manchester Guardian Weekly (London)
Arizona Republic	Miami Herald
Baltimore News American	Milwaukee Journal
Baltimore Sun	Minneapolis Tribune
Barron's	New Leader
Boston Globe	New Orleans Times-Picayune
Buffalo Evening News	New York Daily News
Chicago Tribune	New York Times
Christian Science Monitor	Oil & Gas Journal
Cincinnati Enquirer	Philadelphia Inquirer
Cleveland Plain Dealer	Pittsburgh Press
Columbus Dispatch	Providence Journal
Denver Post	Richmond News-Leader
Des Moines Register	St. Louis Globe-Democrat
Detroit Free Press	San Diego Union
Detroit News	Seattle Times
The Economist	Wall Street Journal
Far Eastern Economic Review	Washington Post
Fortune	Washington Star
Gannett News Service	World Business Weekly
Houston Post	
Indianapolis News	

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TELEVISION NEWS INTERVIEWS
FOR SUNDAY
FEBRUARY 1, 1981

"Meet the Press," NBC-TV

—Rep. James Jones (D-Okla.), chairman of the House Budget Committee, told interviewers that a large tax cut, no matter how it is structured, without commensurate budget cuts would be inflationary. Rep. Jack Kemp (R-N.Y.) said that the tax rates are causing inflation, and he predicted that lower tax rates on both labor and capital "would have a tremendous incentive effect for economic growth." He added that once the economy was healthy, fiscal and monetary policy could be used to battle inflation. Jones said that the Federal Reserve system would fight inflation alone, and interest rates would remain high until Congress makes a "serious cut in federal spending." Kemp agreed and added, "There is a great constituency in the country for reducing the runaway growth in federal spending." However, Kemp said the Reagan budget cuts would not "attack the safety net for the underprivileged." He emphasized that the Reagan Administration is committed to reducing the government subsidies for major businesses. Jones said that his committee will look for cuts in entitlement programs, the indexing of those programs, and national defense expenditures. Kemp added that "ultimately we cannot bring the budget in balance until we get the economy performing better."

"Face the Nation," CBS-TV

—White House Chief of Staff James Baker told interviewers that the problems of the economy are so severe, "the worst mess we've seen in 50 years," that solving them must be the number one priority of the Reagan Administration. Baker said that Reagan's comprehensive economic package will include tax cuts, spending cuts, regulatory relief, and a stable and consistent monetary policy. He also said that the plan "is not designed to work overnight." Baker said that a decision has not been made on when any tax cuts would take effect. He emphasized that Reagan is committed to a tax program that cuts personal income taxes 10 percent for three years. Baker said that the spending side of the budget is "out of control" and that budget cuts would be "deep, substantial, and across-the-board." He added that as far as he knew no proposal is planned to reduce existing social security benefits.

"Issues and Answers," ABC-TV

—Federal Reserve Board chairman Paul Volcker, asked about Treasury Secretary Donald Regan's recent statement that one-half to two-thirds of the income generated from personal tax reductions would go into savings and investment, said "that kind of prediction goes outside the range of historical experience." Volcker insisted that any tax cuts must be accompanied by budget cuts in the range of "tens and tens of billions of dollars" if the Reagan Administration is going to aim for a balanced budget. He added that a reasonable target date for a balanced budget would be 1983. He said that if tax cuts preceded congressional commitments to reduce federal spending, there might not be any budget cuts. Volcker said that to make the kind of budget cuts necessary to ease inflationary pressures on the financial market "we can't consider the so-called uncontrollables uncontrollable." He added "that means you have to change some of the laws that govern eligibility or amounts of benefits that cover 70 percent of the total budget." Volcker said he thought the national mood would be responsive to deep budget cuts, particularly if those cuts were shared fairly by many government programs.

TELEVISION NEWS
FOR
JANUARY 30, 1981

NBC NIGHTLY NEWS:

- The index of leading economic indicators fell 0.8 percent in December--:26.
- Pres. Reagan meets with business and congressional leaders to discuss his economic plans--2:00.
- The White House says that the suspension of regulations for 60 days does not necessarily mean

that some regulations will never be adopted. Reagan aide James Miller says that billions of dollars could be saved by reducing regulations on businesses--1:50.

—Reagan converts \$740,000 of his personal wealth into a blind trust--:17.

—New York City honors the former hostages with a ticker-tape parade--2:00.

—An Air Force FB-111 bomber crashes into an apartment house near Portsmouth, N.H. No injuries were reported--:20.

—The Airline Pilots Association plans a three-day work stoppage beginning on or around March 1 to protest what it calls eroding air safety standards--:25.

—Polish union sources say that a tentative agreement has been reached on the five-day work week--:31.

—Solidarity trade union leader Lech Walesa criticizes Polish farmers for marching on the Polish presidential palace to demand a union of their own--1:15.

—The official Soviet news agency Tass says that Reagan's remarks about the Soviet leadership are an "unworthy distortion"--:29.

—U.S. officials say there will be no retreat from Reagan's critical remarks on the Soviet Union--1:38.

—John Chancellor reports that Reagan erred in his press conference when he said that the Salt II treaty does not provide methods for verifying the number of warheads on a Soviet intercontinental ballistic missile--1:06.

—Jim Cummins reports that eliminating "freeloaders" from the food stamp program will reduce the program's budget by only seven percent--3:58.

—Roger Mudd reports on Reagan's primary television consultant--:43.

—White House Press Secy. James Brady says that Reagan wants to try a lottery system for recognizing reporters at his next press conference--:09.

—A committee of the British parliament says that Canada does not have the authority to call for the transfer of its constitution from Britain--:21.

—Betsy Aaron reports that the number of Afghan freedom fighters opposing Soviet forces is growing, but their weapons are antiquated and insufficient to defeat Soviet forces--2:22.

CBS EVENING NEWS:

—Sources at the State Dept. say that Secy. of State Alexander Haig will not approve of a \$2 billion cut in the foreign aid budget proposed by Office of Management and Budget Director David Stockman--2:28.

—Haig and Stockman meet to discuss their differences on the cuts--:30.

—Polish union sources say that the government and the unions have reached an agreement on shorter work weeks--:29.

—State Dept. sources say that the Polish government may confront the labor unions if talks between the Solidarity trade union leaders and the Polish government break down--1:23.

—The official Soviet news agency Tass says that Reagan's critical remarks about the Soviet leadership are "unseemly"--:22.

—Fires in southern Georgia and northern Florida cause traffic accidents--1:51.

—A county judge in Steubenville, Ohio orders municipal employees to end their strike--1:56.

—The index of leading economic indicators fell 0.8 percent in December--:30.

—The Labor Dept. reports that private business production declined 0.3 percent last year--:12.

—Stock prices fall--:03.

—Documents from the Air Force hospital in Wiesbaden, West Germany, reveal that medical personnel watched the former hostages "round-the-clock" to prevent any suicides--:25.

—New York City honors the former hostages with a ticker-tape parade--2:30.

—Former hostage James Lopez describes an escape attempt that the hostages had planned as a "kamikaze mission"--1:09.

—Sources say that former Pres. Carter considered enlisting PLO leader Yasser Arafat's help in freeing the hostages, but decided not to after Israel voiced strong objections--:36.

—A committee of the British parliament says that Canada does not have the authority to call for the transfer of its constitution from Britain--:29.

—South African commandos raid black guerrilla bases in Mozambique--:28.

—Pres. Reagan sends FBI agents to Atlanta to discuss with Atlanta authorities the murders of 14 black children--:44.

—Black conservative economists criticize welfare and minimum wage programs--4:21.

—The White House says that Reagan has put \$740,000 of his personal assets into a blind trust--:09.

-Terry Drinkwater reports that 25 percent of the manhole covers used in the U.S. are made in India--2:22.

ABC WORLD NEWS TONIGHT:

- The index of leading economic indicators fell 0.8 percent in December--:36.
- Pres. Reagan tells business and congressional leaders that budget cuts will be across-the-board and deep--1:30.
- Secy. of State Alexander Haig, in a note to Soviet Foreign Minister Gromyko, reportedly warns the Soviet Union not to invade Poland--:15.
- Polish union sources report a tentative agreement with the government has been reached on a five-day work week--:24.
- Solidarity trade union leader Lech Walesa meets with Polish Prime Minister Josef Pinkowski to discuss proposals for a shorter work week--1:20.
- The official Soviet news agency Tass accuses Reagan of making "deliberate distortions" concerning the Soviet leadership--:21.
- British Prime Minister Margaret Thatcher says that Reagan understands the challenge posed by the Soviets--:20.
- West German Chancellor Helmut Schmidt says he sees nothing wrong with Reagan's statements that the U.S. should be second to none militarily--:37.
- A Dutch newspaper says that Reagan's press conference remarks were "moderate" compared to those of Soviet leaders--:15.
- New York City honors the former hostages with a ticker-tape parade--1:46.
- Twenty Vietnam veterans protest in Los Angeles that they have never been welcomed home by the American people--:21.
- John McWethy reports that some of the former hostages may suffer readjustment problems similar to those of former Vietnam prisoners of war--4:25.
- Jazz drummer "Cozy" Coles dies at the age of 71--:13.
- Reagan accepts John Sawhill's resignation as chairman of the synthetic fuels corporation--:22.
- Saudi Arabian Oil Minister Yamani says that the oil weapon could be used against the U.S.--1:49.
- The OPEC countries meeting in Vienna vote to spend over \$1 billion in aid to developing countries over the next two years--:37.
- Gold traders say that investors are selling gold and buying U.S. dollars because they think that high interest rates will be maintained in the U.S.--1:36.
- Stock prices fall--:05.
- A Reagan transition report calls for sweeping changes in affirmative action programs--1:15.
- The White House says that \$740,000 of Reagan's personal assets have been placed in a blind trust--:12.
- A federal judge in Virginia temporarily bars distribution of Penthouse magazine, which contains an interview with Rev. Jerry Falwell--2:11.

News Digest



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FOREIGN AFFAIRS

ASIA

President Reagan yesterday met with South Korean President Chun Doo Hwan at the White House, after which he pledged that the United States would maintain the strength of its forces in South Korea and the Pacific region, making clear that the 39,000 U.S. troops would remain in South Korea and that former President Carter's plan for removing some of them had been scrapped. Reagan said the United States shared South Korea's "commitment to freedom," and added "our special bond of freedom and friendship is as strong today as it was . . . 30 years ago." Carter began a phased withdrawal of U.S. ground troops in 1977, but the process was suspended in 1979 after North Korea's military capability was found to be greater than had been believed.

THE MARCOS REFORMS

MINNEAPOLIS TRIB., 1/24/81, edit.:

"When Marcos imposed martial law, he had the support of most Filipinos. Violence was out of hand; the economy had problems. Marcos promised that martial law would help. But the promise went unfulfilled. Indignity, degradation and repression were added to continuing economic hardship. Now Filipinos are running out of patience. Opposition, though fractured, grows; political violence is on the increase. For the Philippines to avoid serious internal disorder, Marcos must start the country on the road back to constitutional democracy.

"Instead, he chose window dressing. Why? Because Ronald Reagan was elected president. Hoping for better treatment from Reagan than Jimmy Carter, Marcos' wife, Imelda, sought and was granted a meeting with Reagan last month in New York. Reagan is said to have assured Mrs. Marcos that his administration would be less judgmental toward the Philippines, which Reagan regards as 'a major ally.' Armed with that assurance, Marcos — by lifting martial law in name if not effect — has invited the new American president to improve relations with the Philippines and provided a rationale for doing so.

"It's fine that Reagan desires more cordial relations with the Philippines, but he should avoid being drawn too close to Marcos. It must not appear to anyone that Reagan has written Marcos a blank check. The Carter administration, with the lesson of Iran in mind, established contact with major Philippine opposition figures in the United States. The Reagan administration should continue such contact, in order to understand the nature of the opposition, its concerns and objectives. In turn, opposition leaders need reassurance that Reagan has not given Marcos a license to continue unwarranted repression. They need to be told that Reagan may take a different tack from Carter's, but is just as desirous that the Philippines return to constitutional

democracy. If Reagan isn't committed, he should be, for that's the only way the Philippines will remain the stable, strong ally America needs in the Far East."

IMPROVING PHILIPPINE TIES WITH U.S.

CINCINNATI ENQ., 1/26/81, edit.:

"It's altogether probable the Philippine moves were connected with, if not a direct result of, the unpublicized meeting Mrs. Imelda R. Marcos, the president's wife and minister of human settlements, had with Mr. Reagan in New York in December. The other probability is that the twin acts were also to pave the way for Pope John II's scheduled February visit to the Philippines.

"For years violence has racked the Philippines — linchpin of America's Pacific strategy — as ethnic minorities fought alleged oppression and as the National Democratic Front, with its military wing, the New People's Army, contested the Marcos rule. Joseph P. Hofrichter, 1718 Birdog Ct., Loveland, was the innocent victim only last October of a bomb explosion in Manila that shot shrapnel into his shoulder. He was one of five Americans hurt when the bomb went off amid about 5,000 delegates at a travel agents' convention President Marcos keynoted.

"Whether his latest actions, coupled with promised elections in 1984, will blunt the rebels' power drive is, of course, unknown. (Some 182 of those freed were listed as common criminals, 159 as violators of national security.) But with almost 20,000 members of the U.S. armed forces there, and with the island chain crucial not only to East Asia but also to the Middle East, the Philippines easily ranks as a top strategic priority.

"So any move increasing its stability and improving its relations with America is a move, to be sure, in the right direction."

U.S.-SOVIET RELATIONS

The Soviet Union yesterday accused the Reagan Administration of "deliberate political subversion" for charging that the Kremlin was responsible for acts of international terrorism. The official news agency Tass said "any allegations about the Soviet Union's involvement in terroristic activities represent a gross and malicious deception." Tass also said "the organizers of the present campaign in the United States resort to a dishonest device when they equate terrorism and the legitimate struggle of the peoples for their national, economic, and social emancipation." Under such reasoning, Tass said, George Washington could be considered a terrorist. Moscow also summoned U.S. embassy officers to the foreign ministry, and sources said the session dealt with the terrorism issue.

ARMS CONTROL DISCUSSIONS SAID TO REMAIN LIKELY

Bernard Gwertzman (NY TIMES, 2/2/81, Washington):

"Administration officials said today that despite last week's strong criticism of the Soviet Union by President Reagan and Secretary of State Alexander M. Haig Jr., plans were being developed for resuming discussions with Moscow on key arms control questions.

"The officials said, however, that if the Soviet Union disregarded warnings from the United States and other Western countries and intervened militarily in Poland, this would likely make arms control talks impossible.

"The problem facing the Administration is the restraint posed by Mr. Reagan's oft-repeated contention that negotiations on arms control cannot be divorced from Soviet activity in other areas, the so-called linkage theory. Mr. Haig, in a news conference, said that the principle of linkage would be applied, but he refused to be specific.

"Other officials said that the Administration did not want to give the Russians the impression that it was overly eager to enter into negotiations. They said that the Carter

Administration probably appeared too hasty in 1977 when it resumed talks on strategic arms after only two months in office.

"The assumption at this time, officials said, is that while preliminary contacts may begin in the next two months, formal negotiations may be delayed until the summer or fall.

"Some veteran State Department officials said that the polemics between the Reagan Administration and Moscow resembled the early and sharp exchanges between the Carter Administration and the Soviet Union in 1977. At that time, the new Administration wanted to make clear its interest in human rights and it came to the defense of several prominent dissidents, drawing fire from the Russians.

"Poland has become one of the major concerns of the new Administration, with Mr. Haig said to be closely following developments there. The Secretary of State, in his first message to Foreign Minister Andrei A. Gromyko of the Soviet Union last week, stressed that there would be dire consequences for East-West relations if an intervention occurred."

Copyr. 1981, NEW YORK TIMES

POLAND

East Germany yesterday accused the Polish Solidarity independent trade union of openly working toward the overthrow of the Communist system, and described the situation in Poland as catastrophic. The official ADN news agency in East Berlin said Solidarity was close to bringing about the collapse of the economy, and warned that events in Poland were harming other Soviet bloc states. The report suggested that East Berlin has little faith in the ability of Warsaw to reassert its control, and may favor outside intervention as the only solution.

The Soviet news agency Tass, in a report from Warsaw, said the Polish working class was expecting the authorities to take action to repel "counterrevolution" in view of the serious situation, which Tass said was "characterized by sharp political struggle."

U.S. military sources in Brussels said that two of the four AWACS planes sent to West Germany last December to monitor the Polish crisis have gone back to the United States.

LATIN AMERICA

The State Department yesterday confirmed that Ambassador Robert White was dismissed from his post in El Salvador for making public his disagreement over U.S. actions. Officials linked White's dismissal directly to his giving several interviews to U.S. newspapers. In one interview he complained that

the Salvadoran government was dragging its feet in the investigation of the murder of four American churchwomen. A department spokesman said "it would be premature to say that we have a new policy toward Central America. Our policy is being reviewed."

PERU ORDERS CEASE-FIRE IN BORDER WAR WITH ECUADOR

BALT. SUN, 2/2/81, Lima, Peru:

"Peru yesterday ordered a cease-fire in fighting with Ecuador on their disputed border, the government announced.

"An official communique said Peru had 'retaken full possession and control of its territory' in the disputed zone on the Amazon jungle border. It said Peruvian forces would halt hostilities as long as they were not attacked.

"In Quito, Ecuadorian officials denounced the cease-fire announcement as a trick.

"Fighting continues and Peru is pursuing its aggression,' Orlando Alcivar, the public administration minister told reporters.

"The Peruvian communique said the country's interim foreign minister, Felipe Osterling, had announced Peru's cease-fire decision to representatives of the four guarantor nations that underwrote a 1942 protocol fixing the disputed border the United States, Chile, Argentina and Brazil. Ecuador claims it signed the agreement under duress and is therefore not bound by it.

"The announcement could mark an end to five days of hostilities between the South American neighbors in which one Peruvian soldier was killed and several wounded, according to the government."

MIDDLE EAST

The Jerusalem newspaper *Haaretz* reported yesterday that Saudi Arabia and Jordan were transferring American weapons supplied to them to Iraq. The newspaper said the weapons, particularly artillery equipment, were to assist Iraq in its war with Iran.

Sources close to the Palestine Liberation Organization said the PLO will seek suspension of Egypt from membership of the nonaligned movement when the organization's foreign ministers meet in New Delhi this month. The sources said the move will be co-sponsored by Syria, Libya, and South Yemen, all of which opposed the Camp David peace initiative.

Iranian President Abolhassan Bani-Sadr launched a new attack on the hardline clergy, saying there should have been a national debate on the release of the 52 American hostages to determine whether it was "a great service or high treason." Bani-Sadr accused the clergy-dominated parliament of trying to exclude him from political decisions.

AFGHANISTAN

MOSLEM NATIONS DESERT AFGHANISTAN

ST. LOUIS GLOBE-DEMOCRAT, 1/29/81, edit.:

"The summit conference of 37 of 41 Islamic nations would seem to indicate a strong unity among these Moslem countries. While there is heavy attendance at the sessions in Beirut, the Islamic nations have failed abysmally to provide help to Afghanistan, their fellow country that need it the most.

"The brutalized Afghans seem to have a low priority at the summit conference. Most of the action appears to center around trying to settle the war between Iraq and Iran, and in finding ways to punish Israel and calling for 'liberation' of Jerusalem and occupied Arab lands.

"At their session on Tuesday, the Islamic countries called for the immediate withdrawal of Soviet troops from Afghanistan but they did not pledge any money or arms to

the Moslem guerrillas fighting the Russians and the puppet Communist government.

"Pro-Soviet Syria and Marxist South Yemen actually voted against this weak resolution as they totally turned their back on their fellow Moslems in Afghanistan.

"Meanwhile, the Soviets continue to kill innocent Afghans by the thousands. By now the Russians have driven about 2 million Afghans into Pakistan and Iran, nations which are in no position to provide care for this massive number of refugees from Soviet butchery.

"Saudi Arabia and Egypt are among the few Moslem countries that have provided aid for the long suffering Afghan people. The great majority of other Islamic nations have done little or nothing for Afghan freedom fighters who continue to fight without the modern weapons they so desperately need.

"Unfortunately, the United States under President Carter also turned its back on the Afghans battling the Soviet colonialists. The Reagan administration should lose no

time reversing this shameful policy. Perhaps, with U.S. leadership, the Islamic countries will find the courage to help their savaged fellow Moslems in Afghanistan."

ALGERIA

U.S. OWES A DEBT OF GRATITUDE

MIAMI HERALD, 1/29/81, edit.:

"From beginning to end . . . Algeria's conduct was a model of civility and determination. By performing with distinction under extremely trying circumstances, the Algerians substantially enhanced their standing in the community of responsible nations.

"Algeria's yeomanry must not be forgotten by those who are encouraging President Reagan to repudiate the hos-

tage-release agreement with Iran. Repudiation would be a blot on U.S. honor, but it would be more: It would negate the good offices of Algeria and imperil prospects that, in some future world crisis, an Algeria would step forth as mediator.

"Because of Algeria, the 52 Americans are back among their grateful countrymen. Let the Reagan Administration think thrice before taking any steps that would extend to Algeria not the hand of gratitude, but the fist of insult that repudiation would be."

FRANCE

GISCARD IN TROUBLE

HOUSTON POST, 1/22/81, edit.:

"French President Valery Giscard d'Estaing, so international observers explain, will not sail back into a new term as smoothly as had been expected, let's say, a year ago. Perhaps. But from the distance lent by the Atlantic, Americans find this hard to believe. Who is the challenger?

"Ever since his inauguration in 1974, Giscard has worked to draw moderate leftists and moderate rightists into a central political movement that would end France's long left-vs.-right polarization. In 1978, this vision seemed in danger. The French Communist and Socialist parties were ready to unite to give the centrist president a left-wing coalition government to preside over. But at the last minute, Communist Party purists made demands so extreme that the Socialists could not go along. In a big turnout, the voters scattered almost evenly across the political spectrum, giving from 21 to 25 percent each to Gaullists, Socialists, Giscardians and Communists.

"This put Giscard in the strongest position of his seven-year term now approaching its end. He headed a governing coalition holding 291 parliamentary seats against 200 for the leftist opposition parties. The French franc gained value; the financial markets boomed.

"In recent months, Giscard has been plagued by what began trivially. Quite a while back, the self-crowned Central African Empire's Emperor Jean Bedel Bokassa let it be

known that he had given diamonds to Giscard and to some members of the first family. This was not illegal under French law. Now exiled and detained in the Ivory Coast, Bokassa stirred the pot by telephoning a French newspaper, thereby prompting an investigation that put the president at odds with a leading Paris newspaper. As the media delved further into the story, the administration made the mistake of trying to shut them up. French citizens who had not minded the diamond gifts grew angry over what they saw as a cover-up. This, pundits said, could derail Giscard's re-election.

"But how? To whom could he lose? In the fascinating way of French politics, the Socialists who were ready to join the Communists in 1978 are now joining forces however accidentally - with the Gaullists. Francois Mitterand, one of the most popular political figures in France, heads the Socialists. Jacques Chirac, mayor of Paris, has used the office to act presidentially in welcoming visiting chiefs of state. He heads the Gaullists. Chirac has long wanted to unseat Giscard. But the Gaullists are part of Giscard's parliamentary coalition.

"In the November by-elections, whether by chance or by plan, the two parties worked together to defeat pro-Giscard candidates. Political gossip swirled about the possibility of a Socialist-Gaullist coalition. But just as the Socialists could not accept the rigid demands of the Communists long enough to put a leftist coalition in power, neither are they expected to move so far right as to put Chirac in power. Further, polls show that the popularity of Mitterand, always great, is on the rise."

ZIMBABWE

MUGABE'S MANEUVERS

MIAMI HERALD, 1/29/81, edit.:

"The first shuffling of his cabinet by Zimbabwe Prime Minister Robert Mugabe gave him a better government. However, it remains to be seen whether the simultaneous downgrading of his rival Joshua Nkomo's status will aggravate deeper political tensions.

"The imperative for the cabinet realignment was to remove from power Edgar Tekere, the planning minister acquitted on charges of murdering a white farmer on grounds that he was acting to protect the national security. Without removing him, it would have been immeasurably more difficult to persuade both Western governments and the white minority there that majority rule would not mean the same old injustice in reverse. Mr. Tekere seemed, in fact, to have carried out a grudge killing.

"In the cabinet shuffle, Mr. Nkomo was moved from the important post of home-affairs minister to the less-powerful one of public-service minister. At home affairs, he controlled the only instrument of state power — the police

— that Mr. Mugabe's party did not. At public service, he is responsible for the nation's civil service.

"Mr. Nkomo had expected to be elected prime minister in the elections last year that followed the negotiated end to civil war. That was unrealistic because Mr. Nkomo and most of his supporters are members of the minority Ndebele tribe. While commendably a nationalist, Mr. Mugabe is a member of the far-larger Shona tribe. Mr. Mugabe's ZANU party won enough seats in parliament to govern alone, but included Mr. Nkomo's Patriotic Front in the government nevertheless.

"What is tricky is establishing public order without the active support of Mr. Nkomo. There are still guerrillas under arms and sometimes out of control in Zimbabwe. Most of them are Ndebele and at least nominally loyal to Mr. Nkomo and his Patriotic Front. Mr. Mugabe may have blunted Ndebele displeasure with Mr. Nkomo's lessened status, however, by including a fifth member of the Patriotic Front in his new, 25-member cabinet.

"Still, Mr. Nkomo himself seems increasingly bitter that he is not at the center of power. It is problematic just how disenchanted Mr. Nkomo may become, and indeed what that could mean."

DOMESTIC AFFAIRS

EDUCATION

The Department of Education yesterday announced the elimination of proposed rules that would make local schools teach foreign-speaking students in their native languages. Education Secretary Terrel Bell called the regulations, developed under the Carter Administration, "harsh, inflexible, burdensome, unworkable, and incredibly costly," and he said they were "an intrusion on state and local responsibility." The regulations were set to go into effect in June and would have required any of the 16,000 school districts in the nation that had more than 25 students with a first language other than English to teach the students in their primary language.

AUTO INDUSTRY

United Auto Workers employees yesterday voted to approve a tentative agreement granting financial concessions to the Chrysler Corporation. The agreement was needed to obtain \$400 million in new government loan guarantees for Chrysler, which already has more than \$1 billion in loans outstanding. The workers approved a \$46-a-week pay cut followed by a 20-month wage freeze.

ASPHYXIATION BY REGULATION

SAN DIEGO UNION, 1/22/81, edit.:

"The federal Regulatory Council for the first time has compiled a summary of all the federal regulations applying to the U.S. automobile industry — those already in effect and those scheduled under existing law to take effect between now and 1985.

"The publication seems to confirm that American automakers are more in need of protection from their own government than from foreign imports.

"Federal regulations affecting the manufacture, sale and use of motor vehicles now fill 392 pages. They are enforced by 13 different federal agencies and sub-agencies. There are 16 congressional committees and subcommittees assuming responsibility for drafting laws affecting the automobile industry.

"It's no wonder the U.S. auto industry is gasping for breath. It is being smothered by regulations.

"A new administration and Congress now have the opportunity to disperse the crowd of regulators and give the patient some air.

"They surely can do so without significant sacrifice in the energy, pollution, and safety goals that gave rise to the complex regulatory framework which has been stifling Detroit. Why, for instance, is the government using a 1975 law to dictate fuel economy standards for new cars when the rising price of gasoline is creating a sufficient demand for fuel-efficient cars without any government regulations?

"The Reagan administration is committed to weeding out those federal regulations on business and industry which do not serve the public interest and inhibit economic growth. The auto industry is a good place to start."

ECONOMY

PRODUCTIVITY DOWN AGAIN

WALL ST. JRNL., 2/2/81, Washington:

"Productivity among U.S. businesses fell in the fourth quarter and all of 1980, marking the third consecutive year of declines.

"Productivity among manufacturers alone showed a sharp increase in last year's final period, however.

"The Labor Department said that output per hour worked at the nation's private businesses, excluding farms, decreased at a 1.1% seasonally adjusted annual rate in the fourth quarter, following a revised increase of 3.7% in the third quarter. Productivity for the nonfarm business sector was off 0.5% in all of 1980.

"Overall, private-business productivity dropped at a 1.9% seasonally adjusted annual rate in the fourth quarter, compared with a revised 1.5% increase in the previous quarter. The fourth quarter decline reflected a 6.3% increase in output of goods and services and an 8.4% increase in hours of paid work. For the year, production per hour of work at private businesses fell 0.3%. These figures include farm productivity, which fluctuates widely from quarter to quarter, even after seasonal adjustments.

"The continuing downward spiral worries economists because when productivity lags and wages rise, the labor cost of producing a unit of output goes up, and this puts pressure on businesses to raise prices. Unit labor costs rose at a 10.9% adjusted rate in the fourth quarter for the nonfarm business sector and were 10.3% higher in 1980 than in 1979, according to the department's productivity report.

"Three successive years of productivity declines means U.S. products 'aren't as competitive as they could be overseas,' observes Harold Nathan, a financial economist for Chicago's Continental Illinois National Bank & Trust Co. Productivity gains are 'important for real economic growth.'

"However, Mr. Nathan said, business productivity likely will be 'up slightly' this year 'because the economy is going to be generally improving throughout the year. . . and the sectors hard hit by productivity declines in 1980 should recover somewhat.' He also believes that President Reagan's plans to cut taxes, accelerate depreciation and trim federal regulations will have 'some effects' on productivity this year, although the full impact won't be felt at least until 1982."

THE REAGAN PLAN

ST. LOUIS GLOBE-DEMOCRAT, 1/29/81, edit.:

"The new economic approach proposed by the Reagan team breaks totally with the discredited Keynesian demand economics by recognizing the tremendous disincentives and barriers to growth that result from the high taxes, deficits and inflation that have been the hallmarks of the policy liberals have imposed on the country for 47 years.

"The Reagan plan proposes to stop the uncontrolled growth of the unproductive public sector so that individuals and businesses can put more of their earnings and profits into savings and expanding the productive private sector. In Washington, where there has been nothing but more and more federal spending, monumental deficits every year and

income redistribution at the expense of the private sector, this is revolutionary.

"Reagan's proposal for economic growth also requires much slower, stable money growth to end the unparalleled inflation that has taken place for more than four decades.

"Liberals who have produced the current 'stagflation' have refused to recognize how greatly the inflation they have produced punishes taxpayers and the economy [Treasury Secretary Donald T.] Regan pointed out that just since 1977 individuals have had to pay 55 percent more in federal income taxes. Most of this incredible increase has been due to double-digit inflation spawned by record deficits.

"The Keynesians are moaning and groaning at the prospect of big tax and spending cuts and elimination of many of their favorite costly regulations. They are in a very poor position to criticize. Their spend-borrow-inflate policies have produced the present no-growth, inflation-plagued, high unemployment economic conditions.

"Americans should be delighted that President Reagan is offering them a new economic approach based on growth and curbing inflation. They should welcome the junking of the liberals' disastrous economic policies."

FIGHTING INFLATION

PITTSBURGH PRESS, 1/28/81, edit.:

"At this point we might as well face more bad news: Inflation will not be tamed this year — nor without sacrifice by most of the people.

"With the cost of food, housing, fuel and transportation heading up, no responsible economist expects this year's price increases to be markedly lower than those of 1979 and 1980.

"The best we can do this year is start on a long, painful course of slowing inflation.

"Next month Mr. Reagan is to propose major cuts in Mr. Carter's legacy — a budget running \$55 billion in deficit.

"It takes no crystal ball to predict that the instant Mr. Reagan's revisions are disclosed, every special-interest group will be screaming for Washington to restore its pet program to robust financial health. And every lobby will be backed by *its* congressional subcommittee and favorite lawmakers.

"Amid the wailing that the nation will be doomed if, say, the yo-yo industry doesn't get its accustomed subsidy, the people will have to make known their vital interest — a lower federal budget and a smaller deficit, as a start toward restraining prices.

"It should be obvious to everyone that Mr. Reagan and the team he has assembled won't be able to do the job themselves.

"They need public support and a willingness to tighten belts in the national interest."

DEFENSE

NEW RUSSIAN SUB POSES CHALLENGE

DETROIT NEWS, 1/26/81, edit.:

"Military analysts in Washington were stunned to discover that the Soviet Union has built the first of a new class of attack submarines armed with cruise missiles designed to destroy aircraft carriers.

"Satellite photos disclosed the true role of the boat when it emerged from its shed in Severodvinsk on the White Sea near Archangel. Intelligence experts had known that a new class of boat was under construction, but had not suspected that it was an anti-carrier weapon.

"The Russians call the new boat 'Oscar.' It is a jumbo attack submarine, twice the size of the largest American attack submarine.

"That such an expensive sub exists at all is a measure of Soviet determination to achieve military supremacy at any cost. But then the Kremlin, unlike Western governments, had always been willing to sacrifice butter to guns.

"Hitherto, Soviet attack subs had to be within 20 miles of a carrier group to launch its weapons. Oscar can fire accurate cruise missiles at carriers and supporting ships from a distance of 200 miles.

"The aircraft carrier is the only American naval weapon that the USSR lacks. Does America have the technological capability to find, track, and destroy such subs before they reach the 200-mile launch range? A convincing tactical response must be found soon — before the aircraft carrier becomes an endangered species."

PUBLIC BROADCASTING

REPORT RECOMMENDS PHASE-OUT
OF FUNDS FOR PUBLIC RADIO, TV

Patrick J. Buchanan (ST. LOUIS GLOBE-DEMOCRAT,
1/29/81. Washington):

"In a still-secret report to Budget Director Dave Stockman, the transition team for public radio and TV makes the unanimous recommendation 'that federal funding for the Corporation for Public Broadcasting be phased out.'

"The arguments arrayed for pulling the plug on CPB, and letting its creatures, the Public Broadcasting System and National Public Radio, sink or swim are familiar but more compelling when Congress is considering a cut in food stamps.

"First, says the secret report, CPB has few functions to justify the \$8 to \$10 million in administrative overhead it gobbles up annually in its handsome headquarters office on 16th Street, a door or two down from the Soviet Embassy. Three of every \$5 it gets annually from Congress are disbursed to local PBS stations according to a mechanical formula which could be handled by a first generation computer.

"Second, federal funding which provided almost every dime of CPB's money — has ceased to be the major

source of funds for public broadcasting, which now leans on corporations, foundations, states, local governments, universities and individuals.

"Third, the outstanding public television shows — such as Sesame Street and the MacNeil-Lehrer Report — have never been primarily dependent upon federal subsidy.

"Most important, argues the transition team, technology is making moot the original argument for taxpayer subsidies to public television. With cable TV coming on stream, cassettes, video discs and direct satellite transmission, public television is no longer the 'alternative' to commercial fare, but, rather, a redundancy, a superfluity with a dubious claim to further taxpayer support.

"The transition report does not seethe with hostility to any real or perceived ideological bias in public TV. Rather it recommends that public television — like Elsa, the good lion in 'Born Free' — having been nurtured and nourished on tax dollars, be set free of entanglements, restrictions and subsidies to see if it can survive on its own with the support of loyal audiences and institutional backers.

"(While an earlier draft of the transition report recommends putting CPB through cold turkey — i.e., zero funding, as soon as possible — the final report recommends a phasing out beginning in fiscal 1983, to give public television time to adjust to a competitive environment.)"

ENERGY

HOSTAGE TO OIL

MILWAUKEE JRNAL. 1/27/81. edit.:

"Although additional drilling undoubtedly will provide some new oil, even industry experts don't pretend that further exploration and development will make up America's oil deficit. It's mainly certain politicians who prattle about achieving energy independence by punching holes. Thus as partial insurance against a serious blowup in the Mideast and an excruciating disruption of supply, the US should build up its strategic oil reserves and develop a truly workable plan for effectively allocating gasoline and fuel oil in event of dire emergency.

"On the foreign front, the US will need to strengthen Saudi Arabia, the largest oil exporter, without creating the dangerous impression that the Saudi rulers are American puppets. As the Iranian revolution shows, such an impression can help destroy a regime. America also should continue working to resolve the problem of a Palestinian home-

land — a touchy issue that, perhaps more than any other, threatens Mideast stability.

"Although American feeling against Iran is running high at the moment, that country, too, should be cultivated as a supplier of oil to the western world. It is a strategic nation, in terms of location as well as energy, that should not be allowed to drift into the Soviet orbit. Given time, moderate elements may be able to stabilize the Iranian government and resume normal oil exports.

"Meanwhile, the US should continue strengthening its diplomatic and commercial ties with Third World nations. Some of them, including neighboring Mexico, are major oil exporters.

"In short, the energy challenge has many facets and many levels. It envelops the White House and the Main St. bungalow. It is, as Jimmy Carter once told a largely unheeding nation, 'the moral equivalent of war.' "

Polish Troubles

POLITICS

NEW ACCORD SEEN LIKELY TO WIN ONLY BRIEF RESPITE

Jonathan Spivak (WALL ST. JRNL., 2/2/81,
Rzeszow, Poland):

"The fresh agreement between the new independent union Solidarity and the Polish government, which appeared to settle the explosive issues of a five-day workweek and union access to the media, is likely to win only a brief respite in the bitter battle between the two forces.

"Leaders and rank-and-file members of the Solidarity union appeared determined to pressure the government even more rigorously with the potential of more strikes, sit-ins and other forceful tactics to win a greater range of rights. And the government has made it clear — not only with threats of the use of force but its adamant refusal to concede to many other more political Solidarity demands — that it is increasingly determined to draw the line and restore its authority.

"The workweek and access to the media were resolved by weekend negotiations in Warsaw between Solidarity's national leadership and government officials. Solidarity gave ground in its objective of an immediate 40-hour workweek, settling for a 42-hour week, which was close to the government's position of 42½ hours. But workers gained three free Saturday's a month instead of only two. The government, in turn, promised Solidarity a coveted union right of regular weekly access to radio and television broadcasts throughout the country to report the union's own view of events.

"But the Warsaw agreement failed to deal at all with several of the most bitter government-union conflicts and, in itself, contained the seeds of more trouble. A major union concession angering many rank-and-file workers was that they work two of their coming free Saturdays to make up for a Saturday work boycott in January.

"Late yesterday, Solidarity leaders called off plans for a one-hour, nationwide warning strike tomorrow. But they said future stoppages will be considered. National union leaders also sent word that local branches of Solidarity — there are about 50 in the country — would permit grass-roots strikes if they wished. Lech Walesa, Solidarity leader, and other union officials, have found it increasingly difficult to restrain headstrong local units of Solidarity.

"After the Warsaw talks concluded, the scene of action shifted almost immediately to this dreary, damp farming center of 150,000 population, less than 50 miles from the Soviet border. Here, angry private farmers seized the government trade unions building four weeks ago and a few days ago were joined by leaders of the national Solidarity union, who are supporting them in their sit-in to win government recognition of a rural Solidarity union. Poland's Communist Party boss, Stanislaw Kania, has made it clear the government will refuse recognition because of its special concern over organization of farm workers on whom Poland's food supply depends.

"A government negotiation delegation arrived here from Warsaw late yesterday afternoon and went immediately to the grim, square block concrete building whose entrance and exit are carefully controlled by the protesting farmers. The rural sit-in is patterned after the shipyard demonstration in Gdansk last August that led to recognition of the first and still the only nongovernment-controlled union in the Eastern Bloc.

"Although the farmers haven't been able to halt industrial activity, despite some supporting strikes by nearby factory workers, they demonstrated enough strength to force a new round of negotiations. Besides union recognition, they want more coal, fertilizer and other government supplies, no more harassment over private land ownership, replacement of some highly disliked local officials and generally a greater say in the conditions of their life and local government.

"The mood of the meeting, which was open to the press and broadcast over a public address system to hundreds of attentively listening citizens in the street, was tense and antagonistic at the start. When the somber, conservatively dressed Warsaw officials filed into the building and said they had come to solve as many problems as possible, it got worse. 'We aren't anarchists,' declared one woman, adding a pointed warning that 'officials cannot live without bread.' She received general applause.

"The government-farmer negotiations went on into the evening, watched by several hundred farmers, but there appeared little prospect of any immediate agreement. The government emissaries announced that recognition of the rural Solidarity, which would represent the bulk of Poland's farmers who work privately owned plots, couldn't be negotiated and would be settled by a state supreme court decision in 10 days. They offered instead to improve the effectiveness of government-sponsored rural organizations, which the farmers suspect and dislike."

PROLIFERATING DEMANDS COULD SPOIL THINGS

L.A. TIMES, 1/28/81, edit.:

"To friends of the liberalization movement in Poland, the spread of demands for more freedom to university students and farmers is encouraging, provided that the leaders show the same sense of the achievable that has, until lately, been so remarkably displayed by the free trade union movement.

"Leaders of militant students and farmers, in common with leaders of Solidarity, the independent new union, must like with the reality that a miscalculation could bring Soviet troops pouring across the border.

"Solidarity has proved adept at knowing how far it can go without provoking a Soviet intervention. Unfortunately, the growing crisis over demands for a five-day, 40-hour work week suggest that Solidarity's sense of economic realism is much less impressive.

"It is true that Poland's Communist government agreed to a five-day week as part of the settlement ending last summer's general strike. The truth is, however, that Poland cannot afford a five-day week. The Polish economy was in a mess even before last summer's massive worker protests. It is in even worse shape now because of the sporadic work stoppages that have curtailed production since the general strike ended last September.

"The post-September muscle-flexing by Solidarity was necessary to nail down the workers' legal right to form labor unions independent of the government-run trade

union structure. And union leaders certainly are right in charging that Poland's precarious economic situation results fundamentally from mismanagement and poor planning by the Communist authorities themselves.

"However, there is a certain parallel between the Polish situation and the plight of Chrysler Corp. in this country. It is not the workers' fault that Chrysler is teetering on the brink of bankruptcy, but union members have wisely recognized that the company's chances of recovery would be nonexistent without some temporary concessions the workers on wage demands.

"The Polish government has offered a compromise under which workers would have every other Saturday off or, alternatively, work 8½ hours five days per week. Actually, in the context of the country's economic difficulties, it's a reasonable offer. But, because of pressure from militants within Solidarity, union leader Lech Walesa has been unable to strike a bargain with the regime.

"Although most rank-and-file members of Solidarity appear to back the demand for a five-day week, many Poles — aware of the country's precarious economic condition and the threat of a Soviet invasion — are not so sure that this is an appropriate issue on which to go to the barricades.

"Solidarity's leaders are no doubt right when they accuse the government of trying to use the five-day-week issue to discredit the union by making it look 'unpatriotic' and inflexible. But, if that is so, it is all the more reason to spoil the regime's game by agreeing to a stretchout in the implementation of a five-day work week."

TELEVISION NEWS FOR FEBRUARY 2, 1981

NBC NIGHTLY NEWS:

—The official Soviet news agency Tass says that the U.S. is "playing a dangerous game" by publicly criticizing the Soviet Union--:38.

—The second-ranking Soviet diplomat to the U.S. says the U.S. should not try to "dictate" to the Soviet Union--1:53.

—Pres. Reagan meets with South Korean Pres. Chun and says that the U.S. will not withdraw any troops from South Korea--1:51.

—Many Korean businesses buy advertisements in major U.S. newspapers welcoming Chun to the U.S.--:51.

—Chun meets with Secy. of State Alexander Haig, the Senate Foreign Relations Committee, and the House Foreign Affairs Committee--:52.

—The King and Queen of Spain postpone their U.S. visit because of the recent resignation of Prime Minister Adolfo Suarez--:13.

—The State Dept. says that Robert White's removal as U.S. ambassador to El Salvador does not signal a change in U.S. policy toward El Salvador--1:37.

—East Germany says the Solidarity trade union is about to bring about a collapse of the Polish economy--:14.

The Polish government airs on Polish television an unedited version of a Solidarity press conference--2:02.

General Motors reports losses of over \$750 million for 1980, the largest in the corporation's history--:05.

—Stock prices fall--:05.

—Morgan Guaranty and Trust Co. lowers its broker loan rate to 19 percent--:05.

—The Reagan Administration drops bilingual education requirements for the nation's schools --2:00.

—A Federal Election Commission reports says that the Reagan presidential campaign made \$215,000 in illegal campaign expenditures in the New Hampshire primary campaign--:22.

—A federal judge in Virginia lifts a ban on the distribution of Penthouse magazine containing an interview with Rev. Jerry Falwell. Falwell says Penthouse is a "very poor package for the gospel"--1:55.

—Many economists say that best-selling authors who make predictions of economic disasters are often unqualified and wrong--4:28.

—A federal organized crime strike force investigates charges that some members of the 1978-79 Boston College basketball team participated in a point-sharing scheme with organized crime figures --2:31.

CBS EVENING NEWS:

—Education Secy. Terrel Bell cancels a Carter Administration plan to teach foreign-speaking students in their own language--3:15.

—Pres. Reagan meets with South Korean Pres. Chun and says that the U.S. will not withdraw any of its forces from South Korea--2:46.

—The State Dept. confirms that it has asked Congress not to release its human rights report until after Chun leaves the U.S.--:11.

—The Soviet foreign ministry calls in the U.S. charge d'affairs in Moscow to complain about the State Department's comments that the Soviet Union is fostering international terrorism--:25.

—A CBS News-New York Times poll finds that 69 percent of those polled are optimistic about the Reagan Administration--2:57.

Many U.S. companies with claims against Iran say they are afraid that the escrow account established by the hostage release agreement will be insufficient to repay claims--2:50.

—The State Dept. confirms that Robert White has been removed as U.S. ambassador to El Salvador because of critical public comments he made about the Reagan Administration's foreign policy--:11.

—General Motors reports that it lost \$763 million in 1980. Workers in Chrysler's plants agree to accept \$622 million in wage and benefit cuts to keep the company solvent--2:12.

—Auto industry analysts say they expect Chrysler to report \$1.7 billion in losses for 1980--:17.

—A Harvard University report finds that 53,000 Americans die each year from industrial air pollution--:22.

—The Federal Election Commission says that the Reagan presidential campaign must repay the government \$215,000 because it overspent by that amount--:20.

—Senate Labor Committee sources say that an FBI informant has linked Labor Secy-designate Raymond Donovan's New Jersey construction firm to an organized crime family--1:33.

—The Consumer Safety Product Commission says that some rags with the retardent TRIS are being sold in North Carolina--:33.

—The Postal Service reports that it moved 100 billion pieces of mail last year, but it also lost \$306 million--:22.

—Stock prices fall--:22.

—NASA reports that the space shuttle Columbia will not be launched before April 5--:18.

—Overweight soldiers at a Virginia Army base are ordered to lose pounds--2:01.

—Pope John Paul II names the 139th Archbishop of Paris--:29.

—Bruce Dunning reports that a privately owned family restaurant in Peking is very profitable by Chinese standards--1:39.

ABC WORLD NEWS TONIGHT:

Pres. Reagan meets with South Korean Pres. Chun and says that the U.S. will not withdraw any of its forces from South Korea--2:09.

The State Dept. confirms that Robert White has been dismissed as ambassador to El Salvador because he discussed publicly his differences with the Reagan Administration--1:36.

—A Soviet news agency report by Tass charges that Secy. of State Alexander Haig's statements that the Soviet Union supports international terrorism are a "malicious deception"--2:01.

Wildcat strikes continue in southern Poland--:33.

—NASA announces that the space shuttle Columbia will not be launched before April 5--:16.

General Motors reports \$763 million in losses for 1980--:23.

—The UAW agrees to wage and benefit cuts for Chrysler employees in order to keep the company solvent--1:39.

—Richard Anderson reports that the Northeast is suffering its worst drought in over 100 years --2:09.

—Stock prices fall--:08.

Government lawyers say that former POW Marine Private Robert Garwood's insanity plea against charges that he cooperated with North Vietnamese captors is a "smokescreen"--1:35.

—Former hostage Charlie Jones is given the key to Detroit by Mayor Coleman Young--:29.

—The speaker of Iran's parliament asks Ayatollah Khomeini to stop Pres. Bani-Sadr from making attacks on the Iranian clergy--:26.

—Pope John Paul II names the new Archbishop of Paris --1:10.

Deputy Secy. of State-designate William Clark undergoes critical questioning by the Senate Foreign Relations Committee--1:24.

Secy. of Education Terrel Bell says that federal regulations requiring schools to teach foreign-speaking students in their own language will be scrapped--1:38.

A federal judge in Virginia lifts a ban on the distribution of Penthouse magazine containing an interview with Rev. Jerry Falwell--:28.

The FBI investigates the disappearance of boxing promoter Harold Smith and \$20 million from a Los Angeles bank--2:35.

Report of continued limitation. West Coast is available only to the Congress and police matters in the Executive Branch. Any question regarding distribution should be directed to the Director of

Los Angeles Bank-2:35.
The FBI investigates the disappearance of boxing promoter Harold Smith and \$20 million from a
interview with Ray, Larry Peltz-12.

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-Former hostage Charlie Jones is given the key to Detroit by Mayor Coleman Young-28.

charges that he cooperated with North Vietnamese captors in a "smokehouse"-1:32.
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ABC WORLD NEWS TONIGHT.

News Digest



American Enterprise Institute for Public Policy Research
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February 4, 1981

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DOMESTIC AFFAIRS

DEFENSE

Defense Secretary Caspar Weinberger yesterday said he may favor deployment of neutron weapons in Europe, a move that would reverse a Carter Administration ruling. He told a news conference that the United States "would want to make use of" the "opportunity that this weapon gives to strengthen tactical nuclear forces." Weinberger stressed consultation with "all of our allies and France to try to persuade them that we had a greater degree of constancy this time." Former President Carter switched his position on the neutron warhead development in 1978. Weinberger also said the United States would consider a request from Israel to base U.S. troops on Israel soil, but said he "would be very surprised" if such a request were made.

STEALTH TECHNOLOGY SAID TO CHANGE DEFENSE PICTURE

MIAMI HERALD, 1/29/81, edit.:

"'Stealth technology,' the ability to mask an aircraft from detection by radar and other sensors, has encouraged those defense planners who are pushing for development of a new manned strategic bomber. But, as noted physicist Richard Garwin points out, the technology has wider implications.

"For example, couldn't stealth technology be applied to superaccurate, *unmanned* cruise missiles that can be fired from aircraft outside the borders of an enemy country without heavy risk to pilots and crews? The natural advantages of the cruise missile were at the root of former President Carter's wise decision to cancel production of the proposed B-1 manned bomber.

"Physicist Garwin, one of the more innovative thinkers in the defense field, points to two other areas where stealth technology can have an important impact — on strategic missiles and anti-submarine warfare.

"If stealth techniques were incorporated by the Soviet Union into the design of strategic missiles and their warheads, they could be extremely difficult to detect en route to US targets. That would make America's land-based missiles even more vulnerable to attack and destruction than they are considered now.

...
"President Reagan's Defense Department team is looking closely at the B-1 and the MX as means of quickly bolstering America's strategic might. However, any temptation to go forward should be weighed carefully against what the new stealth technology has to offer."

CHANGING MILITARY RETIREMENT

CLEVE. PLAIN DEALER, 1/29/81, edit.:

"The Brookings Institution and the General Accounting Office (GAO) believe that military people, from the

generals and admirals down to the lower enlisted ranks, should not be treated differently from their civilian counterparts on when they receive their retirement pay. We agree. This may be the time for changing military retirement rules.

"With the Social Security old-age trust fund in difficulty, President Reagan's advisers have been proposing Social Security changes that include raising the minimum retirement age for full benefits to 67 or higher, instead of the present 65.

"The Reagan people are not alone. The Advisory Council on Social Security reported to Congress in 1979 that the retirement age should be stretched to 68 by the year 2018. And it recommended that all workers, including federal military and civilian employees, should be included in the Social Security system.

"A soldier can collect retirement checks after 20 years of service and as young as 38 years old. There is no age requirement. A federal postal worker can collect retirement at age 60 after 20 years work and age 55 after 30 years. But a non-government worker on Social Security must be age 62 for reduced benefits and 65 for full benefits.

"Military personnel do not contribute to Social Security or to a retirement fund. Taxpayers pay for it through annual appropriations. In 1965 military pensions cost \$1.4 billion, according to the GAO. In 1978 it was up to \$9 billion. By 1983 it was expected to cost \$13.8 billion. That much was appropriated for fiscal 1981. Establishing an age factor would cut costs drastically.

"The Brookings report suggested that both military pay and retirement systems be revamped to better recruit and keep good soldiers. The pay system it recommended called for considering occupational skills and severing the link between rank, pay grade and occupation. The pay plan is questionable, especially if it would mean that those in combat would be paid less than the rear-echelon technician of the same rank.

"If the military has problems recruiting and retaining

trained specialists, perhaps it is time to eliminate the incentive for early retirement. The GAO rebutted a military argument that early retirement is necessary to attract and retain personnel. It found that youth and vigor were not universally required by the military and that a majority of those who retired were working in support-type jobs that had no relation to the physical requirements for combat.

"Congress, aware of military recruiting and retention needs, last year passed several benefit packages for those in

the armed forces. But the needs appear to remain.

"Congress has tried throwing money at the problem. It has debated the merits of a draft. Perhaps now it is time for Congress to consider setting an age requirement for receiving military pension checks and make federal retirement programs part of Social Security. That would eliminate an inducement for early retirement, cut costs and provide the Social Security system with a larger base."

REAGAN ADMINISTRATION

The Senate voted 80 to 17 yesterday to confirm Raymond Donovan as Labor Secretary. The no votes were cast by Democrats concerned about the alleged links between Donovan and labor racketeers despite the FBI's failure to corroborate a single charge.

SPENDING

The House Ways and Means Committee voted yesterday to raise the ceiling on the national debt by \$50 billion following testimony by Reagan Administration officials that such action is needed because the debt is nearing the existing limit and financial markets could be disrupted soon. The bill would increase the limit on the national debt to \$985 billion.

Major city mayors said President Reagan told them at the White House that his drive to cut spending will mean sharp reductions in urban aid and major changes in a program that provides money for cities hard hit by recession. Reagan also met with members of the Congressional Black Caucus, who have expressed concerns about budget cuts in social programs.

MOVE TO CREATE ECONOMIC ADVICE PANEL SAID TO STIR POLICY CONTROVERSY

Fred Barnes (BALT. SUN, 2/3/81, Washington):

"A seemingly innocuous proposal to create a panel of outside economic advisers to President Reagan has emerged as an issue of sharp contention in the continuing struggle in the new administration over tax and spending policies.

"It has divided the economic policymakers of the administration along a familiar fault line: The idea for the panel is being pushed by a senior White House adviser and is being opposed by officials in two cabinet agencies, the Treasury Department and the Office of Management and Budget.

"More important, however, is the policy aspect of the issue. It has pitted the 'supply-side' economists who won many of the top positions in those agencies against the less radical economic advisers to Mr. Reagan.

"The 'supply-siders' advocate a large, permanent tax cut for business — not necessarily coupled with dollar-for-dollar cuts in federal spending — as a means of stimulating economic activity which, in turn, would produce more tax revenue. They view the proposed panel as a vehicle for reducing their influence with Mr. Reagan.

"And they are especially alarmed over the potential

members of the panel — prominent Republicans from earlier administrations who have occasionally advised Mr. Reagan. Among these are Arthur F. Burns, the former chairman of the Federal Reserve Board, and George P. Shultz, the former treasury secretary.

"Mr. Burns and Mr. Shultz are identified with a quite different economic policy from the 'supply-siders.' They favor the more traditional policy of economic austerity to combat inflation.

"The idea for the panel originated with Martin Anderson, the White House domestic policy adviser and a long-time aide to Mr. Reagan. Mr. Anderson has said the panel would give the breadth of economic advice and expertise.

"The first major reason for establishing the group is that the economic question is a much more important question now," Mr. Anderson told the *New York Times* recently. "In addition, the Republican party has got quite a substantial number of people who are among the finest economists in the country but who are not actually part of the administration."

"It is unclear how much clout the outside panel would have, should it be created, because it is apparently unresolved whether the group would report directly to the President.

"The panel would be an economic parallel to the National Foreign Intelligence Board, which advises the President on intelligence matters. That board has a staff and reports directly to the President.

"Some people [in the 'supply-side' camp] think it's an effort by Anderson to bring in people who've been advising on Republican economic policy for years and mute some of the influence of the 'supply-siders,' said one official.

"But it may wind up that the panel is named and doesn't do anything," this official said."

CONTROLLING THE UNCONTROLLABLES

DETROIT NEWS, 1/29/81, edit.:

"About 75 percent of federal spending consists of 'uncontrollable' outlays, which can be reduced only by legislative action.

"Uncontrollable, however, does not mean untouchable, and the Reagan administration knows that if federal spending is to be reduced, these once-sacrosanct programs can no longer be spared.

"But the problem is large. The uncontrollables include interest on the public debt and obligations under contracts. The new administration would scarcely want to repudiate the government's debts or arbitrarily cancel contracts. So, the budget cutters must focus on that area of uncontrollable spending involving payments to individuals.

"In fiscal 1982, payments to individuals will total \$355 billion, a whopping 48 percent of the total budget.

The programs include Social Security, federal employees' and railroad workers' retirement, unemployment compensation, Medicare and Medicaid, housing assistance, food stamps, welfare, and supplemental security income. The beneficiaries include the aged, the disabled, the sick, the poor, and the unemployed. It will be particularly difficult for the Reagan administration to justify slicing into such programs while simultaneously moving ahead with a tax-cut plan.

"Too, most benefit programs are supported by powerful Washington lobbies. Social Security, for example, has strong backing from organized labor and senior citizens' organizations, which have successfully resisted all attempts to reduce benefits. A relatively high percentage of the 36.5 million Social Security recipients go to the polls, a fact congressmen are acutely aware of. Food stamps have the backing of the nation's farmers, who profit from the \$17.5 billion a year Washington spends on food and nutrition programs. The depressed housing industry surely would fight reductions in the \$8.5 billion in government subsidies for low-income and moderate-income housing.

"Despite the human and political problems involved, the Reagan inflation fighters have little choice but to seek cuts in the uncontrollables in a humane, equitable, and cost-effective manner.

"After all, everyone — the retired, the presently unemployed, the needy — will benefit in the long run from a successful fight against inflation. And there is no possibility the inflation rate can be markedly reduced if federal spending isn't substantially cut."

TAXES

Budget director David Stockman told the House Ways and Means Committee yesterday that President Reagan is virtually certain to propose a 10-percent reduction this year in individual income tax rates. He added that not all decisions on the administration's economic program have been made, including whether the individual tax cut would be retroactive to January 1.

ENERGY

STUDY FINDS THAT INCREASED DRILLING MAY BE TOO COSTLY

Jerry E. Bishop (WALL ST. JRN., 2/3/81):

"The faster the oil industry drills for new oil in the U.S. the sooner it becomes a losing energy proposition.

"That's the conclusion of a new study by two Cornell University scientists. The study appeared in a scientific journal only a few days after President Reagan decontrolled

domestic oil prices to stimulate exploration for new oil supplies in the continental U.S.

"Unless the oil industry finds a superior way to look for new oil pools, drilling soon will consume more energy than it unearths, the study found. The day soon will come, the researchers explained, when 'the energy cost of obtaining a barrel of oil is the same as the energy in that barrel.'

"This break-even day of reckoning won't come for about 20 years if the industry holds drilling to its 1978

rate, the study predicted. But if that rate continues to increase, 'the break-even point for oil could occur in the mid-1980s,' the researchers said.

"The result of our analysis indicates that the current trend of increasing conventional exploration effort by the oil industry may not be in the best interest of the nation as a whole," Charles A.S. Hall and Cutler J. Cleveland of Cornell's section on ecology and systematics asserted in their study, published in this week's issue of the magazine *Science*.

"The main reason is that the oil industry is becoming

less energy-efficient at finding oil, they explained.

"Oil observers generally reject this theory of inefficiency, although industry studies have previously demonstrated that oilmen have been finding less oil per foot drilled in recent years. Oil observers maintain that there are a number of factors that could reverse the discovery trend. They cite continuing technological improvements in the search for oil and gas, such as new direct hydrocarbon techniques. Also, industry sources say, there probably are big new oil and gas fields still to be found in the U.S. by the new spurts in drilling resulting from rising prices for the fuels."

TOXIC WASTES

REAGAN MAY REVISE CLEANUP ORDER

Joanne Omang (WASH. POST, 2/3/81):

"The Reagan administration is considering whether to rescind some of former president Carter's parting-shot executive orders, including one that implements the \$1.2 billion so-called superfund program to clean up toxic dumps and spills.

"The mere rumor of action to stop the highly controversial program from going into effect has caused alarm at the Environmental Protection Agency, which has a special task force all geared up to run it, and consternation in at least two congressional offices. Meanwhile, the White House says no policy shifts are at stake.

"President Carter signed the superfund executive order the day before he left office, giving EPA and the Coast Guard authority to run the fund and clean up abandoned dumps and toxic spills that EPA would designate. The fund needs an executive order, unlike most legislation, for technical reasons related to the history of water pollution control.

"Rep. James Florio (D-N.J.), sponsor of the fund bill, wrote Reagan to 'respectfully request that you consider keeping this order in place.' All existing executive orders are subject to revocation at the new president's discretion, and fund supporters are mindful that Office of Management and Budget Director David A. Stockman was one of the superfund's opponents last year when he was a congressman.

"Frederick Khedouri, OMB associate director for natural resources, confirmed that 'active reconsideration' is under way. 'There is some desire to see if we might want to assign responsibilities in a different way, not to change the legislation or its purpose but more in the line of administrative shifts,' he said. 'There's no reason for anyone to get excited. There's no implication for policy.'

"Robert Roland, president of the Chemical Manufacturers Association, said no one in the administration had asked his opinion but he thought rescission of the order and any reassignment of functions would be a bad idea. 'It would delay things . . . it wouldn't be helpful either for the chemical industry or the country,' he said."

FCC

RADIO DEREGULATION PRAISED

PITTSBURGH PRESS, 1/31/81, edit.:

"Back in 1934, when the Federal Communications Act was written, there were fewer than 600 radio stations in the entire country. All were in the AM band; FM hadn't been born yet.

"So it made sense to hedge in the broadcasters with regulations designed to ensure that they served the 'public interest, convenience and necessity.'

"Today there are almost 9,000 stations, AM and FM, not to mention a vast television industry.

"So it makes sense now to free the radio broadcasters from rules that no longer are needed:

"The Federal Communications Commission has decided to do just that. By a 6-to-1 margin, it has voted to lift the limit on the number of commercials a station can air in an hour and to drop minimum requirements for news and public-affairs programming.

"Stations also will be relieved of the onerous task of keeping detailed logs recording their commercials down to the fraction of a second and of reporting to the FCC the proportions of news and public service and other material they broadcast.

"All this is not going to happen right away, however. The FCC itself can reconsider, and at least one public-interest group has filed a court suit to block the deregulation.

"But when it does happen, radio listeners probably won't notice much difference.

"Very few radio stations now broadcast the 18 minutes of commercials per hour that the FCC already allows. So raising the limit will have no bearing on them.

"Actually, competition for the public ear, not government edict, is the determining factor in the radio business.

"If a station should elect to broadcast nothing but

commercials, it could do so under the new rules. But how many listeners would it retain?

"In any event, stations still will have to pass muster every three years, at license-renewal time, and that should continue to be a check on irresponsibility.

"As for fears that the need of otherwise voiceless groups in the community may be ignored, it's worth noting that 287 new stations have come on the air since the FCC began considering deregulation 18 months ago.

"There's room on the dial for every type of programming. The radio medium has matured. It's time to cut the apron strings and set it free in the marketplace of ideas."

FOREIGN AFFAIRS

POLAND

Polish Communist Party leader Stanislaw Kania yesterday accused the independent trade union Solidarity of having violated its statutes. "The time has come to adopt a stand on the participation of party members in strikes," he said in a speech carried by Polish radio. "While we recognize the workers' right to such a protest, a strike is a weapon of last resort . . . many of our strikes are clearly political in character." Kania said Solidarity was turning into a political opposition and was creating anarchy in Poland.

The governor and deputy governors of Poland's southern province of Bielsko Biala offered to resign in the face of an eight-day-old strike by workers demanding the dismissal of five top local officials. Meanwhile, talks continued between a government delegation and strikers in the province.

ASIA

South Korean President Chun Doo-Hwan pledged yesterday to work for a constitutional order in his country that would guarantee a peaceful transfer of power and more democratic freedom for South Koreans. Chun, at the end of a brief visit that included talks with President Reagan, told the National Press Club that genuine stability could be achieved only when a majority of the people accepted the legitimacy of the government and backed its decisions.

TOP JAPANESE GENERAL CRITICIZES GOVERNMENT'S MILITARY POLICIES

William Chapman (WASH. POST, 2/3/81, Tokyo):

"Japan's top general officer has publicly criticized important aspects of the country's military policy, adding fuel to the growing debate about whether its armed forces are adequate to its needs.

"In his remarks, Gen. Goro Takeda, chairman of the Joint Staff Council, challenged the official doctrine that a draft would be unconstitutional, said that prohibitions against Japanese troops being sent abroad would impede defense of the homeland and called for a threefold increase in the military budget.

"The comments, made in a magazine interview and widely quoted in the daily press, brought calls from Social-

ist members of parliament for his resignation.

"His unusual breaking of ranks posed an awkward problem for Prime Minister Zenko Suzuki, who ordered an inquiry, and for the civilian defense minister, who cautioned Takeda about his remarks.

"It is rare in Japan for a uniformed officer to publicly question government policy, even in the current climate of opinion in which the long-taboo subjects of defense policy and budgets are routinely discussed."

CHINA BACKS NON-COMMUNIST OPTION FOR CAMBODIA

Frederic A. Moritz (CHR. SCI. MON., 2/3/81, Singapore):

"China has taken another step to cement its relations with Southeast Asia and keep the Soviet Union from making new inroads there.

"The step is to support publicly a noncommunist united front government for Cambodia as an alternative to the present Vietnamese-dominated Heng Samrin government in Phnom Penh.

"At a Feb. 1 press conference during a visit to Bangkok, Thailand, Chinese Prime Minister Zhao Ziyang publicly acknowledged the new policy. In so doing he took a step back from total and exclusive support of Khmer Rouge guerrillas who have been fighting the Vietnamese army since it drove them from power in 1979.

"China would support a united front government headed by anticommunists such as the exiled Prince Noro-

dom Sihanouk or Son Sann, head of a noncommunist group called the Khmer People's National Liberation Front (KPNLF).

"At present such a coalition would appear unlikely, since Prince Sihanouk, now living in North Korea, refuses to cooperate with the Khmer Rouge, and Son Sann's forces are reluctant to do so.

"[Reuters, however, quoted the Bangkok Post Feb. 2 as saying Son Sann would replace the ousted Khmer Rouge Prime Minister Khieu Samphan and military commander Pol Pot 'imminently.']

"But Mr. Zhao's statement does much to assert solidarity with the noncommunist nations of Southeast Asia. Members of the Association of Southeast Asian Nations (ASEAN) — Thailand, Singapore, Malaysia, Indonesia, and the Philippines — have long urged China to put a little distance between itself and the Khmer Rouge.

"ASEAN members have been concerned that they would lose a propaganda war if they continue to support the Khmer Rouge as the real government of Cambodia. They have hoped that even a loose united front, including respectable noncommunist anti-Vietnamese forces, would help in the propaganda battle with Vietnam and the Soviet Union. Otherwise, they fear, the Phnom Penh government would eventually win recognition in the United Nations and by the nonaligned countries.

"In another statement Mr. Zhao made a long and eagerly awaited gesture to the Southeast Asian governments. He publicly declared that Chinese support for communist movements in Southeast Asia is restricted to 'ideological and moral considerations.' "

WESTERN EUROPE

Gro Harlem Brundtland, a left-wing moderate and strong supporter of European military security, was named yesterday as Norway's first woman prime minister. Former Prime Minister Odvar Nordli, who resigned Friday citing ill health, went to the Royal Palace in Oslo to recommend Harlem Brundtland to King Olav.

The Dutch parliament voted 77 to 70 to reject the government's approval last year of the export of two submarines to Taiwan. The deal had prompted sharp reaction from China, which has accused the Netherlands of interfering in China's internal affairs. China last month said it would lower the level of its diplomatic relations with the Netherlands to the status of a charge d'affaires, in protest. According to China, Dutch arms sale to Taiwan would violate a 1972 agreement in which the Netherlands recognized China's claim that Taiwan is a province and not a separate state.

LABOR'S CRACKUP IN BRITAIN

CLEVE. PLAIN DEALER, 1/29/81, edit.:

"It is not a party yet. Not even a half-party. It is called the Council for Social Democracy. It could add a new source of political action — or confusion — to the British mixture.

"Not many Labor MPs have come rallying to this new banner. Of the gang itself only Williams has renounced running on the Labor ticket. Owen might too. But the gang and Jenkins do not command a legion of political figures ready to risk the complete fracture that would break Labor in two.

"Merger with the Liberal party might raise the gang's

standing to full political party size. Liberals drew 12% of the votes in recent elections and polls. One fresh poll says that a left-center party allied with the Liberals might win.

“But right now the new splinter group is only diminishing Labor’s strength. It is weakening Labor’s opposition to the failing Tory program of austerity and the devil take

the hindmost. And it is weakening Labor’s future power at the elections to come.

“For Britons, Labor’s self-inflicted wound is a fearful shock. Their mistrust of all their parties must have deepened. Their economy is on the critical list and now their political system has been rolled into the emergency ward.”

TRADE

Trade Representative William Brock said yesterday that future trade with the Soviet Union, including the lifting of the partial grain embargo, will be tied to Soviet actions in Poland. Brock told Reuters that Poland is “so sensitive that it simply would not be possible to consider any action, any relationship with the Soviet Union, that did not take that into major account.”

Brock also said it was imperative for the Japanese to realize what impact their car exports were having on U.S. car producers, but he said he was not ready to advocate specific legislation. On Capitol Hill, Senators John Danforth (R-Mo.) and Lloyd Bentsen (D-Tex.) proposed legislation to provide a three-year restriction on Japanese auto imports. It would limit cars to 1.6 million a year. The Japanese exported 1.9 million cars to the United States in 1980.

MIDDLE EAST

An Israeli parliamentary committee yesterday decided on June 30 as the date for the national election, in which the opposition Labor Party is heavily favored to oust Prime Minister Menachem Begin. Some polls indicate that Labor might win an outright majority in the 120-seat parliament.

The speaker of Iran’s parliament welcomed a new mediation attempt in the war against Iraq. Pakistani foreign minister Aga Shahi, delegated by the Islamic Conference Organization to undertake a peace mission to Iran, conferred in Tehran with Hojatolislam Hashemi Rafsanjani and was warmly received in sharp contrast to others who have tried mediation efforts.

CENTRAL AMERICA

U.S. HELPS ORGANIZE SPECIAL FORCES IN EL SALVADOR

BALT. SUN, 2/3/81, Washington:

“The United States is helping El Salvador’s military to organize mobile counter-strike forces equipped with radios and helicopters for responding quickly and forcefully to guerrilla attacks.

“Last week 12 U.S. servicemen arrived in El Salvador to train mechanics for six UH-1H Huey helicopters shipped to the country earlier in January. The choppers, which can carry 10 to 12 men, are intended for troop transport and patrol missions. U.S. officials say they are mounted with machineguns for protection.

“The United States has leased the helicopters to El Salvador at no cost. The Salvadorean government, however, must pay salaries and expenses for the mechanical training team and two pilot trainers on loan from the U.S. armed forces.

“The ‘no-cost least’ of helicopters is not routine in Latin America, although it has been used frequently in

other parts of the world. It was used in El Salvador to bypass time-consuming military procurement procedures that are required for sales or grants.

“The only other country in Latin America to be given no-cost leases of Huey helicopters is Honduras, which received 10 last spring. They are used partly to interdict the flow of supplies through Honduran territory to the Salvadorean guerrillas, State Department officials say.

“The Hueys in El Salvador will be part of counter-strike forces controlled by a command center, or war room, that was set up in November by a team of U.S. military technicians.

“The five-man team of communications, intelligence and logistics specialists is teaching Salvadoreans how to gather reports of guerrilla activity, evaluate them and coordinate military responses. Before the war room was set up, there was no central coordination for the Salvadorean army, national guard, national police and rural police, all of which are involved in anti-guerrilla operations.”

OMINOUS REPORT OF SOVIET INVOLVEMENT

Cord Meyer (SAN DIEGO UNION, 1/23/81):

"Documents captured early last month from the Communist Party of El Salvador reveal in ominous detail the full extent of the Soviet-orchestrated program of covert military support for the communist guerrillas. This irrefutable documentary evidence helped persuade a hesitant Carter administration to authorize as one of its last official acts a \$5 million emergency grant of guns and ammunition to the hard-pressed Salvadoran government.

"While American and Salvadoran officials haggle over how best to surface this damning proof of Russia's secret intervention in Central America, an executive summary of what the documents contain, to which this reporter has had access, gives a fascinating preview of the highlights.

"According to this detailed chronological record of how the Salvadoran communists successfully negotiated a series of arms deals with half a dozen communist states, the Soviets made the basic decision last June to step up the flow of arms to the guerrillas. The Kremlin authorized Fidel Castro to act as the middle man in coordinating and facilitating the delivery of arms and equipment.

"Frequent visits of Salvadoran communist leaders to Havana to participate in mass propaganda meetings provided convenient cover for the negotiations. An ingenious attempt was made to disguise the true source of the weaponry. For example, the Soviet client regimes in Vietnam and Ethiopia were designated as the main arms suppliers, since Vietnam holds large stocks of captured American weapons and the Ethiopian regime inherited a similar stockpile from the days of the American alliance with Haile Selassie.

"East Germany, Czechoslovakia and Hungary provided uniforms, communication gear and medical supplies. Hungary was particularly helpful in suggesting where Czech arms could be bought on the open market to avoid the taint of collusion. The first secret deliveries of Vietnamese-supplied American weapons began to arrive on the Pacific Coast of Latin America in early September from where they were transported through clandestine channels to the fighting front.

"The documents make clear beyond any reasonable doubt that the Sandinista regime collaborated in allowing Nicaraguan territory to be used as a trans-shipment point and staging area. Training in the more advanced weaponry is being provided in Cuba where Salvadoran guerrillas are being put through sequential training courses, 300 at a time, before being infiltrated back into El Salvador.

...

"Beyond this documentary proof of an orchestrated campaign of military intervention, there is also a specific intelligence report that one of the Salvadoran guerrilla groups, the Popular Forces of Liberation, deliberately murdered the three American nuns on Dec. 2 in a successful attempt to lay the blame for the murder on the government security forces. As described in the report their purpose was to place the government of Christian Democrats and reformist officers 'in the worst possible light' and to provoke the termination of American assistance.

...

"... Unless the new Reagan administration quickly resolves its internal ideological differences by firmly supporting the Salvadoran government's current program of land reform, the peasants will have nothing to fight for, and the communist guerrillas may win by default."

FOREIGN POLICY

FIRMER U.S. LINE WELCOMED

MIAMI HERALD, 1/30/81, edit.:

"There are times in the conduct of foreign policy when its tone is almost as important as its substance. For the United States, with a new Administration in charge, this is such a time.

"Secretary of State Alexander Haig obviously realizes this. The tone of his first news conference since he took office was entirely appropriate: not belligerent, but firm.

"Nowhere was the new Administration's tone of firmness more evident than in its decision on what to do about the American-made arms Iran has paid for but hasn't received yet.

"I state categorically today that there will be no military equipment provided to the government of Iran," Secretary Haig declared and 'declared' is the word.

"The message Secretary Haig sought to convey is this: Don't kick sand in Uncle Sam's face and then expect to do business as usual the following week.

"Sending such a message to potential adversaries can save the United States a lot of the grief that arises when other nations mistake American forbearance for appeasement or weakness.

"The renewed American resolve evident in Secretary Haig's words may also help restore some of the credibility that was lost when, for example, President Carter tolerated a Soviet presence in Cuba that he had previously termed 'intolerable.'"

CHARTING A MIDDLE EAST POLICY

INDPLS. NEWS, 1/28/81, edit.:

"President Reagan has been spared the task of extricating the American hostages from Iran, but he faces an equally sobering challenge: Charting a policy which will skirt the hidden Mideast land mines and allow the U.S. to help defuse the entire area.

"The first assignment is to be ready to help pick up the pieces after Iran and Iraq have exhausted themselves in battle. If in the process the Khomeini forces are overthrown and the U.S. should welcome that — the Soviet Union will be tempted to step in and forcibly unite a divided nation.

"Acting in concert with other allies, the U.S. should seek to prevent such a Soviet move. It is in the American interest to support a united Iran under an anti-Khomeini regime, but it is not in the American interest to restore Iran to its dominant role in the Persian Gulf. This is one lesson to be learned from recent history.

...
"After a dozen years in which the 'protected' area has come completely unglued, the U.S., to its utter disgrace, is still dependent upon Mideast oil and now forced to attempt to stabilize the Persian Gulf with its own ships and planes.

"Behind the scenes there are feverish negotiations for U.S. bases, perhaps in Oman or Kenya. Algeria may be a new ally in light of performing outstanding diplomatic service on behalf of the U.S. in gaining release of the American hostages. A so-called Rapid Deployment military force is a-building, albeit tardily. It appears now that the support of Egypt can be counted upon, but President Sadat is as shrewd a bargainer as the late Shah of Iran.

"The key element in hammering out a new policy toward the Mideast will be to tread softly but firmly, playing no favorites among the nations involved. Meantime, the overriding internal discipline is to wean the American machine from using Mideast oil. This act alone would go far in solving the other issues and would relieve much of the pressure on the harried diplomats."



SOVIET UNION

RENEWED SOVIET NERVOUSNESS SEEN

Ned Temko (CHR. SCI. MON., 2/2/81, Moscow):

"... there is renewed nervousness among Moscow diplomats over the unrest in Poland.

"Soviet pressure on the Poles reached a new peak Jan. 29 with charges by the official Soviet news agency Tass — later read on the television news and carried by major newspapers — that Polish labor leaders were taking 'a position of political opposition' to the Communist Party.

"There seemed little doubt the Soviets felt the time for concessions to the Polish unions was past, and that the country's communist leaders must get convincingly tough-

er. As if on cue, the Warsaw government vowed to take 'necessary measures' should the unrest go on. The government then sealed its latest, partial compromise with the unions.

"Tass nonetheless saw fit to quote a Polish report from Warsaw that signaled new concern. Despite the latest accord, the agency said, 'Some members of the trade union organization continue, as before, to pursue the line of undermining stability.'

"As Poland simmered, some Moscow analysts saw potential trouble on another front: relations between the Soviets and the new administration in Washington."

WHY BACK THE STATUS QUO?

DETROIT NEWS, 1/29/81, edit.:

"By repeatedly urging the Polish dissidents to moderate their demands and avoid direct confrontation with the Soviets, the Carter administration clearly signaled its conviction that the *status quo* in Eastern Europe is an American, as well as a Soviet, interest.

"But is it?

"The Kremlin has many serious problems, but none is more pressing than the steadily rising aspirations of the peoples of Eastern Europe. Indeed, the crisis in Poland may be the first really irreparable crack in the Soviet *imperium*.

"While Washington probably should refrain from sending arms to Polish or Czech freedom fighters, we don't see any reason to discourage indigenous opposition to

Soviet puppet governments. The Kremlin has never refrained from providing moral support (and sometimes much more) to those threatening America's interests in Central America or anywhere else.

"Isn't it odd that not one official of the Carter administration saw fit to openly express support for the demands of Solidarity, the Polish trade union? Especially strange, in light of Mr. Carter's human rights campaign in Chile and Brazil, was the profound silence on Solidarity's civil rights agenda.

"From everything we have heard and read about President Reagan, we expect the United States will assume a very different posture in future Soviet crises. One place to begin is Afghanistan, where tribesmen are waging a war of national liberation against overwhelming odds.

"Surely the Reagan administration will find a way to support these heroic mountain rebels — if not with arms, then with frank and compassionate encouragement."

ECONOMY

SATURDAYS CALLED SIDE ISSUE

MANCH. GUARD., 2/1/81, edit.:

"Once again Solidarity and the Polish authorities are at each others' throats and the Kremlin is signaling its displeasure. Both sides in the 40-hour week dispute are waving the Gdansk agreement which ended the strikes last August and led to the recognition of international communism's first free trade union movement. Academic, textual analysis is a luxury which bankrupt Poland, with increasingly restive 'allies' hovering on its borders, can ill afford. More so when the text of that totally unprecedented agreement contains something for everybody. Thus the document states that agreement on the introduction of the 40-hour week should have been worked out by 31 December, 1980. Score one for Solidarity. But the document goes on to add: 'The measures should include the increase in the number of free Saturdays from the start of 1981.' Score one for the Polish Government, which has offered either two free Saturdays a month or the five-day week in return for longer working hours between Monday and Friday.

"In classical, collective bargaining terms — of which neither the authoritarian rulers of Poland nor the unsophisticated leaders of Solidarity have much experience — precious little now divides the parties. But the Government hesitates before giving further ground because it fears both the economic consequences of surrender and the indications of impotence such a surrender would signal to the rest of the Warsaw Pact. The increasingly influential hard men in Solidarity — mindful of the way the state made concessions in 1956, 1970 and 1976 and then clawed them back — fear that any compromise with the Communist state (or

to economic reality) will spell the beginning of the end for what the party itself calls, approvingly, 'the process of renewal.'

"It would be a tragedy for Poland, for detente and for the world, if the Polish people, having achieved so much in six months, should now see those achievements destroyed in a squabble over the small print. More so when a document at least as fundamental for the future of Poland as the Gdansk agreement has just been published with the blessing of the authorities. It is the report of the 500-member Commission for Economic Reform established after last summer's upheavals. If the report is endorsed by Parliament and by the party congress this spring — as seems certain unless there are further upheavals in the meantime — Poland will replace both its grossly over-centralised system of economic planning with a form of liberal 'market socialism' at least as permissive as that of Hungary, and its dictatorial system of industrial management with a degree of worker control greater than that of heretical Yugoslavia.

"To simplify the commission's 96 proposals: it will be left to the market and not the bureaucrats to dictate the production and pricing policies of individual plants and also employment and wage levels. The ultimate discipline in future will be the 'liquidation' (in capitalist terms, 'bankruptcy') of the enterprise. Workers' councils, elected secretly with unlimited candidates, will either appoint directors or at least, approve their appointment. It is hard to see the sense in endangering the prospects for such fundamental reforms over a struggle for a marginal reduction in the basic working week. Solidarity participated in the work of the economic commission. It should now devote its energies to promoting the commission's recommendations."

TELEVISION NEWS
FOR
FEBRUARY 3, 1981

NBC NIGHTLY NEWS:

—Pres. Reagan meets with some of the nation's mayors and says that some urban aid programs will be cut. New York Mayor Edward Koch says that Reagan told the mayors that programs for the very needy will not be cut--1:58.

—Reagan meets with the Congressional Black Caucus to discuss budget cuts. Chairman Walter Fauntroy says the group will meet with Cabinet secretaries this month to discuss the cuts--1:33.

The House Ways and Means Committee approves a \$50 billion increase in the national debt ceiling--18.

—Defense Secy. Caspar Weinberger says the Reagan Administration may build the neutron bomb and deploy it in Western Europe. He also says the MX missile may not be deployed on land--2:10.

—The army's chief of staff says that Reagan's hiring freeze is reducing the Army's readiness because soldiers must fill some jobs previously held by civilians--18.

—The Reagan Administration reportedly is considering the sale of military equipment to Saudi Arabia--1:13.

A congressional report says that last summer's disclosures about the "Stealth" aircraft were made to enhance former Pres. Carter's reelection prospects--34.

—The Senate approves the nomination of Raymond Donovan to be Secy. of Labor--1:57.

—The Senate Foreign Relations Committee approves the nomination of California Supreme Court Justice William Clark to be Deputy Secy. of State--23.

Five senior provincial officials in a southern Polish province offer their resignations under pressure from strikers--24.

Polish Communist Party chief Stanislaw Kania says the Solidarity trade union is acting like an opposition political party--1:20.

—Reagan tells reporters from some major U.S. newspapers that he does not consider Israeli settlements on the West Bank illegal--32.

—The Texas-based Electronic Data Systems computer company says that its claims against Iran are not limited by the Carter Administration's accords with Iran because it has a favorable court judgement on record pre-dating the hostage release agreement--1:28.

—Leftist guerrillas in El Salvador attack an Esso Oil Co. compound in San Salvador--1:12.

—Norway elects its first woman prime minister--17.

Defense attorneys for Marine Private Robert Garwood say he was mentally insane when he allegedly collaborated with North Vietnamese troops as a POW--1:39.

—Heavy snows hit Erie, Penn.--20.

—Mobile, Standard Oil of Indiana, and Marathon oil refineries raise the wholesale price of their gasoline three to five cents a gallon--24.

—Many American motorists who live near the Canadian border drive to Canada to buy gas--1:30.

Ike Seamans reports that the polyvinyl sculptures of Duane Hanson are remarkably life-like because the cast from human models--2:04.

CBS EVENING NEWS:

—Defense Secy. Caspar Weinberger says that the Reagan Administration might build the neutron bomb and deploy it in Western Europe--2:55.

—The Air Force says that eight days ago its planes intercepted two Soviet intelligence planes 100 miles off the coast of Cape Cod--30.

—Secy. of State Alexander Haig reportedly says that Cuba has intervened in the fighting in El Salvador--23.

—A House Armed Services Committee report charges that last summer's disclosure of the existence of the "Stealth" aircraft was intended to bolster former Pres. Carter's reelection chances--31.

—Pres. Reagan and his economic advisers meet with 12 of the nation's mayors and the Congressional Black Caucus to discuss budget cuts. He reportedly says the cuts will not fall squarely on the shoulders of the poor--2:16.

—The House Ways and Means Committee approves a Reagan Administration request to raise the national debt ceiling by \$50 billion--1:45.

- Ⓒ The Senate approves the nomination of Raymond Donovan to be Secy. of Labor--1:52.
- Ⓒ The Senate approves the nomination of Frank Carlucci to be Deputy Secy. of Defense--29.
- Polish Communist Party chief Stanislaw Kania says the Solidarity trade union is trying to become a "political opposition party"--:48.
- Spain's King Juan Carlos visits the Basque region of his country--:19.
- Defense attorneys for Marine Pfc. Robert Garwood, charged with collaborating with the North Vietnamese while a prisoner of war, say that he was tortured--2:06.
- The FBI investigates Muhammad Ali Professional Sports in connection with charges that it embezzled over \$20 million--2:46.
- The Air Force drops the requirement that persons not be admitted to the Air Force Academy with sickle-cell trait--:37.
- David Dick reports on a cow breeding technique which freezes superior cow embryos and transferring them to other cows--2:17.
- Mrs. Robert McNamara, the wife of the former Defense Secy., dies at the age of 65--:08.
- General Motors says it plans to close five plants temporarily next week--:17.
- Many U.S. oil refiners raise the wholesale price of their gasoline by as much as five cents a gallon--:16.
- A natural gas industry report says there will be a shortage of natural gas in a few years if controls on the industry are not lifted--:11.
- Stock prices rise--:03.
- Private security guards replace military policemen guarding the Oakland, Calif. army base. The army says this will save \$200,000 per year--2:18.

ABC WORLD NEWS TONIGHT:

- Ⓒ Defense Secy. Caspar Weinberger says that the Reagan Administration may build and deploy the neutron bomb. He also says the MX missile may be deployed at sea on old Navy surface ships--2:17.
- Ⓒ Pres. Reagan meets with big city mayors to discuss budget cuts. Some of the mayors say they are worried that some necessary urban programs may be cut--1:42.
- Ⓒ The House Ways and Means Committee approves a \$50 billion increase in the national debt ceiling--1:22.
- Ⓒ The army chief of staff says that Reagan's hiring freeze is forcing the army to use soldiers in jobs that civilians once had--:18.
- The Air Force says two Soviet bombers were intercepted 180 miles off the coast of Cape Cod last week--:20.
- The Soviet news agency Tass accuses the Western media of broadcasting "subversive propaganda" regarding tensions in Poland--:39.
- Polish Communist Party chief Stanislaw Kania says that the government cannot accept the Solidarity trade union's becoming an opposition political party--1:44.
- Solidarity union leader Lech Walesa is nominated for the Nobel Peace prize--:24.
- Norway names its first woman prime minister--:12.
- Many Tennessee union workers protest the construction by non-union workers of a Datsun automobile plant in Smyrna, Tenn.--2:02.
- Three major oil refiners raise wholesale heating oil costs by five cents a gallon--:16.
- Stock prices rise--:04.
- Ⓒ The Senate approves the nomination of Raymond Donovan to be Secy. of Labor--1:45.
- Ⓒ The Senate Foreign Relations Committee recommends that California Supreme Court Justice William Clark be approved as Deputy Secy. of State--1:18.
- Defense attorneys for Marine Private Robert Garwood say that he was mentally ill when he collaborated with North Vietnamese forces as a POW--1:36.
- Former hostage Gregory Dersinger files suit against Iran for damages that he incurred as a hostage--1:41.
- A federal judge in Texas says that he wants more information from the government before he decides whether to issue a restraining order on the government not to release \$20 million in Iranian assets--:20.
- Former hostages Charles Jones and Joseph Subic are honored at a reception by Detroit Mayor Coleman Young--:16.
- Swiss diplomats in Tehran say they will meet with free-lance journalist Cynthia Dwyer, who is in an Iranian jail--:13.

- Spain's King Juan Carlos visits the Basque region of his country--:20.

The Wells Fargo Bank names the Muhammad Ali Professional Sports in a civil complaint in connection with the embezzlement of over \$20 million--2:29.

News Digest



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DOMESTIC AFFAIRS

BUDGET

The Reagan Administration is considering some \$53 billion in budget cuts in 1981 and 1982, Senator Bob Packwood (R-Ore.), who said he has seen a list of proposed spending cuts, told Reuters yesterday. Packwood said cuts amounting to \$12-\$13 billion were being contemplated for the current year and another \$40 billion for 1982. President Reagan will present his tax and spending cut package to Congress in the middle of the month.

Reagan went to Capitol Hill to lay the groundwork for his package, consulting with leaders in the President's Room, a seldom-used office off the Senate chamber. His press secretary James Brady, said Reagan, in formulating his program, was trying to "weed out the greedy to help the needy." Reagan will address the nation tonight on his proposals.

DEEP CUTS URGED FOR POPULAR PROGRAMS

Robert G. Kaiser (WASH. POST, 2/4/81):

"The Reagan administration's budget cutters have selected popular federal spending programs for deep cuts of total elimination during the next four years — cuts that are likely to provoke serious political opposition in Congress.

"According to authoritative sources in the administration and on Capitol Hill, the administration has targeted not only obvious candidates like public service jobs, Medicaid and food stamps, but also some sacred congressional cows like the Farmers Home Administration, the Tennessee Valley Authority, the National Endowments for the Arts and Humanities and child nutrition programs.

"The White House hopes to all but eliminate trade adjustment assistance, a program that began modestly in the mid-1970s to help workers deemed to have lost their jobs because of competition from imported goods, which has now burgeoned into a \$3-billion-per-year enterprise. The administration also hopes to make major reductions — as much as 40 percent of total costs — in standard unemployment benefits.

"Cuts like these, which affect poorer Americans, will be politically offset by reductions in benefits to the wealthy and to business, these sources said. For example, the administration hopes to reduce substantially the lending authority of the Export-Import Bank, which finances American exports, principally those of big corporations.

"However, the proposed cuts that have been disclosed so far would be significantly harsher for lower-income groups than for the well-off. Specific details of cuts proposed by the new administration's Office of Management and Budget were published yesterday in the Chicago Sun-Times, which said it had acquired a copy of a memorandum listing them. Much of the information in the Sun-Times account was confirmed by informed sources yesterday.

"What is not clear in the figures now available is the base against which they are to be measured. In some cases,

the proposed cuts will be in the 1982 Carter administration budget; in others, they will be based on current operating costs, and in the remainder the cuts will come from long-term authorization measures stretching into the mid-1980s. A key White House official stressed that these are just proposals and that President Reagan has not yet finally approved any of them. The proposals emanate from working groups established by former congressman David A. Stockman, the director of OMB."

INDEXING MUST STOP

James J. Kilpatrick (WASH. STAR, 2/3/81):

"At the moment, 16 federal programs are 'indexed,' which is to say, their benefits are linked directly to what used to be known as the Cost of Living Index and now is known as the Consumer Price Index (CPI). The system is imposing a ruinous drain upon the Treasury. It cries out for review and revision.

"The device of indexing is of fairly recent vintage. Prior to 1962, as a White House report recently explained, real benefit levels in federal entitlement programs were not adjusted for inflation in any systematic manner. Then an act was passed tying civil service retirement benefits to the Cost of Living Index. The following year, military retirement benefits won the same treatment. A couple of programs were added in the '60s, but as recently as 1970 the indexed benefits constituted only 3 percent of total budget outlays.

"These programs have now gotten completely out of hand. In the current fiscal year more than \$200 billion will be paid out under the CPI formula. By 1986, when the total budget is expected to exceed \$1 trillion, indexed outlays — if left unchanged — will come to an estimated \$343 billion.

"Six of the 14 programs are indexed semiannually. This is what the taxpayers have provided for double-dippers who have retired from military or civilian employment in the federal government. In March of 1977 they got an in-

crease of 4.8 per cent, the following October another boost of 4.3 per cent. In March of 1978, the raise was 2.4 per cent, in October another 4.9 per cent. So it was in 1979 — an increase of 3.9 per cent in March, another boost of 6.9 per cent in October. Last year these retirees had increases of 6.0 per cent in the spring and 7.7 per cent in the fall. They are now due for another raise next month.

...

"... a system that protects federal beneficiaries raises equity issues. Very little private income is so protected. Moreover, because the Consumer Price Index overstates the

importance of home ownership — as if everybody bought a new house every month at whatever the mortgage interests rates might be — the index provides a distorted reflection of actual living costs.

"In sum, the formula for computing the government's chief index of prices ought to be revised. The six semi-annual programs should be brought back to annual adjustments. And some discretion should be vested in the president to recommend adjustments at less than the whole change in the CPI. Otherwise the upward spiral of uncontrollable federal outlays will climb out of sight."

DEFENSE

The United States should boost defense spending from the current five percent of the GNP to as much as seven percent, Air Force General David Jones, chairman of the Joint Chiefs of Staff, told the House Armed Services Committee yesterday. Jones reminded the panel that "through the 1950s and '60s we spent more than 10 percent of the gross national product on defense and we've been down to five percent." Jones urged an increase of about \$8 billion more than the Carter Administration proposed for the current fiscal year. He said the services want additional spending — "probably in the high 20s to low 30s" — of billions of dollars for the 1982 fiscal year, which begins October 1.

WEINBERGER CALLS FOR ANTI-TERRORIST UNIT

Stephen Webbe (CHR. SCI. MON., 2/4/81, Washington):

"Britain's elite Special Air Service (SAS) should be a model for a US antiterrorist unit, declared Defense Secretary Caspar W. Weinberger at a Pentagon news conference on Feb. 3.

"Mr. Weinberger punctuated his call for strengthening US antiterrorist capabilities by describing as 'remarkable' the May 5, 1980 raid in which men of the crack commando regiment successfully stormed the Iranian Embassy in London.

"In a reference to the Iranian hostage saga, Weinberger said that a US antiterrorist unit should have 'the training and opportunity to move very much more rapidly into a situation of that kind, which we hope will never happen again.'"

RESTORING THE INDUSTRIAL BASE

SAN DIEGO UNION, 2/25/81, edit.:

"... could the supposedly omnipotent military-industrial complex boost production rapidly enough to avert probable defeat by numerically superior Soviet forces in any war short of a strategic nuclear exchange?"

"The appalling answer, according to the House Armed Services Committee, is, almost certainly no. A committee report issued earlier this month following intensive

hearings concluded: 'In the event of a war, the U.S. defense industry would find it almost impossible to expand its weapons production suddenly and dramatically in the numbers necessary to sustain a 'prolonged conflict.'

...

"Fortunately, there is every reason to believe that the Reagan administration is committed to something like a crash effort to improve military readiness by spending more for munitions and other combat stocks needed to sustain U.S. forces in the initial months of any conflict.

"Beyond this immediate corrective action, the new administration must look to longer-range remedies that could alleviate the crippling labor and material bottlenecks that plague so many U.S. defense industries. These bottlenecks are particularly acute in the critical aerospace industry, witness the three-year plus lead times for delivery of new jet engines.

"Among other things, these remedies will require a long overdue commitment to exploiting domestic sources of the forty minerals essential for defense production. At present, the United States is more than 50 percent dependent on foreign sources for at least half of these minerals.

"Procedural reforms in defense contracting and a greater emphasis on multi-year funding of weapons programs would help to rebuild the decimated ranks of subcontractors upon whom the larger defense prime contractors rely for component parts.

"Naturally, the Reagan administration will find it far easier to foster a restoration of the defense industrial base if the President's promised economic programs are success-

ful in reversing the country's overall industrial decline. For, in the long run, no nation can sustain a first-rate military

posture if it permits itself to slip to the status of a second-rate industrial power."

AIRLINES

The Civil Aeronautics Board yesterday granted a fare increase of at least five percent, effective immediately, to the nation's airlines because of higher fuel prices triggered by oil price decontrol. The CAB said that in about 22 percent of the markets airlines are already charging maximum prices, and those fares could rise, but that increase would be lower than on routes where fares are below the limit.

DEMOCRATS

MANATT SEEN CERTAIN TO WIN VOTE FOR DEMOCRATIC CHAIRMAN

Fred Barnes (BALT. SUN, 2/4/81, Washington):

"With support for his competitors lagging and organized labor now backing him, Charles T. Manatt has all but assured himself of becoming the new Democratic national chairman.

"Mr. Manatt, a prominent California lawyer, has at-

tracted widespread backing from elected Democratic officials and state chairmen while his three opponents have failed to build support beyond their initial circle of backers.

"One of Mr. Manatt's strategists said yesterday that he is 'pushing 200 votes, maybe more' on the 367-member Democratic National Committee. Only a simple majority is needed to win when the committee meets here in late February to elect a chairman to replace John C. White."

ENERGY

OIL PRICE DECONTROL PRAISED

CINCINNATI ENQ., 1/30/81, edit.:

"President Reagan's decision to decontrol the price of domestic crude oil sends a message of America's resolve to deal with our energy problems on our own terms.

"At home it means a new impetus to conservation and energy-efficiency and simply doing without because the price of gasoline and of heating oil will rise about 10 cents a gallon over the next several months. It means, moreover, that the United States is no longer insulating itself from world oil prices and artificially reducing the real price of energy. To the energy industry, it signals the end to government control of energy pricing. The President's action also means that increased government revenue from this decision - amounting to between \$2 billion and \$10 billion - will make it easier to balance the budget and make possible new tax cuts that will strengthen the economy.

"Abroad, the President's decision to end control of crude oil prices now instead of waiting for those controls to expire Sept. 30, is a message that the United States will pay to reduce the world demand for oil and ultimately minimize even further price hikes by the Organization of Petroleum Exporting Countries.

"And yet the President's message is largely symbolic. It is estimated that only 15% to 20% of the crude oil

bought by refiners was under price controls and those controls would have expired on Sept. 30 without intervention by Mr. Reagan."

SYMBOLIC, BUT USEFUL ACTION

COLUMBUS DISPATCH, 1/29/81, edit.:

"It is true that retail prices on oil, gasoline and propane will be nudged upward, but the Petroleum Industry Research Foundation questions whether refiners and retail dealers will be able to recover their full costs as the effects of decontrol are felt. Reason. The marketplace is competitive and consumers can be expected to shop for the lowest prices.

"Certain to benefit will be the taxpayer. Forecasts see an extra \$8 billion to \$16 billion in oil industry taxes collected by the federal treasury. Even after federal expenditures to fill the Strategic Petroleum Reserve, the Treasury may net \$4 billion to \$8 billion extra. Too, state and local governments will garner about \$1 billion.

"Some consumer advocates fear gasoline and heating oil prices may go up another eight to 12 cents a gallon. But as the White House has admonished, higher energy prices are a fact of life."

RIGHTING OLD WRONGS

MIAMI HERALD, 1/31/81, edit.:

"Consumers may be stung by Mr. Reagan's action, but they won't be pole-axed by it. Analysts predict an immediate rise of 3 to 5 cents per gallon in gasoline prices. By summer, prices should have risen by 10 to 12 cents per gallon, estimates say.

"That extra cost is expected to yield \$7 billion to the Federal Treasury in oil-company taxes, \$2 billion to the oil industry in income, and \$1 billion to states in taxes. It also is expected to spur domestic oil exploration and to cut petroleum consumption by 50,000 to 100,000 barrels a day through conservation, the Energy Department estimates.

"Mr. Reagan simply did what had to be done, what his predecessors should have done. His action also ended regulations allocating crude oil to small refiners and gasoline to geographic areas according to historic consumption patterns."

MORE REALISTIC POLICY

DETROIT FREE PRESS, 1/30/81, edit.:

"Huge pools of as-yet undiscovered or untapped oil are unlikely to be discovered during the eight additional months in which the free market will now operate. Indeed, there is some evidence that the level of drilling activity is now so high that it is physically impossible to step it up much more during that eight months. The Reagan administration, in announcing decontrol, was vague about its potential effect on production.

"What seems to us to be true is that control was an experiment that worked badly and that the U.S. is better off to go ahead and end the charade now. It may or may not have some beneficial effect on the conservation side; we hope and believe it will. But the attempt to keep a shrinking domestic supply of oil under control simply worked to distort the market. It is important that we go on and face that unpleasant reality and get the completion of decontrol behind us."

NEW SYNFUELS MANAGEMENT

WALL ST. JRNL., 2/4/81, edit.:

"Now that President Reagan is committed to unshackling the energy market — witness last week's oil decontrol decision — the very notion of a government-underwritten synfuels industry seems passe. Logic would range that if the projects are technically and economically feasible, the market will provide synthetic fuels without government assistance. While there is debate on the feasibility of synfuels, Chevron and Union Oil have already said that they

won't wait for federal aid before deciding on their synfuel projects — and according to an Exxon estimate, energy companies worldwide will invest \$400 billion (in 1980 dollars) in synfuel projects by the year 2000.

"As a practical matter, however, the synfuels corporation is unlikely to vanish. It can be argued on national security grounds that the government should provide funds to get the technology off the ground, in the hope of displacing a substantial portion of petroleum imports. While there is some validity to this, you certainly could do more for national defense by spending the same money on aircraft carriers and the like.

"The soundest arguments that synfuels might do some good are the cynical ones. As long as the 'windfall profits' tax remains in place, it is probably better to channel some of its revenues back to investment in the oil industry. And a government-run synfuels company would provide some insurance against over-regulation of energy by putting some of the government's own money on the line.

"The biggest danger is that the corporation could fall into the hands of bureaucratic empire builders. They might wind up wasting billions of dollars on farfetched schemes that barely produce a drop of oil, or so incumbent management that the worthwhile projects could flop. Alternatively, the synfuels unit could operate not as a hands-on manager but as an investment banker, putting out seed money with only advice and oversight.

"This will be the main issue as the Reagan administration chooses a new management for the corporation. If we have to have the thing, at least we can try to keep it from becoming a bureaucratic empire; the investment banking approach is the route of least harm."

REAGAN MUST ACT TO MEET NUCLEAR POWER CHALLENGE

DENVER POST, 1/28/81, edit.:

"President Reagan, who campaigned on a promise of revitalizing the U.S. nuclear power industry, now faces that large task.

"After four years of President Carter's halting and inept nuclear policies, Reagan's remedy ought to be simple: right the derailed industry and put it back on track. Unfortunately, the job isn't going to be as easy as it looks.

"The Three Mile Island accident two years ago has shaken public confidence deeply. In the light of subsequent investigation, it is apparent that much of the public panic was unwarranted. But the wounds still run deep and will take years to heal.

"Additionally, the nation's industrial slowdown has

reduced electrical needs generally. The forecasts of a few years ago no longer apply. We need fewer power stations than had been estimated. But we do need to expand electrical capacity, including nuclear.

...

"... Reagan must get started, and here are key objectives to address:

" Standardized nuclear plant permitting procedures. If plant designs are standardized critics will not be able to take each newly proposed project to court, thereby delaying it for years. The court can refer to functioning plants of a given design and quickly dismiss efforts at legal harassment. Siting similarly will benefit from such standardization.

"—A national effort to halt the squeeze on utility rate increases. Utilities which would like to build new plants of any kind, nuclear or otherwise, are starved for funds by public utility rate freezes. If this situation isn't changed, the nation will face costly and dangerous blackouts in the next decade.

" A decision to build the Clinch River Breeder Reactor in Tennessee. While Carter resisted, Congress stubbornly appropriated money for this project, aimed at demonstrating a process for extending uranium fuel for hundreds

of years (by creating more fuel than the fission process consumes). Reagan now should give the order to build the plant and the larger prototype which will follow it.

"—Leadership on nuclear waste disposal. President Carter lost more than a year in implementing studies leading to identification of waste-repository sites by 1985. As much as any part of the nuclear chain, the disposal process depends on decisive actions elsewhere. Decisions on the breeder reactor, for example, have a direct effect on what kind of storage we need.

"Others aspects of the nuclear equation need attention, as well. The Three Mile Island cleanup has been stalled by lack of money, which federal budgets may have to cover. States are closing down their own nuclear waste sites, halting not only power reactor waste disposal but medical waste discard as well. Sensitive but firm leadership is in order from Washington.

"Nuclear power can save the nation many billions of dollars by replacing outrageously priced Mideastern crude oil. But it can't do so if the nation fails to pursue realistic objectives aimed at expanding nuclear output. We produce about 12 percent of U.S. electricity from nuclear power now; the proportion can safely be increased to 25 percent. The nation's electrical customers will be the losers if we fail to act."

FOREIGN AFFAIRS

KOREA

The Reagan Administration has agreed to sell at least 36 advanced F-16 fighters to South Korea in a reversal of a Carter policy decision, sources told United Press International yesterday. South Korea has sought 60 of the planes since 1977, but the Carter Administration withheld approval of the sale because of human rights violations.

HIGH HOPES SEEN FOR CHUN

Ray Cline (WASH. STAR, 2/3/81):

"North Korea is a military fortress, heavily armed and focused for many years on finishing the job of conquering all of Korea that Kim Il-Sung unsuccessfully attempted in 1950. The intervention of U.S. forces under U.N. auspices then saved South Korea, and the U.S. strategic guarantee has kept it safe for 30 years.

"South Koreans are strongly pro-American because of this history. They consider Kim Il-Sung something of a hybrid of Stalin and Genghis Khan; and they appreciate the contribution to their freedom made by Americans for 30 years.

"Nearly 8 million Koreans live in modern Seoul, not only Korea's capital but the hub of the 'miracle' Korean economy. They are aware that with almost no warning war could engulf this city, built on the ruins left behind by the

North Korean attack 30 years ago. They are anxious to maintain the ties with Washington that provide the strategic umbrella deterring North Korea and the Soviet Union from unleashing Kim Il-Sung's armies.

"President Chun said on his first day in office that he wants to cooperate with American leaders to provide a sense of security for his countrymen. In this way the Republic of Korea can regain the political stability and foster the economic growth prerequisite to democratic processes.

"Chun also feels, as I and many other American observers of Asian affairs do, that a stable Korea is the linchpin of the strategic structure now protecting the interests of the United States, Japan, and other nations aligned with them in the entire Northwest Pacific-East Asia region. Presi-

dent Reagan's appreciation of these geopolitical facts accounts for the early invitation to Chun to visit Washington.

"For all of these reasons President Chun feels his task is to give his country — an independent Republic only since 1948 — its first completely legal and constitutional seven-year term of presidential leadership and then turn over a stable Korea to an equally patriotic, legally elected successor. His arrival here so early in the Reagan administration testifies to the high hopes that reside in Chun Doo Hwan to build a stabler, freer Republic of Korea."

[Ray Cline is executive director of world power studies at Georgetown University's Center for Strategic and International Studies, and former director of intelligence and research in the State Department.]

POLAND

The Polish Solidarity trade union yesterday broke off talks with government negotiators trying to end a paralyzing province-wide strike, and charged that Polish authorities had failed to follow through on resignations that it had demanded. A communique from Solidarity said Prime Minister Jozef Pinkowski refused to accept the resignations of Bielko-Biala province governor Jozef Labudek and his deputies, which were offered Tuesday.

U.S.-SOVIET RELATIONS

President Reagan yesterday postponed a decision on whether to continue the grain embargo against the Soviet Union. Press Secretary James Brady said the issue took up more than half of the cabinet meeting, and said Reagan is "not ready to make up his mind." During his campaign, Reagan pledged to lift the embargo once in office.

A Soviet commentator for the Communist Party central committee claimed that Reagan's campaign against international terrorism may be the prelude to a new crackdown on American "dissidents." Writing in the weekly *Literary Gazette*, the commentator said, "The march against international terrorism opens the way to introduction of a new, and maybe even more sinister, edition of McCarthyism."

MIDDLE EAST

Egypt is ready to give the United States military facilities, but not permanent bases, to defend the Persian Gulf states, a foreign ministry official said in Cairo yesterday. The official said he was reacting to comments by President Reagan on the need for the United States to have some ground forces in the Middle East. The official said as a member of the non-aligned group of nations, Egypt opposes granting permanent bases to foreign troops.

Senator Charles Percy (R-Ill.), chairman of the Foreign Relations Committee, said he believes the day is closer when Palestinians will renounce terrorism and recognize Israel's right to exist in peace. In an interview with the Associated Press, Percy added that the United States would then help the Palestinians eventually win "some sort of homeland."

Opposition Israeli leader Shimon Peres said a Labor Party would maintain existing Jewish settlements in captured Arab territory. Peres also said on Israeli television that "we will not establish new settlements" . . . even if Prime Minister Menachem Begin votes to do so.

Ayatollah Khomeini accused Iran's quarreling politicians of "biting one another like scorpions," and urged them to "solve our differences of opinion in a brotherly atmosphere." He pointed out that the American political system is an example of how political foes can co-exist, saying "you'll never see two parties in the United States working against U.S. interests."

Iran tried an American free-lance writer on espionage charges in a day-long session, a Swiss diplomat said. He said that Cynthia Dwyer of Buffalo "behaved admirably" in her defense, and that sentencing was not expected before Monday. She has been held at Evin Prison since last May.

SALT

REAGAN MAY SEEK TALKS ON VIOLATIONS OF SALT I

WASH. STAR, 2/3/81, (UPI):

"President Reagan may seek a special session of a U.S. Soviet commission to discuss at least 30 Soviet violations of the SALT I arms control treaty. Aviation Week and Space Technology Magazine said yesterday.

"It said Reagan is considering asking the Soviet Union for a special meeting of the Standing Consultative Commission, a panel established by the SALT accords, later this month instead of waiting until the next scheduled session March 25.

"The report appeared at a time of friction between Moscow and Washington over U.S. charges that the Soviet Union exports terrorism.

"The Pentagon's SALT Task Force declined to comment on the report. A spokesman for the State Department's Arms Control and Disarmament Agency said he knows nothing about shifting the meeting from March 25.

"The commission was formed under the 1972 SALT treaty and meets every six months. SALT I limits the number of intercontinental ballistic missiles to those deployed or under construction at the time the treaty was signed — 1,618 for the Soviet Union, 1,054 for the United States.

"It also limits the deployment of anti-ballistic missile systems to two sites each. The Soviet Union has at least one near Moscow, but the United States abandoned its ABM project when the treaty was signed.

"Aviation Week, quoting administration officials, said the president may call an earlier meeting to raise 'at least 30 challengeable Soviet SALT and other arms control violations.'"

INDIA

INDIA TO REPROCESS SPENT NUCLEAR FUEL

John Schidlovsky (BALT. SUN, 2/4/81, Bombay):

"India will soon begin reprocessing large amounts of its used nuclear fuel, officials said yesterday.

"Reprocessing is the key first step in creating new supplies of plutonium for atomic weapons.

"However, India's top nuclear scientists stressed that their nation's new venture would not lead to the construction of a nuclear bomb. Initial reprocessing of fuel is to start 'within a few months,' Vinay Meckoni, the director of nuclear safety at the Bhabha Atomic Research Center near here, told a group of correspondents.

"India's previous reprocessing of atomic fuel — using fuel a small research reactor in the Bhabha complex — enabled it to explode a nuclear device in the country's western desert in May, 1974.

"The explosion made India the sixth nation in the world with demonstrated nuclear capability and alarmed many officials in the United States, which has supplied uranium fuel to India for the production of electricity.

"In announcing plans to begin reprocessing on a large scale, Indian scientific and government leaders said they would eventually use nuclear wastes from the Tarapur nuclear power station.

"Under an agreement with India, the United States has supplied enriched uranium for Tarapur."

NEW TILT IN NEW DELHI

HOUSTON POST, 1/27/81, edit.:

"There is an odd flutter in the tenor of the usually cool relations between India and the United States. On the one hand, Prime Minister Indira Gandhi has told a visiting congressional delegation that she hopes for a new beginning in the relationship between her country and ours. On the other, she has recently canceled a contract with an American company, overriding the advice of her own experts. A variable breeze seems to be blowing from New Delhi.

"Part of the trouble may be that since the mid-1950s India has been too much courted by both the United States and the Soviet Union. As British forces withdrew after India's independence, the Soviet Union began to court both India and Pakistan to bring the Indian Ocean within its sphere of influence. In New Delhi in 1956, Premier Nikolai Bulganin and Communist Party leader Nikita Khrushchev used their visit to assail the Western powers. Their attack was so strong that Prime Minister Jawaharlal Nehru sent a formal note to his cabinet to say he found this embarrassing to the Indian government. The United States countered by allotting some \$7 billion in aid to India between World War II and 1968. That year an American delegation went to New Delhi to explore matters of common interest and discuss common efforts that could be made toward shared goals.

"But in the 11 years of Indira Gandhi's administration, India's vaunted non-alignment has shown a noticeable tilt toward the Soviet Union. Peace and trade pacts proliferated. Only last spring the U.S.S.R. sold India \$1.6 billion in arms on the easiest terms offered by any country. If there has been a recent rift in the Soviet-Indian friendship, it was caused by the Soviet thrust into Afghanistan. Gandhi made her disapproval of the invasion plain to Soviet President Leonid Brezhnev when he visited New Delhi in December, laden though he was with new treats and gifts for India.

"It is possible that Soviet willingness to invade a neighbor's territory explains Gandhi's tendency to value arms over fertilizer. India had contracted with an American

firm to design two ammonia plants. The World Bank had approved a \$1.5 billion project for production of fertilizer to increase agricultural yield. When Gandhi canceled the contract, the bank took the unusual step of halting funds. India is one of the bank's biggest borrowers. India's credit is good. The bank has never before stopped one of its loans. Gandhi charged that the World Bank was interfering in India's internal affairs. But to the visiting American congressmen, Gandhi was unusually warm. 'India has always had admiration for the United States and its people,' she said. Gandhi also told the congressmen that she hoped to complete the \$230 million purchase of U.S. anti-tank missiles and mountain-warfare artillery guns pending since October. New Delhi is in northern India. The terrain between northern India and the Soviet Union is mountainous. All of which may be purely coincidental."

FOREIGN POLICY

ANNUAL FREEDOM SURVEY YIELDS DISMAL STATISTICS

CINCINNATI ENQ., 1/30/81, edit.:

"Every year about this time, Freedom House, a non-partisan national organization whose only goal is the strengthening of free societies around the world, issues a report on the state of freedom.

"In recent years, the report has been disturbing reading. For whatever the statesmen of the West may say about democracy as the wave of the future, the fact is that the real wave appears to be rolling in precisely the opposite direction. Humankind may long for freedom, but only 35.9% of the world's population is actually free — a smaller percentage than a year ago.

"The Freedom House survey shows 21.6% of the world's population living in partly free societies, and 42.5% unfree.

"From the time Freedom House began issuing its comparative studies nine years ago, China and the Soviet Union have been correctly characterized as unfree. Yet the survey just released shows that some of the freedoms that had begun to exist for the Russians and Chinese in 1979 had vanished in 1980. China, for example, succeeded in extinguishing a semi-legal dissident movement, and the Soviet Union appears to have almost all of its known dissidents either in prison or some form of internal exile.

"In determining the extent of freedom, Freedom House considers both political rights and civil liberties. Political rights include the availability of alternative political

parties or factions and the freedom to choose among various public policies. Civil liberties include an independent judiciary and independent communications media, and the right to assemble and practice religion freely.

"The report shows that seven countries — embracing 68.7 million people — sustained significant losses of freedom during 1980. Turkey and Upper Volta, free a year ago, are only partly free today; Surinam, free a year ago, is not free today, and Bolivia, Liberia, Seychelles and Syria, partly free a year ago, are unfree today.

"Major improvements, on the other hand, were noted for 45.9 million people in four countries: Ghana and Peru went from partly free to free, and Uganda and Uruguay from unfree to partly free.

"Of particular concern to most Americans is the abysmal state of freedom in the Western Hemisphere. Only the Bahamas, Barbados, Canada, Colombia, Costa Rica, Dominica, the Dominican Republic, Ecuador, Jamaica, Peru, St. Lucia, St. Vincent, Trinidad and Tobago and Venezuela are free.

"All others — including, ironically, Nicaragua, which is presumed to have overthrown a despotic dictatorship more than a year ago — is either unfree or only partly free.

"The unmistakable messages that emerge from Freedom House's study are that the overall struggle for freedom has only begun, that the preservation of freedom needs unrelenting vigilance and that the enemies of freedom were rarely stronger than they are today.

"None of them is a cheering message for Americans."

SPAIN

**SUAREZ RESIGNATION CALLED
SIGNAL OF MORE TROUBLE**

MIAMI HERALD, 1/31/81, edit.:

"The unexpected resignation of Premier Adolfo Suarez adds new emphasis and mystery to the question that has overshadowed Spain since its longtime dictator, General Francisco Franco, died in November 1975: Can democracy survive in Spain?

"The question is sharpened as never before with Mr. Suarez's sudden departure. For it was he who nourished and guided the halting growth of his troubled nation's fledgling democratic institutions during their critical first five years.

"Mr. Suarez was selected personally by King Juan Carlos in June 1976 to guide Spain's transition from dictatorship to a monarchical democratic republic. Under Mr. Suarez, all political parties — even the Communist Party — were made legal. He oversaw adoption of Spain's 1978 constitution, which institutionalized democracy. He championed home-rule charters for three of Spain's most fiercely provincial regions — Catalonia, Galicia, and Euskadi, the Basque country — within a new system of federalism.

"The Suarez regime also moved aggressively to integrate the Spanish economy with the West. He courted heavy foreign investment. He committed Spain to membership in the European Economic Community and pushed for

full membership in NATO. His goal was to modernize Spain and join it irrevocably as a full partner in the league of Western industrial democracies.

"Mr. Suarez led Spain a long way toward achieving his ambitions, but at heavy costs. His economic transformation brought high inflation and unemployment. The rapid Westernization of Spanish culture brought with it alarming rates of crime, divorce, and pornography — social trends disturbing to many Spaniards.

"Throughout his time in office, Mr. Suarez's regime was besieged by political extremism from left and right. In 1980 alone, more than 120 Spaniards died in terrorist attacks.

"Mr. Suarez became the common target for all his people's frustrations. Inevitably his political strength waned, even among his party colleagues.

"Mr. Suarez's ruling party, the Union of the Democratic Center, nominated his deputy, Leopoldo Calvo Sotelo, to replace him. His experience indicates a likelihood to maintain the Suarez regime's commitment to the West.

"It is too soon to know, however, if Mr. Sotelo can hold Mr. Suarez's increasingly fragile ruling coalition together. Because of that, it is still too soon to know if the Spanish democracy that had begun to flower under King Juan Carlos and Premier Suarez can survive all the fractious forces assaulting it."

VIETNAM

VIETNAMESE POSITION SEEN ERODING

HOUSTON POST, 1/28/81, edit.:

"Five years ago the Communist forces of North Vietnam crushed the South, ending the long, bitter Vietnam War and uniting the country. Later those same forces invaded neighboring Cambodia, driving the mad-dog regime of Khmer Rouge leader Pol Pot from power. Hanoi also extended its influence into tiny Laos, thus bringing the entire Indochina Peninsula under its sway.

"But an odd anomaly has developed in that long-troubled region. Cambodia, one of the world's most brutalized, decimated nations, seems to be on the road to a tenuous recovery, thanks to massive international aid. But Vietnam, whose troops are still in Cambodia to prop up the puppet government Hanoi installed, faces deepening social and economic woes. The burden of its Cambodian occupation aggravates those problems. Many recent refugees from Vietnam say they fled to escape economic deprivation.

Some young men wanted to avoid the draft and possible service in Cambodia.

"Although the Hanoi government plays down the problems facing the nation, it recently issued an economic report acknowledging severe food shortages, widespread corruption and lagging agricultural and industrial output. Visitors to Vietnam report that much of the war damage remains unrepaired and that, ironically, food and luxury items are more abundant in the South's old capital, Saigon, or Ho Chi Minh City, as it has been renamed, than in Hanoi.

"The official newspaper of the Vietnamese Communist Party, commenting on black-marketeering, theft of state property and other evidence of increasing ideological laxness, urged tougher government control. The advice is reminiscent of the Soviet recipe for restoring discipline under Stalin. Although the Vietnamese do not like their Russian mentors, Hanoi still depends heavily on the Kremlin for economic and military aid, and protection from an attack by China.

"Many Western observers believe that as Vietnam's economy worsens, so will the corruption that is weakening the system from within. That could severely test the strict Marxist socialist orthodoxy now being promoted by some

of the country's Communist leadership. Meantime, as the economy erodes and morale declines, perceptive Vietnamese may question the value of their role as victors in the Indochina war."



SOVIET UNION

SOVIET CRITICISM MOUNTS AGAIN

Anthony Barbieri, Jr. (BALT. SUN, 2/4/81, Moscow):

"The Soviet Union appears to be losing its patience with Polish Communist Party's inability to establish its authority over the independent trade union movement.

"In the weeks since early December — when the Soviet Union and its Warsaw Pact allies in effect gave the Polish leadership more time to put its house in order — there has been a steady escalation in Soviet criticism of developments in its most unstable ally.

"Where earlier the Soviets were reluctant to even mention the independent union Solidarity and its status as a non-Communist body, Solidarity is now attacked harshly and stridently.

"Where there was previously little effort to pretend that the 10 million-member trade union did not have widespread support among Polish workers, there are now attempts to make it seem as if Poles are getting fed up with the union's activities.

"Where dissidents and the 'opposition' in Poland were previously mentioned only in passing or on slow days, they have now become an obsession to the Russians; the press mentions them by name frequently and seeks to tie them to Western intelligence agencies.

"And while allegations of 'outside interference' from the West — the one prerequisite for a military intervention — were previously limited to complaints about financial contributions and foreign radio broadcasts, there are now flat statements that the Western allies are trying to split Poland from the Communist military alliance.

"About the only taboo remaining is direct criticism of the Polish leadership and the party boss, Stanislaw Kania — something that could be an unmistakable signal that the Kremlin intended to do something about Poland.

"They seem to be unraveling a ball of string, slowly getting down to something hard at the center,' and Eastern European source said recently.

"I don't think we're at the brink [of an invasion] yet, but we're at the tensest point since early December,' a Western diplomat observed."

TRADE UNIONS

KANIA MAY HAVE TO ACCEPT RURAL SOLIDARITY

Eric Bourne (CHR. SCI. MON., 2/4/81, Warsaw):

"Sometime next week Poland's Supreme Court is to rule on the bid by the country's private farmers to form their own union.

"The verdict will determine just how long the breathing space won by the latest compromise with the independent workers' union Solidarity might last. Tensions were

lowered but now removed by the Jan. 31 agreement over working hours.

"Only a decision allowing peasant freeholders to form their own union can calm them the way the registration of Solidarity itself calmed the nationwide industrial unrest last November.

"Rural Solidarity' is one of three farmers' movements in the country. Communist Party leader Stanislaw Kania has come out so strongly against all three that it may

be difficult for him to back off. Yet it seems clear he has no option but to accept them provided they give a formal disavowal of politics as Solidarity did last fall.

"If he does not, an adverse court judgment will almost certainly provoke another crisis. For Solidarity has pledged full support for all three farmers' movements and proposed liaison for future urban and rural union activity.

"If any further reminder was needed of the strength and resolution behind Solidarity, January provided it. Each

day brought a fresh crop of warning strikes, sit-ins, and stoppages. Up and down the country, industrial plants came to a standstill. Factories that did continue working announced themselves ready to strike.

...

"Now there are deeper issues that Solidarity perceives as vital to its very existence. Apart from the procrastination over the promised laws on labor relations, including the right to strike and reduced censorship, the union had become more and more embittered by what it saw as the government's halfheartedness on consultation."

UNREST

THE WARSAW SPRING

CLEVE. PLAIN DEALER, 1/30/81, edit.:

"The three rebellious classes of Polish society are the classical ones which set revolutions in motion:

"—Proletariat. Industrial workers from docks and production lines, from shops and offices. They started this Polish uprising over food and prices and trade union autonomy.

"—Agrarians. Farmers are demanding equal treatment with the proletariat. They, too, want a union not dominated by the government or Communist party. They want their own Rural Solidarity to match the city workers' Solidarity union.

"—Students. They want compulsory classes in Marxism abolished. They want police driven off the campuses. They want access to printing facilities, broadcast media, a way to speak out publicly.

"Students wear buttons that declare: 'The party line — students are fed up with it.' Their Marxism classes, they say, are just propaganda. Students want some say over their schools' curricula. They want less military training. They want students reinstated who were expelled for political reasons. They want their own choices of foreign languages — not compulsory Russian.

"Plenty of revolutionary yeast bubbles within those student demands. Within the Communist bloc, rejecting classes in Marxism is equal to turning anti-socialist. It is an ideological felony.

"Soviet tanks and troops squashed 'the Prague Spring' in 1968, when Czechoslovakia's leaders tried to shape a new 'socialism with a human face.' Students and intellectuals were the prime movers of that short-lived attempt at Red reform.

"Poland's thinkers are now among their nation's dissidents. That makes the Soviets bristle along the frontier. It will take brilliant statesmanship plus a good helping of luck to get Poland over this stretch of rough ground without cracked skulls or spilled blood."

TELEVISION NEWS FOR FEBRUARY 4, 1981

NBC NIGHTLY NEWS:

—Pres. Reagan meets on Capitol Hill with congressional leaders to discuss economic problems and a possible move by Democratic Senators not to support an increase in the national debt ceiling—2:12.

—Chairman of the Joint Chiefs of Staff General David Jones says that defense spending should represent seven percent of the GNP—:22.

—Roger Mudd reports that Budget director David Stockman's proposed budget cuts are probably larger than those that eventually will be passed by Congress—1:17.

—Iran releases a nationalized American citizen—:09.

—Free-lance journalist Cynthia Dwyer is tried on espionage charges by a revolutionary court in

Tehran. Her husband says it is important for him and his family to stay emotionally stable during the ordeal--1:47.

—Outgoing Asst. Secy. of State for the Near East Harold Saunders says the White House was warned that Americans might be taken hostage in Iran if the former shah was admitted to the U.S. for medical treatment--29.

—The Soviet news media tells Soviet citizens that the U.S. is practicing “gross deceptions” by accusing the Soviet Union of supporting international terrorism--1:44.

—Labor talks between workers and government officials in a southern Polish province break down--13.

—Fights break out between Basque separatists and supporters of Spain's King Juan Carlos in the Basque parliament as the king addresses the parliament--2:06.

—UPI reports that the Reagan Administration wants to sell 36 F-16 fighter planes to South Korea--23.

—The Civil Aeronautics Board approves a five-percent increase in airline passenger fares because of rising fuel prices--18.

—AT&T reports profits of \$6 billion for 1980, the largest annual profit ever reported by a U.S. corporation--12.

—Robert Hager reports on problems that some individuals have suffered because they took federal jobs just before Reagan's inauguration, only to find out now that his federal hiring freeze order was retroactive to November 4, 1980--2:04.

—Rep. Jon Hinson (R-Miss.) is arrested with another man in Washington and charged with sodomy--26.

—A fire in a New Jersey boarding home claims the lives of four persons--19.

—New Jersey officials say that new regulations will be proposed requiring fire sprinklers in all boarding homes in the state--1:30.

—Former girls' school headmistress Jean Harris, at her trial for the murder of Dr. Herman Tarnower, denies that she murdered him and then planned to kill herself--2:04.

—Boxing promoter Harold Smith claims that Wells Fargo bank officials threatened his life and embezzled over \$20 million--2:15.

—Bill Sternoff reports on a Vietnamese refugee who will be the first person to receive a bachelor's degree in economics from the University of California at San Diego in just two years--2:07.

CBS EVENING NEWS:

—A White House memo reportedly calls for major budget cuts in unemployment, CETA, Social Security, food stamps, and synfuels--3:01.

—Rev. Ralph Abernathy says that Pres. Reagan told him that budget cuts would not fall on backs of the needy--53.

—Joint Chiefs of Staff chairman Gen. David Jones says that \$8 billion should be added to the 1981 defense budget and almost \$30 billion to the 1982 defense budget--1:37.

—Reagan meets on Capitol Hill with congressional leaders to discuss tax and spending cuts--2:00.

—The Senate Finance Committee votes to increase the national debt limit to \$985 billion--1:57.

—The American Telephone and Telegraph Co. reports profits of over \$6 billion in 1980--17.

—Chrysler reports January sales increases of two percent. Ford and G.M. each report sales decreases of 23 percent for January--11.

—The National Consumer Finance Association reports that the number of persons declaring bankruptcy rose 82 percent in 1980--31.

—Stock prices rise--02.

—A revolutionary court in Tehran tries free-lance journalist Cynthia Dwyer on charges of espionage. A Swiss diplomat says that he expects her release--1:52.

—Ayatollah Khomeini says he will remove Iranian politicians from office if they do not stop bickering--16.

—Labor talks between workers and government officials collapse in a southern Polish province--21.

—In Spain, many members of the Basque parliament shout protests as King Juan Carlos makes a speech calling for peace in the region--10.

—Boxing promoter Harold Smith, who is being investigated by the FBI on charges of embezzlement, says he fled the country because his life was threatened--2:35.

—Nelson Benton reports that the Concord super-sonic transport still is losing money--2:58.

- The Civil Aeronautics Board gives the nation's airlines permission to raise passenger fares by at least five percent--:12.
- The IRS reports that federal tax payments rose faster than inflation last year--:21.
- Some newspapers in Western Europe and South Africa question California Supreme Court Justice William Clark's qualifications to be Deputy Secy. of State--:45.
- Rep. Jon Hinson (R-Miss.) and three other persons are arrested on sodomy charges--:09.
- Four Justice Dept. clerical employees are arrested for selling marijuana--:15.
- David Dow reports on a Vietnamese immigrant who will have earned a bachelor's degree in economics in just two years--1:57.

ABC WORLD NEWS TONIGHT:

- Pres. Reagan meets on Capitol Hill with congressional leaders to discuss the spending and tax cut plans--1:55.
- Senate Democrats say they may not support a plan to increase the national debt ceiling--1:39.
- Cynthia Dwyer is tried on charges of espionage by a revolutionary court in Tehran. A Swiss diplomat says she is in "correct condition"--1:18.
- Dwyer's husband says he thinks the trial is an optimistic sign--1:31.
- Ayatollah Khomeini says he will remove some Iranian politicians from office if they do not stop bickering--:51.
- The military trial of Robert Garwood, who is charged with having collaborated with the North Vietnamese as a POW, fails to reach a verdict--1:33.
- Labor talks between workers and government officials in a southern Polish province break down after the government fails to accept the resignations of local government officials--1:44.
- Some members of the Basque parliament shout protests as Spain's King Juan Carlos addresses the parliament--:37.
- Exxon, Shell, and Texaco oil refiners raise the wholesale price of their gasoline and heating oil by up to five cents a gallon--:22.
- The Civil Aeronautics Board gives domestic airliners permission to raise their passenger fares by at least five percent--:09.
- Roger Peterson reports that many New Englanders are using coal stoves to heat their homes--2:22.
- AT&T reports record profits for a U.S. company of over \$6 billion in 1980--:16.
- The Reagan Administration reportedly asks the Congress to approve the sale of 36 F-16 fighter planes to South Korea--:16.
- White House Chief of Staff James Baker says it will be "important" for the administration to move "quickly and decisively" in the first 100 days to win broad support for economic initiatives--4:24.
- Rep. Jon Hinson (R-Miss.) is arrested in Washington on charges of sodomy--:21.
- Boxing promoter Harold Smith accuses Wells Fargo bank officials of trying to kill him and his family, and of embezzling over \$20 million--1:52.

TELEVISION NEWS
FOR
FEBRUARY 5, 1981

NBC NIGHTLY NEWS:

Pres. Reagan tells reporters that he will say to Americans in a televised speech tonight that economic disaster is not too far away--1:33.

The Reagan Administration reportedly considers increasing the defense budget by \$20-\$30 billion--23.

Chairman of the Counsel of Economic Advisers Murray Weidenbaum tells the Senate Finance Committee that the Reagan Administration will work to get the government off the backs of the American people--1:54.

Several Republican congressmen say they will vote for increasing the national debt ceiling because they believe the new administration is committed to budgetary responsibility. The House votes to increase the national debt ceiling--1:44.

Marine Private Robert Garwood is convicted of collaborating with North Vietnamese troops as a POW--1:58.

Police say that the body of a black child discovered in a rural area outside Atlanta may not be linked to the 14 other murders--26.

Mike Jensen reports that gasoline and heating oil price increases from oil decontrol have been greater than the government had predicted--1:30.

Norway opposes deployment of the neutron bomb in Europe--26.

Reagan says he will not decide before February 17 on whether to lift the grain embargo--1:31.

Solidarity trade union leader Lech Walesa calls for a general sit-in strike if the Polish government moves against strikes in the southern part of the country--12.

Chief of naval operations Robert Hayward says the U.S. Navy is now second to the Soviet Union's navy--24.

Senior citizens tell the House Select Committee on Aging that cuts in Social Security would be hard on them--1:49.

Former Connecticut Gov. Ella Grasso dies of cancer at the age of 61--17.

Fred Briggs says there is more natural gas in the country than the Carter Administration predicted. Carter Administration critics underestimated the supply of natural gas to boost the synfuels programs, Briggs reports--4:22.

The Mt. St. Helens volcano erupts, sending steam 16,000 feet into the atmosphere--1:06.

Scientists say tour boats crowding the breeding grounds of the California Gray Whale may be disturbing the whales' natural reproductive cycle, thus threatening their existence--1:58.

CBS EVENING NEWS:

A military court convicts Marine Private Robert Gargood, a POW in the Vietnam War, of collaborating with the enemy. The court finds Garwood innocent of charges that he mistreated a fellow POW--2:02.

Pres. Reagan tells reporters that an "economic disaster is not too far away." He says he will try to convey this to Americans tonight during a televised speech--1:48.

The House votes to increase the national debt ceiling to \$985 billion--1:56.

Oil industry officials say that not all of their recent price increases have been caused by government decontrol--1:58.

A New Jersey family says that it is now reaching into savings to pay heating bills--1:34.

Some major retail stores report modest sales increases in January--17.

Stock prices rise--02.

A food stamp program director in New York City says that she cannot see how some people will be able to survive if their food stamps are cut--1:57.

Chicago's manpower director says that cuts in the CETA budget are "socially irresponsible"--1:36.

Some union officials say they do not know how unemployed auto workers will survive if government unemployment benefits are cut--1:31.

Chief of Naval Operations Adm. Thomas Hayward says that the U.S. no longer is militarily superior to the Soviet Union--33.

Federal officials say that the mid-January freeze in the South destroyed \$500 million worth of citrus crops--13.

- An airplane hijacker is arrested in San Juan after having been tricked into believing the plane had landed in Havana--:33.
- The body of another black child is discovered in a rural area outside Atlanta--:22.
- The Mt. St. Helens volcano erupts, sending ash and steam a mile into the atmosphere--:23.
- Residents of Anaconda, Mont., say they feel "stabbed in the back" by the Anaconda Copper Company's decision to export copper ore to Japan for processing--2:50.
- Polish workers continue a general strike in the southern province of Bielsko-Biala--:32.
- Twenty-three moderate members of the Iranian parliament request an open debate to review the accords for the U.S. hostages' release--:23.
- Bruce Dunning reports that some of the bomb shelters under Peking now serve as restaurants, hospitals, and public meeting halls--2:12.

ABC WORLD NEWS TONIGHT:

- Marine Private Robert Garwood is found guilty of collaborating with North Vietnamese troops as a POW in the Vietnam War--2:41.
- Pres. Reagan tells network correspondents that he will tell Americans in a televised speech to the nation tonight that the economy is in almost disastrous shape--1:59.
- Senate Majority Leader Howard Baker says that the Reagan economic program will see the "biggest domestic legislative battle" since World War II--1:44.
- Congressional sources say that Budget director David Stockman believes the inflation rate will drop to six percent by the end of 1982--:12.
- Stockman says the Reagan Administration will propose budget cuts greater than any proposed since demobilization following World War II--4:57.
- Navy Secy. John Lehman says the U.S. Navy has lost its superiority over the Soviet Union--:12.
- John McWethy reports that the Soviet Union has successfully tested a "killer satellite"--:23.
- Phillips Petroleum Co. raises the price of its wholesale gasoline by four cents a gallon--:18.
- Roger Peterson reports that retail gasoline prices are rising faster than the government had predicted--1:39.
- Saudi Arabia's Oil Minister Yamani says that Saudi oil production will remain at 10.3 million barrels per day during February--:16.
- The Soviet newspaper Pravda charges that Reagan is "sick with too much power"--:11.
- French Pres. Giscard D'Estaing and West German Chancellor Helmut Schmidt meet in Paris and discuss U.S. foreign policy--1:38.
- Constituents of Rep. Jon Hinson (R-Miss.) say they are disgraced by his arrest in Washington on a morals charge--1:55.
- The body of a black teen-age boy is found in a rural area outside Atlanta--:15.
- Mt. St. Helens erupts and sends ash and steam into the atmosphere--:44.
- Former Connecticut Gov. Ella Grasso dies of cancer at the age of 61--:16.
- Reagan reportedly apologizes to Democratic congressional leaders for signing a Republican fund-raising letter urging defeat of Democratic congressmen--1:33.

TELEVISION NEWS
FOR
FEBRUARY 6, 1981

NBC NIGHTLY NEWS:

- Unemployment remains the same in January as it was in December--:36.
- The Senate votes for a \$50 billion increase in the national debt ceiling--1:56.
- The White House reports that the telephone response to Pres. Reagan's speech was highly favorable--:12.
- Some economists say that Reagan's speech was a dangerous oversimplification of the economy's condition--2:10.
- Cleveland's Mayor George Vonavitch says that an abrupt change in federal aid to Cleveland would cause "devastation"--1:30.
- A federal district judge in Washington rules that Reagan could freeze federal jobs out of existence--:15.
- Polish workers end their strike in the Bielsko-Biala province after the government says that it will consider replacing some provincial officials accused of corruption--1:46.
- Secy. of State Alexander Haig advises U.S. European allies that no decision has been made on the deployment of the neutron bomb--:28.
- French Pres. Valery Giscard D'Estaing and West German Chancellor Helmut Schmidt end their summit in Paris. They say they want to have an "atmosphere of mutual confidence" with the Reagan Administration--1:29.
- A Marxist-feminist group bombs the Taiwanese embassy in Rome, mistaking it for the Chinese embassy--:21.
- Atlanta officials ask the government for federal aid to treat young black children for psychological problems caused by the rash of unsolved murders--2:06.
- Geologists say that a big earthquake in southern California is inevitable and could kill up to 13,000 persons--2:32.
- Critics of a lower minimum wage say that it would displace adults. Advocates say it would produce more jobs for teenagers who are suffering from unemployment rates of 36.5 percent--4:15.
- Congressional leaders and members of the press corps attend a surprise 70th birthday party for Pres. Reagan, who jokes about his age--2:16.

CBS EVENING NEWS:

- Pres. Reagan meets with American farm leaders and tells them that he is considering a trade quarantine against the Soviet Union--2:06.
- The State Dept. denies that Secy. of State Alexander Haig had cabled U.S. allies in Europe and told them to disregard Defense Secy. Caspar Weinberger's earlier comments on neutron bomb deployment--2:05.
- The State Dept. says that captured documents reveal that leftist guerrillas in El Salvador are receiving arms from Vietnam and Ethiopia--:22.
- The Polish workers end their strike in the province of Bielsko-Biala, after the government accepts the resignation of some provincial officials--:38.
- Islamic hardliners and Iranian leftists battle in the streets of Tehran--:20.
- The Senate votes to increase the national debt limit to \$985 billion--:1:31.
- The Labor Dept. reports that unemployment in January was 7.4 percent--:23.
- Stoch prices rise--:03.
- Rep. Jack Kemp (R-N.Y.) says that supply-side economics and the Kemp-Roth tax bill are anti-inflationary. Economist Allen Siani predicts that adoption of the Kemp-Roth tax bill will cause higher inflation--4:10.
- Two scientists say there is growing evidence that non-explosive eruption is taking place inside Mt. St. Helens--1:15.
- Officials in Greenwich, Conn. say that their community is dangerously short of water--2:27.
- Residents of Prairie du Chien, Wisc. protest the state's inaction on repairing a bridge that links the town to parts of Iowa--1:58.
- Terry Drinkwater reports that 10 years after an earthquake that killed 64 persons in southern California many buildings in Los Angeles have not been made earthquake-proof--3:24.
- Walter Cronkite reports that on January 19 former Pres. Carter granted a pardon to folksinger Peter Yarrow, who was convicted on a morals charge in 1970--:34.

ABC WORLD NEWS TONIGHT:

- The Senate votes to raise the national debt ceiling by \$50 billion--2:10.
- Budget director David Stockman draws up plans for budget cuts totaling \$40 billion--1:19.
- White House officials say they are pleased by the favorable response to Pres. Reagan's speech --1:30.
- The unemployment rate was 7.4 percent in January--:12.
- Atlanta police say the body of a black child discovered yesterday had been the object of authorities' searches--1:36.
- Some major oil refiners raise the wholesale price of their gasoline and heating oil by up to three cents a gallon--:09.
- Stock prices rise--:10.
- French Pres. Valery Giscard D'Estaing and West German Chancellor Helmut Schmidt end their summit in Paris and pledge to cooperate with the Reagan Administration--:32.
- Polish workers end their strike in the province of Bielski-Biala after the government agrees to dismiss some provincial officials accused of corruption--1:20.
- The Soviet Union says that counterrevolutionary sources are mounting a frontal assault on the Polish Communist Party--:23.
- Ann Garrels reports that it is unlikely that the Polish labor unrest could occur in the Soviet Union because the Soviet factories set workers against each other--3:19.
- The State Dept. denies reports that Secy. of State Alexander Haig cabled U.S. allies in Europe, telling them to disregard Secy. of Defense Caspar Weinberger's comments concerning the neutron bomb --1:41.
- James Wooten reports that White House aides Edwin Meese, James Baker, and Michael Deaver control the flow of persons and information to Pres. Reagan--4:41.
- Students at the University of Florida participate in a college fad called "killer," or "make-believe murder"--2:19.

News Digest



American Enterprise Institute for Public Policy Research
1150-17th Street, N.W., Washington, D.C. 20036

February 10, 1981

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FOREIGN AFFAIRS

POLAND

Polish Prime Minister Jozef Pinkowski yesterday was ousted at the end of the Communist Party central committee plenary session in Warsaw, the official PAP news agency said. Pinkowski, who took office in a government shuffle August 24 that had been triggered by the summer strikes and labor unrest, submitted his resignation at the close of the session and it was accepted. The news agency said Army General Wojciech Jaruzelski, a former deputy defense minister known to be a moderate, was proposed to replace Pinkowski.

Meanwhile, the spiral of industrial unrest continued with a general strike in the southern province of Jelenia Gora. Workers from more than 450 factories in the province downed their tools. The strikers had demanded the dismissal of allegedly corrupt officials.

NON-ALIGNED MOVEMENT

Indian Prime Minister Indira Gandhi yesterday called for unity to set the official tone of a non-aligned nations conference in New Delhi, but statements by the assembled foreign ministers indicated that Communist and non-Communist nations were headed for a confrontation. At the start of the four-day meeting, Gandhi issued a strong appeal for an end to the Iran-Iraq war. Some 300 Afghans demonstrated peacefully about a block and a half from the conference center, carrying signs and shouting slogans against the Karmal government. Singapore, meanwhile questioned Cuba's right to lead non-aligned countries, saying its close links with Moscow had seriously eroded the credibility and effectiveness of the movement. Three Cuban diplomats left the hall during the speech and returned at the conclusion.

HUMAN RIGHTS

The Carter Administration's final report on worldwide human rights said yesterday that there was less violence against individuals last year but that economic factors hampered fulfillment of basic needs. Former President Carter made attention to human rights a basic factor in his foreign policy. President Reagan plans to reduce public espousal of human rights in favor of combatting international terrorism.

MIDDLE EAST & AFRICA

EGYPT GROWS MORE HAWKISH
TOWARD SOVIET IN MIDEAST, AFRICA

David Ignatius (WALL ST. JRNL., 2/9/81, Cairo):

"When Afghanistan's guerrilla leaders visited here several weeks ago, Egyptians welcomed them as heroes in a holy war against the Soviet Union.

"At mosques all over Cairo, sermons were preached denouncing the Russians and praising the Islamic rebels. Egyptian merchants, civil servants and trade unions offered contributions to the rebel cause. And Egyptian President Anwar Sadat, acting as host for 'Afghanistan Solidarity Week,' advised the rebels to prepare for 'a long war.'

"Egypt's support for Afghanistan's anti-Soviet resistance goes well beyond this rhetoric. Egyptian military advisers in Pakistan are helping to train the guerrillas, and Egyptian factories are supplying most of the ammunition the Afghans need for their captured Soviet weapons.

"For President Sadat, the struggle against the Soviet

Union and its allies for control of the Middle East has already begun. Mr. Sadat sees pro-Soviet forces closing a circle around the region — in Afghanistan, Syria, South Yemen, Ethiopia, Libya and Chad. And in characteristically headstrong fashion, he has decided to start fighting back.

"Senior Egyptian officials, in recent interviews here, said that in addition to supporting the Afghan resistance, Egypt is seeking to bolster anti-Soviet forces elsewhere:

"—In Somalia, more than 50 Egyptian military advisers are helping to train Somali troops for their skirmishes against Soviet-backed Ethiopia. The Egyptians are also supplying the Somalis with armored vehicles, antitank rockets and other weapons and ammunition.

"—Along Egypt's border with Soviet-armed Libya, thousands of Egyptian troops are on patrol, seeking to prevent any Libyan infiltration. The Egyptian government, meanwhile, is in contact with Libyan opposition leaders who are based in Cairo. These leaders contend they will topple the radical government of Moammar Khadafy by the end of this year.

“—In Chad, Egypt is supplying weapons and ammunition to the rebel forces of Chad’s former defense minister, Hissene Habre, who opposes the Libyan-backed government there. Egypt hopes that despite Mr. Habre’s defeat in December by Libyan forces, a continuing guerrilla war in Chad will undermine the planned Libya-Chad merger.

“—To defend Sudan, which borders Egypt on the south, Egyptian officials say they are prepared to ‘use military force totally.’ These officials assert that Libya is already seeking to undermine the Sudanese government of Jaafar Nimeiri. ‘We consider any aggression against Sudan direct aggression against Egypt,’ warns one senior official of Egypt’s foreign ministry.

“Mr. Sadat hasn’t yet committed large numbers of Egyptian troops or vast amounts of money to these efforts, which so far seem more symbol than substance. His main aim right now evidently is to influence other countries, to get them acting similarly in anti-Soviet ways. Western diplomats here view Egypt’s increasingly hawkish foreign policy partly as an attempt by President Sadat to pressure the U.S. into taking a similarly tough stand in defending its interests in the Mideast.

“‘Sadat wants to set an example,’ says one Western diplomat. ‘What he really wants, of course, is to get the U.S. engaged.’”

HALTING KHADAFY’S MISCHIEF

DENVER POST, 1/30/81, edit.:

“What can be done to halt Khadafy’s mischief? The reestablishment of Western safeguards in the region will not be easy. French President Valery Giscard d’Estaing,

facing an election that he could very well lose, is not about to make any great effort to rectify his strategic miscalculation on Chad. (Just a few hundred French troops might have halted the Libyans.)

“Nonetheless, he must realize that his strange behavior in Chad raises questions in French-speaking West Africa about the credibility of French protection in what in the past have been moderate and conservative black states.

“The United States is in no position to fill the power void the French have created. For a number of years now, we have had no African policy to speak of, and the Reagan team has said nothing of its plans for relations with the continent.

“The Organization for African Unity has never been able to influence the flow of African events. A delegation from 12 OAU countries met in Nigeria early this year and demanded Libya withdraw from Chad, a directive Khadafy has never acknowledged. So much for the OAU.

“Before Khadafy can strike elsewhere, however, he must first solidify his hold on Chad. This might not be easy. The non-Moslem southern half of Chad is going to be particularly difficult for Khadafy to digest. The land has long been torn by racial and tribal differences.

“If Khadafy ultimately sets up his projected Islamic empire in Africa, it would replace possibly half a dozen or so national governments now favorable to the West. The West may have a bit of time before this grand design becomes operational. It had best use it to rethink the balance of power in that part of the world.”

CUBA

CASTRO SAID TO SIGNAL REAGAN FOR TALKS ON MANY ISSUES

James Nelson Goodsell (CHR. SCI. MON., 2/9/81, Caracas):

“Cuba is quietly letting the Reagan administration know that it would welcome a dialogue on issues dividing the two countries.

“Although the possibility of any Cuba-United States rapprochement would appear remote, given President Reagan’s views on the subject, the Cubans nevertheless do not rule out the possibility.

“Indeed, they are letting the US know that they would like to explore it.

“Cuban diplomats throughout Latin America have sought out their US counterparts at events during the past month.

“Their message: Let’s at least talk.

“They know perfectly well that Mr. Reagan has taken a hard line on any improvement of relations with Cuba, but the Cuban view holds that this may be more a domestic ploy to satisfy the President’s supporters than a hard-and-fast policy decision.

“They note, for example, that Mr. Reagan included Ramon Sanchez Parodi, head of the Cuban interest section in Washington, when he invited the Washington diplomatic corps to one of his first receptions.

"Mr. Sanchez Paroodi, who has been head of the Cuban diplomatic team in Washington since it was set up three years ago, had not been invited to the Carter White House — on the legitimate technicality that he merely headed up a section within the Czechoslovakian Embassy.

"That nicety did not seem to bother Mr. Reagan.

"And Cubans are asking just what it means. They wonder also whether Mr. Reagan may not want a foreign-policy breakthrough like Mr. Nixon's major overture to China.

"The Cubans have little to go on — and, moreover, they are most unclear about the people who are being appointed to jobs involving Latin American in the Reagan administration.

"Like many other Latin Americans, they know little about James R. Greene, the American Express executive whose name keeps coming up for the post of assistant secre-

tary of state for inter-American affairs. They are not aware, for example, that it was Mr. Green who successfully negotiated the difficult US agreement with Peru on expropriation claims dating back to the 1968 takeover of the International Petroleum Company.

"On the other hand, they know a great deal about Mr. Reagan's background and his views. They suspect that he is interested in leaving a good mark in the history books, and they wonder if one of the ways he might do this is through a major movement to normalize relations with Cuba.

"Specifically, they suggest there is a whole list of issues upon which dialogue could proceed immediately. Among them: the expropriation of US businesses, dating from the time soon after Fidel Castro came to power in 1959; the exchange of culture and technology; the enlargement of the diplomatic presence in each other's capitals; further accords on skyjackers; economic matters; and air routes."

IRAN

BANI-SADR SAYS FAST VICTORY NOT POSSIBLE

Hugh Paim (PHILA. INQ., 2/9/81, Tehran) [Reuters]:

"Iranian President Abol Hassan Bani-Sadr said yesterday that Iran's armed forces lacked the equipment to mount a quick and decisive offensive against Iraq but that Baghdad evidently feared an extended war.

"The president said in an interview on the progress of the five-month-old war: 'The Iraqi army has been tied down for some time and projects to weaken it are going very well . . . But our army has not sufficient equipment to fight a lightning war.'

"Iran's tactics are to obtain limited results with minimum losses, he said. 'The Iraqi government is repeating its desire for peace so you can tell it is afraid of the war continuing,' Bani-Sadr said.

"He repeated the Iranian position that no peace talks would start while Iraqi forces were on his country's territory, and this could mean a long war. Once the Iraqis withdrew there would be no further obstacles to negotiations, he said.

"Iran began what was described here as a major offensive early last month, but only in the past few days have war reports spoken of significant advances."

FOREIGN POLICY

HAIG URGES LESS FREQUENT ALLIED SUMMIT MEETINGS

WASH. POST, 2/9/81:

"Secretary of State Alexander M. Haig Jr., in an interview published yesterday, cast doubt on the recent practice of regular semi-annual summit meetings of the free world's leaders.

"Haig, in an interview with the London Sunday Times, said meetings of the top leaders should be 'used sparingly.' He also said that summits are 'a very special vehicle in diplomacy that should be reserved only for the most exceptionally significant of issues.'

"The secretary of state, however, expressed the hope of establishing increasingly close relations and exchanges of intelligence with the European allies, if the Central Intelligence Agency can plug its news leaks.

"'First and foremost, we have got to do a better job in developing and sharing common perceptions,' Haig added. 'That means sharing our intelligence, agreeing on the hard facts and recognizing that everybody can contribute to this process.

"'But we can only expect our European partners to participate in such exchanges if they can be protected against immediate revelations on the front pages of American newspapers,' he said. 'We, therefore, have to tighten up

our international channels of communications.'

"Haig said newly appointed CIA Director William J. Casey 'is very much dedicated to this.' "

HARSHER U.S. RHETORIC

L.A. TIMES, 2/1/81, edit.:

"Few U.S. experts on the Soviet Union will quarrel with the substance of the President's remarks; they are a reasonably accurate description of actual Soviet behavior in the world and the ideological pronouncements used to justify that behavior.

...

"We suspect, however, that the new Administration's

purposes would have been better served had the President expressed his determination in quieter tones — backed up by tougher talk in private communications with Moscow — and left the harsh rhetoric to one of his subordinates.

"The point is not that Leonid I. Brezhnev and his colleagues might get their feelings hurt. The Soviet leaders are tough men who are impressed by strength. In this instance, however, the strong language might have carried more credibility had it not been accompanied by waffling on the issues of the U.S. grain embargo and draft registration.

"The question, therefore, is not whether Reagan was unnecessarily rude to the Russians in his first formal press conference as President, but whether this sort of rhetoric might scare this country's allies more than its adversaries."

DOMESTIC AFFAIRS

DEFENSE

General David C. Jones will be retained as chairman of the Joint Chiefs of Staff, the Pentagon said yesterday. Jones, an Air Force General, has been criticized for being too close to the Carter Administration generally and, specifically, for not opposing the Panama Canal treaty and the decision to cancel production of the B-1 bomber. President Reagan decided to retain Jones on the recommendation of Defense Secretary Caspar Weinberger.

TOWER SAYS SOVIET BUILDUP COULD OVERWHELM U.S.

PHILA. INQ., 2/9/81, Washington:

"The current Soviet arms buildup is threatening the United States with 'nothing less than military inferiority,' Senate Armed Services Chairman John Tower (R-Texas) said yesterday.

"Although the 1981 U.S. defense budget of \$196 billion is a record, the 1982 budget will have to be increased by at least \$11 billion or \$12 billion, he said.

"Tower, in an interview with U.S. News and World Report magazine, said that the United States stood to lose equivalence in strategic nuclear weapons, that the U.S. Navy could be neutralized on the oceans and that long-standing technological supremacy could be wiped out.

" 'Military power is Russia's only trump card. But Moscow can use it to split our alliances and make it hot for

us in the Third World where the stakes are getting very high,' he said.

"Tower pointed to the Soviet invasion of Afghanistan as evidence that Moscow was prepared to use its military power offensively and directly and said that 'Russian leaders have gone into the intervention business in a big way.'

" 'They now have a global blue-water navy, for instance, even though they don't have to protect critical sea lanes as we do. There can be only one explanation for this buildup — coercive, global ambitions,' he said.

"Tower declined to say how much the Reagan administration would boost the defense budget, stating only that he expected 'a very substantial increase.' He recommended that a mobile (MX) missile system be built as soon as possible, an interim bomber be constructed to bridge the gap between the B-52 bomber and new aircraft that can evade enemy radar, and the draft registration program retained."

NEW BASE URGED FOR RDF

Richard Halloran (NY TIMES, 2/9/81, Washington):

"The staff of the Joint Chiefs of Staff has recommended a far-reaching shift in the command structure of the Rapid Deployment Force, bringing to a climax a year-long struggle among the Army, Navy and Marine Corps for control of the new force.

"The recommendation, according to military officers here, would switch the command of the deployment force from the Readiness Command at MacDill Air Force Base in Tampa, Fla., to the European Command in Brussels. Both are commanded by Army generals.

"Rejected, those officers said, were proposals to make the deployment force a part of a reformed Readiness Command, to put it under the Pacific Command headed by an admiral in Hawaii, to make it a part of an entirely new command in the Middle East or to make it solely a mission of the Marine Corps.

"The issue is to be debated by the Joint Chiefs of Staff and the final decision will be made by Caspar W. Weinberger, the Secretary of Defense. At a news conference last Tuesday he said, 'I don't have any particular feeling at this point as to who should be in overall charge or whether or not the elements that we now have in training and general plans for it are the most effective.'"

Copyr. 1981, NEW YORK TIMES

AUTO INDUSTRY

Transportation Secretary Drew Lewis decided yesterday to seek a one-year postponement of requirements to begin phasing in automatic passenger restraints in automobiles next fall. The passenger restraint rule has been criticized by the auto industry, which had asked that the federal standard be postponed. The standard called for automatic restraints to be required in all large 1982 model cars this fall. Lewis noted the severe financial problems facing the auto makers, and said a year's delay in the restraint requirements are necessary to reevaluate the rule's benefits and costs "in light of these changed circumstances in the auto industry and the U.S. economy."

PROPOSAL TO LIMIT AUTO IMPORTS WOULD HURT, NOT HELP, INDUSTRY

WALL ST. JRNL., 2/9/81, edit.:

"Senators Jack Danforth (R., Mo.) and Lloyd Bentsen (D., Texas) have introduced a bill that would deprive U.S. auto companies of the opportunity to regain their competitive strength. They proposed to limit auto imports from Japan to 1.6 million cars a year, through 1982.

"Such a quota, of course, would be a tax on customers, as Detroit well knows. Thanks to the trigger price mechanism and other forms of protection in the steel industry, U.S. auto makers have had to pay roughly \$50 more per ton of steel than their Japanese competitors.

"In autos, too, a quota would raise prices. By restricting the number of highly fuel-efficient cars that customers are willing to buy, it would interfere with marketplace adjustments to higher oil prices. And for these reasons alone, the Danforth-Bentsen proposal should be rejected.

"But in addition, the quota could be very damaging to the domestic industry supposedly being protected. Senator Danforth says the U.S. auto makers need some 'breathing room' as they retool for their new lines of smaller, more fuel-efficient cars. Breathing room, however, is just what U.S. auto companies don't need, if they're to compete successfully in the markets of the future.

"In years to come, auto competition is going to get rougher, not easier. Volkswagen and Renault are internationalizing their production, more of Japan's nine auto companies are preparing to export and countries such as South Korea and Brazil are poised to enter the market in a big way.

"U.S. companies will prosper only if they've had the chance to test their mettle against the toughest competition available. GM and Ford will be able to profit from the economies of scale so critical in the auto industry only if they can sell world-wide - in markets where they can't benefit from U.S. import protection. It will be of no help to the U.S. makers if they can't get their costs quickly in line with the world's most efficient producers.

"In the absence of enormous productivity improvements, for example, the U.S. auto industry has little hope of meeting future competition so long as its hourly wages and benefits remain some 30% higher than in Japan. In most industries, Japan no longer competes with the U.S. on a labor cost advantage. In autos, it still does in part, and restricting Japanese imports would allow Detroit to delay the necessary adjustments.

"Defenders of quotas will argue that European countries are placing more and more limits on imports from Japan, and that Japan built up its own industry behind rigid trade barriers. But in both Europe and Japan, these policies have penalized customers severely.

“What’s more, one of the most important reasons for the competitive strength of Toyota, Nissan, Honda, Fuji, Toyo Kogyo, Mitsubishi and other Japanese auto makers is that they have had to learn how to compete against other

Japanese auto makers — both at home and abroad. To deny GM, Ford and Chrysler a similar trial by fire is to limit their competitive opportunities.”

ECONOMY

Morgan Guaranty Trust Company yesterday cut its prime interest rate by a half point to 19 per cent. The nation’s fifth largest bank said the move was caused in part by a drop in bank loan demand, and analysts said it is expected to be followed shortly by other major banks.

BUDGET

POST OFFICE, AMTRAK FACE CUTS

Martha M. Hamilton (WASH. POST, 2/9/81):

“In addition to a wide swath of proposed cuts in federal grant and loan programs, the Reagan administration is considering sharp cutbacks in two of the most widely used government subsidized programs — the Postal Service and Amtrak.

“A budget document prepared by Office of Management and Budget Director David A. Stockman proposes new standards of self-sufficiency for Amtrak’s trains that would amount to a wholesale reduction of routes and price hikes for tickets that could as much as quadruple the old rates.

“Another part of the document makes clear that Saturday mail service has no place in hard times. ‘The possible reduction of service to five-day delivery is a symbol of the seriousness of the fiscal austerity being imposed by reductions throughout the federal government,’ according to a section dealing with Postal Service subsidies.

“The proposed Amtrak changes amount to ‘a fundamental philosophical change,’ according to one Amtrak official. The budget document itself notes: ‘Passenger trains, while part of the country’s heritage and history, have little place in a federal budget which is heavily in deficit.’

“President Reagan’s budget architects hope their proposals will make good on his campaign promise to cut federal spending and get the government books to balance, but in putting the proposals together they indicated not only little regard for history, but also little respect for popularity.”

RESEARCH CUTS PROPOSED

Robert Reinhold (NY TIMES, 2/9/81, Washington):

“The Reagan Administration would give substantial increases in Government support for basic research in the so-called hard sciences, such as physics and chemistry, but would sharply curtail support for programs in the behavioral and other ‘soft’ sciences, according to proposed budget revisions circulating in Congress.

“The proposals would also eliminate Federal programs meant to widen the access of women and minority group members to careers in science and would heavily cut other programs in science education.

“The cuts, prepared by the Office of Management and Budget, are embodied in proposals to revise President Carter’s budget for fiscal 1982. They are subject to change and may represent, to some extent, trial balloons meant to test reactions. But in the continued absence of a science adviser to serve as spokesman for the President, they represent some of the first concrete hints of the Reagan’s Administration’s science policy.

“The proposals are likely to delight laboratory scientists in physics, chemistry, biology and other natural sciences but may shock science educators, social psychologists, anthropologists and other social scientists who have come to depend heavily in recent years on the support of the National Science Foundation.

“If the proposals are accepted, they would tend to restore to the science agency its original purpose of backing basic research and little else. Over the years, Congress and previous Administrations have required that the agency also promote various social goals, such as educating women and minorities in the science and encouraging innovation in small businesses. Opposition to the proposed cuts is expected in Congress.”

REGULATION

REAGAN TEAM MAPS STRATEGY FOR REAL REGULATORY REFORM

Peter Behr (WASH. POST, 2/6/81):

"In the breathing period permitted by President Reagan's 60-day freeze, a task force of regulatory experts is determining how much leverage the president has to reverse, reopen and redirect the environmental, health and safety regulations that Reagan and his aides say have 'shackled' the economy.

"The administration's leverage is limited in some cases by specific congressional directives, and in others by political factors. Even so, Reagan's deregulators believe they can have a direct impact on scores of major rulings by executive branch agencies like the Environmental Protection Agency and the Occupational Safety and Health Administration — two agencies whose economic impact is particularly great.

"I think this administration is thinking big on regulatory reform," said James C. Miller III, executive director of the Cabinet-level Task Force on Regulatory Relief headed by Vice President Bush.

"The new administration has not yet filled the top posts at EPA or OSHA, but in Miller, it has a student of the bureaucracy who served in the Ford administration and spent the Carter years at the American Enterprise Institute in Washington, developing a strategy for deregulation.

"Miller, regulatory administrator at the Office of Management and Budget, and other OMB officials are preparing a new presidential executive order that will make 'a significant change in the way agencies issue regulations,' Miller said this week. The order, which could be issued within weeks, will impose 'very hard rules' to assure that regulators issue only those rules that are essential and even then impose the least expensive of the alternatives.

"One regulatory issue, of the many that Reagan aides are reviewing, illustrates the potential reach and limits of the new administration's deregulation authority. That is the six-year fight over federal control over noise in industrial plants, where day-long sound levels could threaten the hearing of more than 5 million workers.

"OSHA has called for expensive changes in equipment and plant layout in a General Motors plant where noisy, high-speed stamping presses are used to make auto components. But Miller and Thomas F. Walton, manager of regulatory economics for GM, writing in the September 1980 issue of the AEI publication 'Regulation,' contend that the problem could be solved by requiring workers to wear ear plugs or ear muffs.

"The costs of equipping workers with ear protection would be much less expensive than the OSHA plan, which could require construction of an addition to the plant to permit the machines to be spread farther apart and surrounded with sound-deadening enclosures."

ENERGY

NEW HOPE SEEN FOR COAL

SAN DIEGO UNION, 1/28/81, edit.:

"The official estimate is that coal production in the United States this year will rise by 2.3 percent, which is not much. What's wrong? Coal is cheaper than imported oil. This country has more of it in the ground than it could use in several hundred years. Production ought to be growing at double-digit rates.

"Carl Bagge, president of the National Coal Association, finally lost patience with seven years of rhetoric about coal being the answer to the energy crisis: 'All that jazz hasn't amounted to diddly squat,' he declared.

"Mr. Bagge's complaint is directed at a government that never fails to talk about coal being a 'cornerstone' of its energy policy and then does so little to clear the way for producing and using more of it. The change of administration offers some hope that the coal industry will begin to realize some of the promises inherent in a policy dedicated to weaning the country off to imported oil.

"The economic trends are all in coal's favor. Last year, the price of oil needed to produce one-million BTUs

of energy rose by \$1.79 while the price of coal needed to produce the same amount of energy was rising by 14 cents. With OPEC likely to keep nudging the price of oil upward in 1981 and beyond, the conversion from oil to coal in utility and industrial plants no longer needs the stimulus of the subsidy program proposed by the Carter administration.

"The arithmetic now coming in indicates that an oil-burning power plant can be converted to coal with a savings in the cost of electricity even when the price of the best available pollution-control equipment is figured in.

...

"As of now, 19 percent of the energy used in the United States comes from coal. The upper limit of that figure is hard to calculate, given the restraints which air quality will impose on the use of coal in some parts of the country, such as California. Ironically, the U.S. coal industry has been so neglected that it is having trouble responding to demand for the fuel from foreign countries that are not as reluctant to use it.

"In recent months as many as 60 ships have gathered on a single day in Chesapeake Bay waiting to pick up coal from the limited number of port facilities that can handle it. While the basic price of American coal is competitive on

the world market, the added cost of demurrage — delays in shipment — is turning customers away.

“The United States earned \$4.4 billion from exported coal last year — an impressive figure until it is compared with the \$74 billion we paid for imported oil. Coal could be an export of much greater importance in offsetting our oil import bill if the roadblocks to production and transportation were cleared.

“This country has been described as the Saudi Arabia of coal, considering its potential as an energy resource existing here in quantities far greater than what we need. But that’s the kind of talk that irritates Mr. Bagge and the coal people — including thousands of unemployed miners in Appalachia. We don’t blame them for being irritated, and we can hope that relief is on the way.”

ENVIRONMENT

BUM RAP ON ACID RAIN?

PITTSBURGH PRESS, 2/3/81, edit.:

“A new study suggests that coal-fired power plants may be getting a bum rap in the controversy over acid rain.

“The popular conception is that pollutants discharged from coal-fired plants are responsible for the increasing acidity of rain over the northeastern section of the North American continent.

“However, study made for the U.S. Department of Energy by a consulting firm says the biggest culprits may be commercial and residential oil-fired boilers and catalytic

converters on motor vehicles. These, the report says, produce emissions which could react with other substances in the air and produce acid rain.

“The conclusions are based primarily on findings in three areas of the United States — Northeast, Florida, and California. Florida and California have few coal-fired power plants yet they are experiencing increasing amounts of acidic rain.

“One major point to be drawn from this study is that governmental agencies should find out more about acid rain before requiring installation of multi-billion-dollar equipment on coal-fired power plants to control a phenomenon that the plants may not be causing.”



POLITICAL UNREST

POLAND FACES FRESH TESTS

Jonathan Spivak (WALL ST. JRNL., 2/9/81, Warsaw):

“Poland is entering a week of high tension that could produce serious new conflicts between the Communist government and opposing independent trade unions, or the possibility of a spell of labor peace.

“The fresh tests, which involve the organizing of farm workers and the new government measures to calm worker unrest, could upset a tenuous truce reached in recent days. The government and workers each gave some ground in settling disputes over the length of the workweek, access of the Solidarity union to radio and television and the firing of unpopular local government officials.

“Today and tomorrow, a meeting of the party’s central committee is expected to announce new steps to restore stability to the country. It is also expected to order another change in government leaders in the hope of winning greater public confidence.

“Tomorrow, the state supreme court will announce its decision on whether striking private Polish farmers, who produce much of the nation’s foodstuffs, will be allowed to form their own independent unions, a type of rural Solidarity.

“If either move goes against independent union activity in the factory or on the farm, new strikes and unrest can be expected, Solidarity leaders say. The greatest danger lies in an escalation of government-union conflict that could

lead to a government-ordered state of emergency and a countering Solidarity general strike, both sides agree. But the forces in each camp are hard to control. 'The risk comes both from hardliners in the government and militants in Solidarity,' comments a government official.

"The central committee meeting will be dominated by the unsettled issue of the party's approach to labor unrest. While one regional general strike was settled last week, thousands of students are still immobilizing a major university in the city of Lodz, militant farmers are occupying a government building in Rzeszow, and workers continue a bitter strike in Jelenia Gora over charges of party corruption and privilege.

"Poland's Communist leaders are believed to have considered ordering a state of emergency, which would have included a curfew and the use of military to force workers back to their jobs. But the action wasn't taken because of the fear that it would only increase workers resistance and violence.

"Stanislaw Kania, Poland's Communist Party leader, has refused to use force against workers, recognizing the government's lack of popular support and the strong anti-party feelings sweeping the country in the wake of last fall's victories by strikers.

"Late last week, after breaking off negotiations, the government suddenly settled, on workers' terms, a festering general strike in the southern city of Bielsko-Biala, which had closed a big Fiat S.p.A. factory. Warsaw officials agreed to fire a number of local officials who were accused of corruption by the workers and agreed to pay strikers their full wages during the dispute.

"The best guess is that the central committee this week will avoid harsh action and emphasize broad economic changes on which both workers and government agree. The party pronouncements will be followed by open debate and discussion in a special session of parliament scheduled for Wednesday and Thursday.

"Another round of government changes is also likely. One casualty is likely to be Jozef Pinkowski, the prime minister, who is generally blamed by the public for failing to take decisive steps to deal with the country's growing economic crisis. Mr. Pinkowski has held office since last fall's strikes and is Poland's third prime minister in little more than a year. While workers and citizens have become almost accustomed to government changes, the action could give Poland's leadership a fresh chance to concentrate on economic problems. 'We need a form of detente to deal with our longer range problems,' comments an economist.

"The rural farm-workers' issue could be more difficult to solve and even more explosive. Mr. Kania has taken a firm stand against allowing Poland's three million private

farmers to form their own unions, insisting they are employers rather than workers. The Communist Party's major concern is that uninterrupted farm production is necessary for social peace in the cities and that once peasants are organized in unions they will quickly form a powerful political party. 'The prospects of farm-worker unions strengthening the role of private agriculture is also a major problem for the Soviets,' comments a university professor.

"Lech Walesa, Solidarity's national leader, has backed the rural movement, offering it the services of Solidarity's extensive Telex system, skilled negotiators and other aid. But so far Solidarity's high command has stopped short of threatening widespread strikes. But support for the farmers is strong among factory workers and if the state supreme court refuses to permit farmers unions, more labor trouble almost surely will follow. Moderates on both sides hope the court will find a face-saving compromise, allowing the farmers to form an independent labor organization, though separate from Solidarity.

"Even if these issues are peacefully surmounted this week, the outlook for labor peace remains cloudy at best. The mutual distrust and misunderstanding between Solidarity and government leaders is so intense that even when agreements are reached, more troubles follow.

"Solidarity leaders, for example, who were thought to have won a big victory last week in government concessions for access to radio and TV, are dubious and primed for new conflicts. 'The government promised us the right to broadcast our important communiques,' says a Solidarity spokesman. 'But do you think they will let us announce a general strike?'

"Western observers forecast months of uncertainty before the outcome of the Polish crisis becomes clear. Concern over Soviet intervention, however, appears to be receding. After last December's Western alarm over Russian military moves, Mr. Kania appears to have been given time by Moscow to work out an internal settlement. With the Soviet Communist Party congress coming up late this month, Moscow isn't considered likely to make any immediate moves. The congress itself will provide important insight into Russian policy for handling the instability in Poland."

THREAT TO SOVIET CONTROL REMAINS

CINCINNATI ENQ., 2/3/81, edit.:

"The threat of a Soviet invasion of Poland has receded, for the moment, to the back burner of global concerns, and President Carter is getting much of the credit. He deserves it. His reaction to the massing of Soviet and Warsaw Pact forces on Poland's frontiers was concise and collected. He worked hand in hand, moreover, with America's European allies, to whom the threat of Soviet aggression is even

more acute. He saw Soviet purposes, in short, for what they are, not as he hoped they might be.

“Even so, Poland is a long way from being out of the woods.

“It may well be that world opinion, which the United States helped to mobilize, stayed the Kremlin’s hand. In practical terms, however, the threat Poland poses to the Russians and the entire Soviet system has become, if anything, graver.

“Polish workers have not only won the right to create their own unions and to elect their own union officials, but they have also begun organizing agriculture and resisting government edicts that they work at least some Saturdays.

“Every victory the Polish workers have won has whetted their appetite for more concessions.

“Yet there must be a point beyond which the Russians cannot retreat.

“For what is at stake in the Polish case is international communism’s historic claim to be the vanguard of the proletariat. A Communist country doesn’t need trade unions, the Russians would like the world to believe, because the workers and the state are one and the same. Poland has helped to identify that lie: they have shown that their Communist unions officials have been agents of the state in oppressing — rather than protecting — workers.

“How far can the Poles go before the virus of freedom imperils Communist control of Hungary, Czechoslovakia, East Germany, even Russia itself? That must be the question that haunts the Kremlin.

“The mushrooming revolution in Poland — fought out in careful, non-violent circumstances — is no less a threat to the house of cards Moscow has built in the last half century.”

TELEVISION NEWS FOR FEBRUARY 9, 1981

NBC NIGHTLY NEWS:

—Polish Prime Minister Jozef Pinkowski is replaced by Defense Minister Wojciech Jaruzelski. Workers in southern Poland stage over 200 sit-in strikes--2:12.

—American free-lance journalist Cynthia Dwyer is not released from Iran--:27.

—Her husband says that she will be released tomorrow--1:01.

—A naturalized citizen, who may have been trying to aid Afghan rebels, continues to be held in Iran--:28.

—Morgan Guaranty and Trust lowers its prime lending rate to 19 percent--:11.

—White House officials say that Budget director David Stockman is winning the battle against Secy. of State Alexander Haig over how large foreign aid cuts should be--1:37.

—One hundred government agencies below cabinet rank receive a letter from Pres. Reagan saying that each agency will be told in nine days by how much to cut its budget--2:06.

—Reagan says he wants an inventory of all federal buildings and land to see how much can be sold or returned to the states--:29.

—Secy. Drew Lewis says that regulations requiring automobiles to have air bags or automatic seat belts will be delayed one year--1:20.

—Defense Secy. Caspar Weinberger announces that Gen. David Jones will be retained as chairman of the Joint Chiefs of Staff--:11.

—The office of Rep. Jon Hinson (R-Miss.) says the congressman has decided to resign--:12.

—Funeral services for a black youth, who was strangled, are held in Atlanta--1:40.

—Jim Cummins reports on the six murders in Rockford, Ill. One police official speculates that someone is committing them for “cheap thrills”--1:29.

—Rock and roll musician Bill Haley dies at the age of 55--:19.

—Television technicians test lighting in the Senate chamber--:39.

—Roger Mudd reports that Senate Minority Leader Rubert Byrd (D-W.Va.) could be replaced in 1982 because he may lose political allies after the 1982 elections--:56.

—The State Dept. report on human rights says that there was less violence against individuals in 1980, except in countries where there was fighting, like El Salvador and Guatemala--28.

—Marvin Kalb reports that the Reagan Administration may discontinue reports on human rights --1:29.

—Ten victims of political fighting are found in El Salvador--:33.

—Robin Lloyd narrates a television film that shows guerrilla bases in El Salvador--1:53.

—Shirley Williams, a senior member of the British Labor Party, quits the party's executive committee--:22.

—Stephen Frazier reports that there is a shortage of peanut butter because of the shortage of domestically grown peanuts--1:47.

CBS EVENING NEWS:

—Western diplomats in Tehran say that American free-lance journalist Cynthia Dwyer was not released by Iranian officials because her passport was lost--2:20.

—Polish Prime Minister Jozef Pinkowski is replaced. Over 300,000 Polish workers in a southwest province participate in a general strike--2:25.

—The Soviet ambassador to East Germany meets with Soviet military officials in Moscow--:34.

—Western analysts say that Soviet criticism of the labor unrest in Poland reflects a "serious deterioration" of events in Poland--:57.

—Trade experts say that countries who now sell grain to the Soviet Union could expand their production to freeze the U.S. out of the Soviet market even if the U.S. lifts its embargo--3:24.

—The State Dept. report on human rights says that there was little overall change in worldwide human rights conditions in 1980--:25.

—Delegates to the non-aligned nations conference in New Delhi debate the Soviet invasion of Afghanistan--2:01.

—Egyptian Pres. Anwar Sadat meets with representatives of the European Economic Community to discuss Middle East peace proposals--:29.

—Transportation Secy. Drew Lewis says that the Reagan Administration will seek a one-year delay in automatic passenger restraints in automobiles--1:18.

—The Pentagon announces that Gen. David Jones will serve as chairman of the Joint Chiefs of Staff for 17 more months--:17.

—Pres. Reagan meets with economic advisers and tells Budget director David Stockman not to be timid in proposing spending cuts--1:46.

—Morgan Guaranty and Trust lowers its prime lending rate to 19 percent--:14.

—Stock prices fall--:02.

—Funeral services are held for an Atlanta black child who was strangled--1:53.

—The Airline Pilots Association announces that none of its members will fly airplanes on March 2 --:20.

—Funeral services are held for former Connecticut Gov. Ella Grasso--:23.

—Rock and roll musician Bill Haley dies at the age of 55--:27.

—Scientists at the University of California say that a giant meteor may have crashed into the earth 65 million years ago, causing a giant dust cloud, which contributed to the dinosaur's extinction--3:23.

ABC WORLD NEWS TONIGHT:

—Polish Prime Minister Jozef Pinkowski is replaced by Defense Minister Wojciech Jaruzelski. The Polish central committee criticizes some branches of the Solidarity trade union--2:05.

—Pentagon sources say that the Soviet Union is stepping up military activity on the Polish-Soviet border--1:22.

—The Soviet ambassador to East Germany says that Poland must remain an integrated part of the Communist bloc--:24.

—The Democratic Study Group publishes Budget director David Stockman's proposed budget cuts, totaling \$26 billion--2:25.

—Pres. Reagan meets with state legislators and county officials to discuss his budget cuts--1:25.

—Morgan Guaranty and Trust lowers its prime lending rate to 19 percent--:11.

—Stock prices fall--:02.

—Lynn Sherr reports that the trial of girls' school headmistress Jean Harris, who allegedly murdered diet Dr. Herman Tarnover, often sounds like a "steamy soap opera"--5:01.

—Rock and roll musician Bill Haley dies at the age of 55--:15.

—Defense Secy. Caspar Weinberger says that Gen. David Jones will serve as chairman of the Joint Chiefs of Staff for the rest of his term--:15.

—The State Dept. report on human rights charges that the Soviet Union stepped up repression against dissidents in 1980--1:23.

—John Scali reports that a secret message from Secy. of State Alexander Haig to Iranian officials warning that the U.S. might not fulfill pledges made for the former hostages release unless free-lance journalist Cynthia Dwyer was freed, has expedited her release--1:13.

—Egyptian Pres. Anwar Sadat meets with representatives of the European Economic Community to discuss Middle East peace proposals--:23.

—Delegates to the non-aligned conference in New Delhi debate the influence of the world's super-powers--:17.

—A West German report finds that most West Germans are now willing to talk about the holocaust --:30.

—Health officials in Houston vaccinate 750 children to protect them against an outbreak of meningitis--1:32.

—Funeral services are held in Hartford, Conn. for former Gov. Ella Grasso--:24.

—Members of a London opera company protest a cut in British government subsidies to the company--:22.

—Talks between representatives of newspaper magnate Rupert Murdoch and London newspaper unions begin to discuss Murdoch's plans for the Times of London, should the unions approve his purchase of 196-year-old paper--2:11.

News Digest



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DOMESTIC AFFAIRS

BUDGET

The White House said yesterday that President Reagan's budget decisions are 90 percent complete and there will be no cuts in seven programs that benefit the elderly, disabled, and "truly needy." Press Secretary Jim Brady said Budget director David Stockman has recommended leaving intact the 1982 fiscal year funding of \$210 billion for the following seven aid programs proposed by the Carter Administration and which constitute 28 percent of the \$739 billion Carter budget plan:

- Social Security retirement program
- the Veterans Administration compensation for disability
- the school lunch and breakfast programs
- Medicare
- Head Start
- supplemental security
- summer youth program

Brady said Stockman had been able to make sufficient spending reductions elsewhere to enable him to recommend that the seven programs should not be touched. Reagan will unveil his proposals for spending cuts and a 10-percent tax cut at a joint session of Congress on February 18.

ECONOMY

Treasury Secretary Donald T. Regan said yesterday that inflation primarily is a money supply problem, and tax and budget cuts alone to spur economic growth will not curb it. In a speech to the National Press Club, Regan said "stable prices are impossible if money growth rates outstrip the growth of goods and services year in and year out." Regan said "even a large increase in productivity growth would knock only one or two percent off the inflation rate. The rest of the inflation will have to be ended by bringing long-run money growth into line with the long-run growth of the economy."

DEFENSE

REAGAN REPORTEDLY PLANS INCREASE OF \$32 BILLION IN OUTLAYS

Richard Halloran (NY TIMES, 2/10/81, Washington):

"The Reagan Administration is fashioning a military budget that calls for an increase of \$32 billion over President Carter's proposed budgets for this year and the fiscal year that begins Oct. 1, according to officials at the Pentagon and in military-related industry.

"The Reagan budget reportedly will emphasize shipbuilding for the Navy, tactical aircraft and a new bomber for the Air Force, more civilian employees for the Army, despite the current freeze in other Federal hiring, and pay increases for members of the armed forces.

"On Feb. 18 President Reagan is expected to propose cuts of \$40 billion to \$50 billion in all other Federal spending for the fiscal year 1982. Only military spending will be increased, according to current plans, and the new military budget is expected to face strong opposition when it is presented to Congress later in the month.

"The officials said that the Administration planned to ask for \$7 billion more for military spending this year to

cover operations, pay increases and inflation, bringing the proposed total military budget to \$178 billion.

"For the fiscal year 1982, Administration officials are working on a \$25 billion increase to bring the total of the proposed military budget to \$220 billion. The actual request for appropriations will probably be even more, officials said. They said that specialists in the Defense Department had been recommending cuts in some programs to shift funds to other programs that have been given a higher priority by Secretary of Defense Caspar W. Weinberger."

Copyr. 1981, NEW YORK TIMES

SERVICES LINE UP FOR MONEY

Charles W. Corddry (BALT. SUN, 2/10/81, Washington):

"The real issue appears to be how much more than \$1.1 trillion will be needed over five years to 'rearm America.' That is the sum proposed by Mr. Carter in his final defense message to Congress.

"That is approximately the sum the Congressional Budget Office also has projected for the five years — fiscal

1982 through fiscal 1986 — though it would spend the money somewhat differently. It would, for example, put more on weapons and manpower and less on operations and research and development.

“One government official who has watched the military rush to expand the Carter proposals and add all sorts of new plans described the process as resembling a ‘Laurel and Hardy movie run at triple speed.’

“The approach, this source said, treats defense as if there were infinite resources to make good all the deficiencies ever complained of.

“As the Navy and Marine Corps, which have spoken out most vociferously, described their woes to the Senate Armed Services Committee last week, Senator John C. Stennis (D, Miss.) told them he noticed they felt ‘a kind of new freedom to testify.’

“Mr. Stennis, it can fairly be said, does not relish the claim that the forces are inferior, having presided as the committee’s longtime chairman over the provision of more than \$1 trillion in a decade.

“The Navy and Marine Corps not only have vigorous military chiefs but enjoy the ascension to power of a civilian secretary, John F. Lehman, Jr., 38 who may well be the most politically activist of the new civilians in the Pentagon.

ENERGY

HOUSE DEMOCRATS OPPOSE SYNFUEL CUTS

Richard L. Lyons (WASH. POST, 2/10/81):

“The entire Democratic leadership in the House joined yesterday in warning the Reagan administration to keep its budget-cutting hands off the synthetic fuels subsidy program Congress created last year.

“As the list of spending cuts proposed by the new administration circulated on Capitol Hill, including a big cutback in the federal underwriting of a massive synfuels development program, House Majority Leader Jim Wright (D-Tex.), who led the fight for the program in the last Congress, sprang into action.

“Wright quickly organized a letter signed by Speaker Thomas P. (Tip) O’Neill Jr. (D-Mass.) and other leaders as well as House energy specialists pleading with President Reagan not to cut back this program, which is intended to help the energy industry learn to profitably produce energy alternative sources to oil and thus lessen dependence on imports.

“The letter delivered to the White House last Friday called efforts to cut back the synfuels program false econ-

“For openers, Mr. Lehman told the committee the Navy needs 600 ships instead of today’s 460, needs three more aircraft carriers than today’s 12, and must build or modernize 30 ships a year instead of the average of 20 a year for five years envisioned by the Carter administration.

“It would be easy to calculate that Mr. Lehman’s proposals could double the proposed \$6.6 billion shipbuilding appropriation for fiscal 1982. On top of that would be a large increase in the proposed \$7 billion aircraft account.

“But if the Navy was loudest, the other services probably should be regarded as no less insistent.”

WASTE ALSO AN OBSTACLE TO READINESS

SEATTLE TIMES, 2/9/81, edit.:

“Weinberger and Jones are likely to get most of what they want from the present Congress. It is an urgent national necessity.

“But that neither relieves Congress of a duty to scrutinize every Pentagon budget request carefully, nor relieves the administration of a need to practice stringent economies to squeeze the most out of the additional billions for defense that must be appropriated.

“Naivete is not the only obstacle to an adequate military posture. So, too, is waste.”

omy and said the program enjoys broad support in Congress. Since the program consists almost wholly of loan and price guarantees which may never be needed, cutting the program would contribute almost nothing to efforts to reduce federal spending, the letter said, but could defeat the whole effort to open up new energy sources. Congress has made a first installment of \$20 billion in guarantees to start the program.

“The letter puts the leaders of the Democratic Party, who spend most of their time speaking up for the little people, fighting for financial assistance to corporate giants who generally are more closely identified with Republicans. O’Neill in particular, coming from New England at the end of the energy pipeline, has never been a close friend of the big oil companies.”

U.S. CONSIDERS LARGER PURCHASES IN SPOT MARKET FOR OIL RESERVE

Rich Jaroslovsky (WALL ST. JRN., 2/10/81, Washington):

“The U.S. is testing the waters to see if it’s safe to resume large-scale purchases of crude oil on the world market for its strategic petroleum stockpile.

"Energy Department officials confirmed that the government is offering to buy very limited quantities of oil from companies on the spot, or open, market. If the move is successful, they said, the government might seek to negotiate larger, long-term purchases to assure a continuous flow of oil into the Strategic Petroleum Reserve.

"The offer to buy small amounts of oil isn't a surprise. President Reagan strongly advocated rapidly filling the reserve during his campaign last year, and Congress in December attached a requirement to the Energy Department's appropriation directing the department to increase the reserve by as much as 300,000 barrels a day, up from the current 100,000-barrel daily rate.

"Still, the move represents something of a risk for the new Reagan administration. Many oil-producing nations have been loudly critical of U.S. stockpiling, and could possibly seize on the new purchases as a pretext to justify a price increase, a production cut or other action.

"Officials said there was some quiet consultation on the subject between the U.S. and Saudi Arabia before the Carter administration left office last month. It isn't known whether the Saudis tacitly acquiesced to the latest plan, however."

AUTO INDUSTRY

GM, FORD MAY SWAP PROFIT-SHARING FOR LABOR-COST CONCESSIONS BY UAW

Robert L. Simison (WALL ST. JRNL., 2/10/81, Detroit):

"General Motors Corp. and Ford Motor Co., which are about to demand labor-cost concessions from the United Auto Workers union, indicated they are prepared in return to offer the union profit-sharing, a long-nurtured UAW goal.

"In the past two days, officials of both companies have stepped up signals that they will demand new contract talks before current pacts expire in September 1982. Ever since the UAW reopened its Chrysler Corp. contract late last year for the second time, Ford and GM have been hinting they might seek concessions.

"Ford and GM complain that the \$622 million of wage and benefit cuts that the UAW granted Chrysler last month will leave GM and Ford at a significant competitive disadvantage by September 1982. 'We have to approach the

OIL AND NATIONAL SECURITY

Jerome D. Becker (CINCINNATI ENQ., 2/4/81):

"The threats to American security from the loss of foreign oil upon which we have made ourselves dependent are real enough. What we lack is not so much the military capability and the political resolve to respond to a disruption. We lack the strategic petroleum reserve with which to survive intact the loss of foreign oil.

"Without a reserve, we will indeed be vulnerable to staggering economic dislocation. With a reserve of sufficient depth, we might survive the loss of the oil that lubricates our economy.

"Over the last four years, the nation's strategic petroleum reserve has become a laughingstock. By 1978, we were to have 150 million gallons in reserve. At last report, there were 92 million gallons on hand, a supply that will not last us three weeks at current import rates. Sadly, the Carter administration compounded its error by deciding to use the oil in the naval petroleum reserve as part of the strategic reserve, a move that no doubt amused both our enemies and our allies.

"Now we need the political and the economic courage to re-establish the viability of a billion-barrel strategic reserve and the determination to build that reserve as quickly as possible. To do less is to leave the U.S. economy to the tender mercies of Middle East terrorism, war and revolution or to Soviet global designs. The choice is that stark."

issue of a two-tiered cost structure in the industry very aggressively, we can't live with it very long,' Donald E. Petersen, Ford's president, told a press conference yesterday in Los Angeles.

"Apparently to induce a reluctant UAW to reopen talks right away, though, Ford and GM are holding out the prospect of negotiating profit-sharing plans. 'Conceptually, it's the type of thing that should be considered,' Mr. Petersen said. Roger B. Smith, chairman of GM, indicated in an interview that GM also could be willing to offer profit-sharing in return for labor-cost concessions.

"Their comments caught Douglas A. Fraser, the UAW's president, by surprise. 'We've asked for profit sharing every bargaining year since 1958, and the only comment we ever got was that profit sharing was foreign to the free-enterprise system,' he said. 'It's very encouraging to hear that they've changed their minds, and we'll be very happy to talk to them about it in 1982.'"

THE GLOOM IS TEMPORARY

COLUMBUS DISPATCH, 2/4/81, edit.:

"... as the *Wall Street Journal* opined, 'it is an ill wind — agony now may mean a brighter tomorrow.' The thinking is that the industry is in transition — it is slowly working its way from big gas-guzzlers to the smaller, more fuel-efficient cars the public is demanding.

"Even so, the loss reports are staggering. GM says it lost \$762.5 million on sales of \$57.7 billion last year. Chrysler's losses are expected to be \$1.7 billion and Ford's may hit \$1.5 billion.

"These losses are not felt solely in corporate board

rooms or among company shareholders who depend on dividends. They are felt by suppliers, dealerships, assembly line workers and individual communities. . .

"Throughout the industry, there is concern about the future, but therein reposes the silver lining. It involves re-tooling old plants, building new ones and preparing to turn out a new generation of vehicles.

"General Motors, as an example, says it plans to spend \$40 billion 'for improvements.' That augurs well for the future. But short-term it means the automaker must borrow much of the funding — and money is expensive.

"The auto industry presently is in agony, but it is confident of the future. That is the key — confidence."

CONGRESS

NEW DEMOGRAPHIC PROFILE

Arthur Wiese (HOUSTON POST, 2/1/81, Washington):

"The Republican tidal wave has transformed the new 97th Congress in more ways than just political alignments. The average member is younger, less likely to be a lawyer, and, in terms of incumbency on Capitol Hill, less experienced.

"There also are more Roman Catholics, Jews, blacks, women, farmers and — believe it or not — journalists than in the old 96th Congress.

"A survey of the 100 senators and 435 representatives by Congressional Quarterly shows the average age as of Jan. 1 was 49.2 years, down almost four years from the average of 53 when a similar study was made in 1969. Republicans in Congress also are younger than Democrats, 47.9 years old compared to 50.2.

"Of the 435 House members, nearly half — 207 — have served four years or less. In the Senate, a whopping

58 of the 100 have served no more than a single six-year term.

"While attorneys still are the largest professional group represented in Congress, the number of members with law degrees has declined from 270 in the 96th Congress to 253, the first time in memory lawyers haven't constituted a numerical majority.

"In terms of religion, the 97th includes 136 Roman Catholics, 74 United Methodists, 72 Episcopalians, 57 Presbyterians, 51 Baptists, 33 Jews, 23 Lutherans, 22 unspecified Protestants, 12 Congregationalists or member of the United Church of Christ, 11 Mormons, 9 Unitarians, 5 members of the Church of Christ, 5 members of the Greek Orthodox faith, 4 Christian Scientists, 17 of assorted other Christian denominations and 4 members who stated no religious affiliation.

"There now are 17 blacks in Congress, an increase of two from the previous session; 21 women, an increase of four; 37 farmers, a boost of 12; and — hold onto your hats — 28 journalists, more than double the 13 who previously served."

FOREIGN AFFAIRS

POLAND

Polish farmers and Solidarity leader Lech Walesa yesterday accepted a compromise Supreme Court decision on the farmers' demand to be allowed to form trade unions. The court left the door open to the farmers' to organize as an "association," and Walesa called the verdict a "draw."

Meanwhile, Solidarity members in the southern province of Jelenia Gora called off a two-day-old strike. Settlement of student strikes in three cities also appeared imminent.

Diplomats in Moscow said that Soviet leaders expect incoming Polish Prime Minister Wojciech Jaruzelski to take a tougher line against the labor unions than his predecessor. Despite Jaruzelski's reputation as a moderate, the diplomats said, the Kremlin will look for him to take a hard approach in negotiations.

The State Department said the United States would consider it a matter of "very great concern" if Polish military forces were used to quash popular resistance in the country. The department made the declaration to clarify a spokesman's statement earlier in the day that the use of "Polish forces to enforce Polish law" would be regarded by the United States as "an internal matter."

MIDDLE EAST

Egyptian President Anwar Sadat yesterday endorsed a European initiative for Arab-Israeli peace but said he hoped it would not interfere with the Camp David process. In an address to the 34-member European Parliament in Luxembourg, Sadat said, "We should like you to participate with us in persuading both Israelis and Palestinians to accept a formula of mutual and simultaneous recognition. We invite you also to take part in additional security guarantees as a European contribution to peace in the Middle East." The European initiative, launched at a European summit in Venice last June, calls for involving the PLO in an overall peace agreement. The Camp David framework rules out any role for the PLO.

An American free-lance writer who was held as a spy in Iran for nine months flew out of Iran to freedom. Cynthia Dwyer of Buffalo, N.Y., who was convicted of espionage and ordered deported, arrived in the United Arab Emirates on an Iranian plane loaded with peasants.

A State Department spokesman said the Reagan Administration's review of the agreement that freed the 52 American hostages is being delayed because it may be inconsistent with U.S. or international law. He denied there was an "attempt to let the deadlines slip."

NON-ALIGNED MOVEMENT

Foreign ministers at the conference of non-aligned nations meeting in New Delhi yesterday began to draft a resolution calling for the withdrawal of foreign troops from Afghanistan, but not one mentioning the Soviet Union by name. It will emphasize, sources said, the "intervention or interference in the internal affairs of sovereign states," and call for a "political settlement through peaceful means."

Cuba attacked the United States at the conference, saying it had used events in Afghanistan and the seizure of American hostages in Iran to justify belligerent actions. The Cuban foreign minister also accused the U.S. of aligning itself with "fascist Latin American governments."

ARMS SALES

The Pentagon yesterday disclosed a proposed sale of F-16 jet fighters to Austria, the first time such planes would be turned over to a neutral country. Congress has 30 days in which to decide to block the \$500 million deal for 24 of the single-engine planes.

SPAIN

King Juan Carlos yesterday nominated Deputy Premier Calvo Sotelo as the new premier in an attempt to end the two-week government crisis triggered by the resignation of Premier Adolfo Suarez. The Spanish parliament was expected to approve the nomination this week.

CENTRAL AMERICA

**SANDINISTAS SAID TO FACE
ECONOMIC, POLITICAL CRISIS**

James Willwerth (WASH. STAR, 2/9/81,
Managua, Nicaragua):

"Barley 18 months after launching its 'revolution of reconstruction,' Nicaragua's Sandinista government is enmeshed in an economic and political crisis that may require it to move to the center if it wishes to stay in power.

"Either that or the Sandinistas must further radicalize their unique political system — which accommodates a private sector and a largely Marxist Sandinista 'directorate' — and rely on force to stay in power.

"But a decision to carry radicalization one step further could lead to a new civil war. 'Nicaraguans do not want communism,' says a moderate member of the government.

"The recent U.S. decision to re-examine its multimillion-dollar aid program to Nicaragua amid charges that the Sandinistas have been providing arms to leftist guerrillas in El Salvador seems to have brought things to a flash point.

" 'Last year was very difficult and 1981 will be more difficult,' observes Arturo Cruz, a non-Sandinista member of the military and civilian junta that runs Nicaragua.

" 'It would be a very serious blow to us if the United States withdrew its aid. It would only increase the influence of radical elements within the society.'"

...

"Diplomatic and political observers are divided on whether the Sandinistas could win an election if one were held today, but all agree that the Sandinista's political base has been seriously eroded."

SALVADORAN DOMINO

RICHMOND NEWS LEADER, 2/6/81, edit.:

"Evidence of outside Communist influence in El Salvador continues to build. The Kremlin ships arms to Salvadoran terrorists via third countries. Nicaragua offers the terrorists sanctuary and serves as a staging ground for terrorist attacks. Nicaraguan troops even have joined in anti-government fighting. (Remember Nicaragua? The Carter administration sided with the Sandinistas against the pro-U.S. regime of Anastasio Somoza in an effort to 'stabilize' Central America.)

"In a classic example of Communist duplicity, Communists evidently were responsible for the December deaths of three American nuns. The murder of the nuns — who, incidentally, were sympathetic to the pro-Communist 'revolution' — was a ploy to force the Carter administration to sus-

pend military aid to the Salvadoran government. Carter took the bait. He stopped military aid pending an investigation of the killings; upon suspension of U.S. aid to the government, the Communist guerrillas launched their 'final offensive.' The aid was resumed shortly before he left office.

"The Reagan administration's firing of Carter's ambassador to El Salvador, Robert White, signals a welcome change in U.S. policy. Instead of pressing the government to undertake impossible 'reforms,' the administration should encourage the junta to shift toward a capitalist economy and to extend an olive branch to its right-wing opponents. With sufficient U.S. military aid, a government-Rightist coalition could rout El Salvador's Communists, thereby preventing it from becoming another Central American domino."

SAVING THE MODERATES

MILWAUKEE JRNL., 2/5/81, edit.:

"The State Department says it is 'premature' to interpret the firing of Robert White, the so-called activist US ambassador to El Salvador, as a sign that the US is changing its policy toward that strife-ridden nation.

...

"Some hard-line conservative supporters of Reagan have criticized White for pushing far-reaching agricultural and economic reforms in El Salvador. However, land reform remains one of the few ways in which moderates in the military-civilian junta can (1) rally support for the government among the people and (2) undercut the appeal of the guerrilla-left. Furthermore, meaningful reform offers the only path to political stability in that country.

"What would be Reagan's options if he were to turn away from White's approach? Washington could swing its support to the right in El Salvador, a group with strong authoritarian elements that probably have more blood on their hands than the radical leftists. But if the president chose that course, he probably would destroy what remains of the moderates in the junta and drive them into the arms of the left. Then there would be outright civil war.

"Because of US domestic political considerations and his own philosophy, Reagan would find it very difficult to embrace the left in El Salvador. That simply isn't a viable option for him. Thus, if Reagan is smart, he will stick to the path White has cleared in the name of moderate reform. That adherence is in the best interests of El Salvador and this country."

PERSIAN GULF

**PROGRESS REPORTED IN ENDING
WAR BETWEEN IRAN & IRAQ**

John Schidlovsky (BALT. SUN, 2/10/81, New Delhi):

"Iran's leaders have indicated for the first time a possible interest in resolving their 21-week-old war with Iraq, a top Asian diplomat disclosed here last night.

"I have pleasure in informing this conference that as a result of talks with the leaders of the Islamic Republic of Iran during a recent visit to that country, I received a favor-

able reaction from them,' Aga Shahi, the foreign minister of Pakistan, told delegates to the foreign ministers' meeting of the nonaligned movement.

"Mr. Shahi, who was in Tehran early last week, did not give any details of the Iranian position. Efforts to contact members of the Iranian delegation were not successful.

"Just last Friday, a team of Iranian officials arriving here had emphasized that Iran was not interested in holding negotiations with Iraq, with whom it has fought a protracted war since September 22."

FOREIGN POLICY

**HAIG DECISION ON ARMS FOR MOROCCO
SAID TO SIGNAL SIGNIFICANT SHIFT**

John Maclean (CHICAGO TRIB., 2/8/81, Washington):

"The day before Secretary of State Alexander Haig decided to approve the long-pending tank sale to Morocco, he was visited by an emissary from Morocco's King Hassan.

...

"As a result of that talk, Haig sent to Congress late last week preliminary notification of the sale of 108 M-60 tanks to Morocco, which the Carter administration had promised. Haig also decided on the early dispatch of 6 OV reconnaissance aircraft, which can be used in the Saharan war against the Algerian-backed Polisario guerrillas.

...

"Haig's swift response to Morocco's concerns has significance far beyond the \$180 million tank sale, which by world standards is a droplet in a very large bucket.

"It means the U.S. will no longer skew its decisions in foreign policy based on who helped negotiate the Iranian hostage crisis; it means arms sales to Arab states will not meet heavy resistance from the State Department; and it means that old friends will be seen as the best friends.

"It also means there will be a less finicky attitude toward arms sales in general from the Reagan administration than from its predecessor. But that was pretty clear even before the Moroccan decision.

...

"There are plenty of reasons to reestablish good ties with Morocco, just as there are reasons not to walk away from Algeria. During the Iranian crisis, the U.S. was not merely willing to 'talk with the devil if that would help,' as one official once said. The U.S., in its rush to find a solution, ignored old friends for the sake of new ones. Haig's action on Morocco is a clear break with that policy."

GISCARD'S GRAND DESIGN

MANCH. GUARD., 2/8/81, edit.:

"A mounting French criticism of President Giscard is that his touch in matters of foreign policy has at least temporarily deserted him. His broadcast last week put him in a unusually defensive position. No doubt that is chiefly because his interests have suddenly come into conflict with those of Colonel Gadafy of Libya, for it is easy to come a cropper in such a contest when the Colonel has mastered the technique of severing cause from effect. The element of unpredictability in all the Colonel's sorties into international affairs makes them unusually difficult to contend with. (He has just sent a telegram to President Reagan telling him that American Indians are people of Libyan origin and therefore deserve more attention.

"In the Saharan territory of Chad, a French fief and former colony, Colonel Gadafy secured the victory of one of the eleven warring factions and followed that up by announcing yet another of Libya's famous organic unions. France took small-scale military precautions but made no attempt to intervene directly. To have intervened at that stage could well have cemented the union, alienated Libya from the ELF-Aquitaine oil company, and disorganised a large part of French Mediterranean policy; but after a few days the Colonel turned the union into something rather less. He met a lot of opposition from French-speaking states in Africa and from Nigeria and may by now have decided to let the matter drop. But the episode has done France harm in Africa by making it appear, almost for the first time, to be irresolute.

"As if to rescue his bruised reputation, Giscard announced during his question and answer in his broadcast that he had written to President Brezhnev proposing a grand conference of world powers and Islamic nations to draw up a non-interference pact on Afghanistan. He is accused by his opponents of naivety towards the Russians, either by believing what they say or by not believing it yet

pretending to. His plan is not novel but its main weakness is that anyone could have proposed it at any time. The Kremlin is not entitled to special sympathy in its diplomatic struggles but affairs there must be hard to organise when proposals are flowing in from every direction. Presumably the Kremlin's preoccupation at the moment is to see how President Reagan shapes up and to handle the inevitable fallout from the Islamic conference at Taif. A French demarche, though obviously important, is only one among others.

"A fairer criticism of Mr. Giscard is not that he has let policy slip but that he has introduced a random element into it himself. Within Europe, where France (like Britain) plays a purely national game, that is expected. Obviously too Mr. Giscard wants to be seen maintaining France's special relationship with the Soviet Union. But from this side of the Channel it is clear that one of the most enduring aims of Russian policy is to divide America from Europe and Europeans among themselves (as they did when Giscard met Mr. Brezhnev in Poland last year). Mr. Giscard's policy in Africa is his own idiosyncratic, diamond-studded affair. The slight sigh is that where Western and European interests as a whole are concerned he acts with all the good-neighborliness of a true heir of de Gaulle."

INDIA'S NUCLEAR BLACKMAIL

WALL ST. JRNL., 2/10/81, edit.:

"India, the only nation known to have diverted U.S.-supplied materials to construct a nuclear bomb, is trying blackmail us again. Prime Minister Indira Gandhi's government insists that the U.S. ship additional nuclear fuel to the Tarapur power plant — including, at least, one shipment approved last September by the Carter administration and the Senate but not yet sent, and another which India requested only a few days later — and that we raise no objection to India's apparent plans to reprocess fuel in its possession into weapons-grade plutonium.

"Mrs. Gandhi's latest display of effrontery is a testament to President Carter's ignominious handling of nuclear nonproliferation policy. Even though India had already double-crossed us once by building a bomb in 1974 and de-

spite its refusals to renounce any plans of making more bombs, Mr. Carter insisted that further shipments to India go ahead without even the thin protection of an agreement permitting international inspection of all Indian nuclear facilities. Mr. Carter somehow believed that U.S. acquiescence to India's demands would eventually result in an accord on full-scope safeguards against further bomb manufacture.

"Mr. Carter, however, was not the only one mesmerized by Mrs. Gandhi. The Vienna-based International Atomic Energy Agency — charged with inspecting nuclear plants in countries such as India — agreed last year that India could go ahead with the reprocessing of fuel into high-grade plutonium. It didn't seem to bother IAEA officials that its inspectors are not allowed into all of the nuclear facilities built in India over the last 20 years, including those used to construct its first bomb.

"It is beyond serious dispute that India broke its bilateral nuclear agreements with us when it exploded its 'peaceful nuclear device' in 1974. Moreover, India continues to show disdain for our nonproliferation policy by refusing to permit complete international inspection, by demanding further fuel shipments from the U.S. and by bragging about plans to produce more weapons-grade uranium. It is thus incumbent upon the Reagan administration to reject India's blackmail attempt to get more uranium fuel.

"A flat refusal to sell India more uranium may not stop Mrs. Gandhi from building more nuclear bombs. But there is more at stake here than just an attempt to halt nuclear proliferation. At issue is the perception of American power abroad, by both our allies and our adversaries. American conduct toward India on this matter has become a symbol of weakness — that when pushed around on an issue as grave as nuclear weapons by a power as feeble as India, America is willing to turn the other cheek.

"In dealing sternly and swiftly with India, President Reagan would send out a clear signal that he is unafraid of using American clout. It may turn out that even Mr. Reagan won't be able to restrain the wild passions of the Indians, but a failure to try would set a damaging precedent and one that would not go unnoticed by our more dangerous adversaries."

ASIA

REAGAN RIGHT ON TROOPS IN KOREA

ATLANTA CONST., 2/5/81, edit.:

". . . President Reagan is right for now in keeping troops in South Korea, for the possible happenings if the troops were withdrawn are not acceptable. For one thing, the South Korean economy depends heavily on the U.S. For a second, the North Koreans likely would be happy to

take advantage of any major economic disarray or political disruptions in South Korea, and that could well happen if the U.S. troops pulled out. For a third, Chun has — as previously urged by Reagan — commuted to life imprisonment the death sentence of Kim Dae Jung, a major figure in the democratic opposition in South Korea who had been convicted of sedition. For a fourth, Chun is plainly in control in South Korea, although in the strong-man fashion of his predecessor, the slain Park Chung Hee, and probably will

be 'elected' president for seven years by South Korean voters later this year. For a fifth, the South Koreans, compared to North Koreans, are among the world's freest people.

"It's true that South Koreans will have to wait longer for 'true democracy' in their nation, if it ever comes. But were the North Koreans there with 39,000 troops rather than the Americans, democracy of any color would never come to South Korea."

REASSURING CHUN

ARIZONA REPUBLIC, 2/3/81, edit.:

"Relations hit rock bottom when Chun put a political opponent, Kim Dae Jung, on trial, charging him with having inspired the student demonstrations. Since Kim had been in jail for years, the charge was obviously phony.

...

"It's necessary for Chun to mend South Korea's fences in Washington because the South Korean people believe the country's survival depends on good relations with the U.S.

"Moreover, the student disorders have scared away American investors on whom South Korea largely depends for economic growth.

"Chun paved the way for his visit to Washington by commuting Kim's sentence to life imprisonment. He also announced that he would hold elections.

"He doesn't have to worry about how the elections will turn out. All his leading political opponents are in jail along with Kim.

BRITAIN

LABOR SPLIT HELPS TORIES

ARIZONA REPUBLIC, 2/3/81, edit.:

"Since the Twenties, Britain, like the U.S., has, in effect, been a two-party country, with Labor and the Conservatives alternately taking over the government, and the Liberals serving merely as gadflies.

"A social democratic party should be able to develop a wide constituency, and make the next general election a three-party race.

"How this would affect the Conservative Party's chances of remaining in power, no one can say.

"They do not look very good now because of continuing double-digit inflation, falling production and rising unemployment.

"In addition, photos of Chun and Reagan, flanked by South Korean and American flags, are going up all over South Korea.

"That should help calm South Korean apprehensions, and enhance Chun's popularity."

HUMAN RIGHTS AND U.S. DEFENSES

PROVIDENCE JRNL., 2/6/81, edit.:

"President Reagan's decision to sell F-16 fighter planes to South Korea obviously is keyed to defense measures for South Korea. But it ought to be used by U.S. officials to pressure the Chun government quietly into further relaxation of its authoritarian controls on free speech and political activity. If South Korea has prospered in the past 25 years through hard work and business acumen, a release of democratic sentiments can only increase the motivation of its long-suffering and industrious people.

"President Marcos' concessions in the Philippines are an important change in an eight-year policy of repression. But observers are skeptical that it will mean any real difference. They cite changes already made in civilian law giving the government and police powers akin to martial law. The net effect may be mainly cosmetic.

"American reliance on Philippine bases for its military presence in the Western Pacific and East Asia requires a stable government there. But a return to the genuinely democratic processes that existed before the Marcos dictatorship would make the country healthier and less subject to internal disruptions that could undercut American power in that region."

"However, a split in the Labor Party might enhance them."

MODERATE ALTERNATIVE NEEDED

BUFFALO EVE. NEWS, 2/6/81, edit.:

"The development of a viable, moderate alternative to the ruling Conservative Party would be a welcome development. While such Labor prime ministers as Harold Wilson and James Callaghan have been moderate in approach, they have had to make concessions to the Marxist wing of the party.

"The political maneuvering now under way could prove to be a milestone in British politics, bringing back the political center and perhaps breathing new life into the historic Liberal Party of Gladstone and Lloyd George after half a century in limbo."

Polish Troubles

SOVIET UNION

SOVIET INTERVENTION HELD UNLIKELY

Michael Simmons (MANCH. GUARD., 2/8/81):

"In good farming country a few miles south-east of Legnica, not far from the Czechoslovak frontier, lies the site of a battle fought in 1241 between the Poles and the invading Tartar hordes. It remains a source of pride in Poland still that, although the Polish side lost some distinguished leaders including a handful of aristocrats, the Tartar hordes were forced to turn back. There is a Battle of Legnica museum today in a nearby converted church.

"Ironically, Legnica is home at the moment for several thousand Soviet troops. It has also been one of the most militant Solidarity areas, where on more than one occasion in recent weeks, everything but essential services have been closed down. Red Army soldiers, if they were out of barracks on those days, must have been amazed at what they saw. Total shutdowns to not happen in the Soviet Union.

"If the anxious tone of the Soviet Government newspaper, Izvestia, is taken at face value, it can be assumed these troops — and all the rest in Poland, with those stationed just beyond the East German, Czech and Soviet frontiers — are in a state of alert. Deliberate attempts, said Izvestia's man in Warsaw at the weekend, are being made to undermine the power of the working people. NATO, said the Red Army newspaper last week is stirring things up, causing anarchy in Poland and setting it against its Soviet allies.

"And in Czechoslovakia and East Germany — two of the most rigidly-orthodox members of the Warsaw pact — the tone has been much the same. East Germans with memories of 1953 and Czechs who remember 1968 have needed no reminding. Their concern at what is going on in Poland has been for Polish consumption.

"The troops themselves have had no immediate cause for concern. The supplies they draw from local Polish sources have continued to arrive; road and rail links with the Soviet Union have been kept going; and joint exercises involving Soviet and Polish units have been held. Civilian workers attached to the Polish Army may have formed a new union, but they have not been striking.

"At present it does not look as if the troops will be pressed into action. Slowly but surely, concessions are being granted to Solidarity — not necessarily in the form they seek, nor always in the form agreed in Gdansk last

August — but concessions nevertheless. Only something approaching an all-out, nationwide general strike, like that proposed by the union for a fortnight hence, would be enough to bring out the troops.

"A Soviet-led intervention, on the scale witnessed in Czechoslovakia in 1968, seems increasingly unlikely for similar reasons. Only a real emergency and a real threat to Soviet security would now call for such a thing. It would be something the Russians could not afford, politically or economically, especially with a sabre-rattling President in the White House. It would also overshadow everything else at the Soviet Communist Party Congress, which should be the crowning moment of President Brezhnev's long career.

"Another possibility, being discussed as more of a probability by Western diplomats is that all Polish frontiers would be closed, a hard-line leadership, possibly under General Moczar, the former Security Minister, would be installed, and the Poles would have to use force to set their own house in order.

"Certainly none of these possibilities will become anything like a reality if the Polish authorities and their opposite numbers in Solidarity achieve what both sides most want to achieve. Already, independent unions exist, with a recognised, and effective, right to strike, with their own publications, their own buildings, their own printing facilities, and — after this weekend — the right to air their views on television.

"In some respects, to get a further relaxation of censorship, or to see the private-sector peasants somehow unionised, would be cream on top of the cake. They have achieved an enormous amount already — much of it without precedent in either the Soviet Union or any part of Eastern Europe. They have the additional advantage of a charismatic leader.

"Now, if all goes according to plan, they may soon have workers' councils and a right to participate much more directly in the running of the country. Reform at every level is in the air. Newspaper readers throughout the Soviet Union and Eastern Europe know all this, and they know that it has all been made possible by negotiating, and by industrial action. The centrally-controlled grip on Soviet-style economies will never be the same again."

SOVIET MAY HAVE WAITED TOO LONG

DETROIT FREE PRESS, 2/6/81, edit.:

"Had the Soviet Union hesitated too long? Had the idea of a democratic society become so deeply rooted in Poland that even extreme intervention could not hope to suppress it, save at a cost the Soviets would not dare risk paying? Could the Soviets, with their own worker class restless under economic and social stagnation, tolerate the risk of a truly liberalized Poland and the model that would provide for their own people as well as other countries of Eastern Europe?

"The Soviet Union has had at least some reason for its restraint. The Polish army is rooted in the same peasant and worker class that is now in revolt. The increasing inability of the communist state to control the Catholic Church has left an opening for independent action. The Afghanistan invasion has had its price in relations with the United States, and even detente with Western Europe would be endangered by intervention in Poland. So, so far, the Soviets have held back. The Machiavellian theory of power — that if you are going to suppress, you must do it brutally and

swiftly enough to be effective — would have dictated intervention long before this.

"Whether the U.S. can reinforce the case for restraint is an important question. The Soviet Union does continue to have some interest in renewing detente and in achieving some form of further arms control. It wants detente and trade with Western Europe and would like to restore improved relations with the United States. But whether those goals, plus some uncertainty about the attitudes and actions of the new American administration, will be enough to dictate restraint in the end seems doubtful.

"With the continuation of the workers' revolt, with assaults on censorship and on communist doctrine itself, the possibility of repression grows. But so, too, does the possibility that something has been set in motion that cannot be again restrained. There are indeed tides in the affairs of men that must be seized at floodstage or an opportunity will be forever lost. We do not doubt for a moment that the Soviet Union can express the Polish revolt any time it chooses. But every day increases the possibility that the Soviets have missed their moment to intervene on any basis that does not cost them dearly."

TRADE UNIONS

POLAND'S CONTINUING PERIL

SAN DIEGO UNION, 2/3/81, edit.:

"Clearly, Solidarity has become much more than simply a labor union. Some of the concessions it has wrung from a obviously shaken Polish government — diminished press censorship and fewer government restrictions on the Church, for example — have little relation to the kinds of economic issues with which trade unions traditionally concern themselves.

"In truth, Solidarity has come to represent de facto opposition to the whole apparatus of Communist party rule in Poland, even if Lech Walesa is far too shrewd to admit as much. Herein lies the explanation for Solidarity's irresistible appeal for millions of Poles yearning for a measure of control over their own destiny.

"All of this is, of course, a subject of acute concern to Soviet leaders deathly fearful of the precedents set by Solidarity. That the Kremlin has not yet ordered an invasion of Poland must be attributed to the realization that the costs — military, political, and economic — of such a venture would be enormous.

"For the United States and its allies in Western Europe, the only appropriate course is to buy yet more time and negotiating room for Solidarity by warning once again — as Secretary of State Alexander Haig did so forcefully last week — of dire consequences if Russian tanks are sent in to turn back the clock in Poland.

"The Reagan administration might effectively underscore these warnings by engaging in some ostentatious consultations with Britain, West Germany, and other NATO states that might be persuaded to commit themselves publicly to the toughest kinds of economic and political sanctions against the Soviet Union if Poland is attacked."

TELEVISION NEWS
FOR
FEBRUARY 10, 1981

NBC NIGHTLY NEWS:

—The White House says budgets will not be cut for: Social Security basic assistance program, Medicare, school lunch and breakfast program, supplemental security income, veterans compensation, the summer youth jobs, and Head Start--2:07.

—White House officials say Pres. Reagan is considering plans to cut the maximum tax rate on dividends--1:56.

—Pres. Reagan tells White House visitors that nothing has been declared sacred and untouchable as regards the cuts his administration is proposing--19.

—The Polish supreme court rules that private farmers may form an association but not a trade union--27.

—Coal miners in Poland cancel a planned strike as a gesture of good will toward Poland's new prime minister--1:28.

—NATO intelligence sources say that 29 Soviet divisions are deployed on the Soviet Polish border --23.

—Soviet media reports charge that the Polish government is no longer in control of events in Poland--1:41.

—The State Dept. says it is considering giving more economic aid to Poland--1:45.

—Reuters news service reports that the Reagan Administration is considering putting the Rapid Deployment Force under NATO command--21.

—American free-lance journalist Cynthia Dwyer is released from Iran--23.

—Cynthia Dwyer telephones her husband from Dubai and says she is well--1:22.

—The Israeli parliament says that general elections will be held June 30--19.

—Art Kent reviews Israeli Prime Minister Menachem Begin's administration, and reports that few political observers are ruling out the possibility that Begin's party will win the election--2:02.

—Egyptian Pres. Anwar Sadat addresses the European Parliament in Luxembourg and says that Western Europe should pursue its Middle East peace proposal, but only within the framework of the Camp David accords--28.

—Heavy snows and high winds hit the Midwest--1:32.

—A tornado destroys a trailer home in Texas, claiming one life--28.

—A tornado hits an Alabama elementary school injuring many schoolchildren--24.

—An FTC judge rules that the Sterling Drug Co. made misleading advertisements concerning some of its products, including Bayer aspirin--26.

—Billy Carter begins repaying loans that he received from the Libyan government--1:22.

—The Associated Press reports that California authorities are investigating Pres. Reagan's son, Michael, for allegedly spending for his personal use investment funds in a gasohol project--36.

—Vatican officials say that restoration work on the Sistine chapel will soon begin, and take 12 years to complete--1:42.

CBS EVENING NEWS:

—The White House announces that it will not propose budget cuts in basic social security benefits, veterans compensation, free school breakfast and lunch programs, the Head Start program, supplemental security assistance programs, and the summer youth jobs program--3:55.

—Some liberal Democratic congressmen say that Pres. Reagan will get the budget cuts he wants --2:08.

—The Polish supreme court rules that private farmers are a trade union but cannot register as a union because of technicalities in the trade union law--2:02.

—Senior administration officials reportedly believe that Soviet intervention in Poland is inevitable --1:04.

—A West German television film shows troops patrolling city streets in Afghanistan--35.

—The Soviet Union reports that the commander of the Soviet Pacific fleet died in an air crash last week--22.

—Free-lance journalist Cynthia Dwyer is released from Iran and arrives in Dubai--26.

—Dwyer's husband talks with her by telephone and says she is feeling well--1:49.

—Iran turns over the former hostages' luggage to the Swiss embassy in Tehran--16.

—The Algerian ambassador to the U.S. says that he is still receiving 1,000 letters a day from

Americans thanking Algeria for its assistance in securing the release of the American hostages in Iran--1:01.

—Egyptian Pres. Anwar Sadat tells the European Parliament that Western Europe should pursue its Middle East peace initiative--:27.

—The Israeli parliament decides that national elections will be held on June 30--:11.

—Fierce winds, heavy snow, and cold weather hit the Midwest--:22.

—Tornadoes damage several houses in Texas--:21.

—A House report charges that Three Mile Island nuclear plant managers may have withheld information from government investigators concerning the damage at the nuclear reactors--:50.

—A federal judge rules that advertisements for Bayer aspirin that claim superiority based on scientific evidence are false and misleading--:31.

—A Dept. of Energy working paper predicts that unleaded gasoline prices will reach \$1.55 to \$1.59 a gallon by June--:15.

—Stock prices are reported mixed--:02.

—California officials investigate Pres. Reagan's son, Michael, who allegedly diverted for personal use investment funds in a gasohol company--1:43.

—Atlanta police add the name of another black child to the list of those believed to be missing in conjunction with an investigation of the murders of 16 other black children--:10.

—Ukrainian Americans in Cleveland protest the use of Soviet-supplied evidence in the deportation trial of a Ukrainian-born naturalized citizen who allegedly was a German concentration camp guard during World War II--2:13.

—Nancy Reagan visits a horseback riding program for retarded and handicapped children--1:01.

ABC WORLD NEWS TONIGHT:

—Pres. Reagan meets with labor leaders and governors to discuss his budget cuts. The White House says that there will be no reductions in funding for seven social programs--2:17.

—Budget director David Stockman tells businessmen that there will be \$50 billion in budget cuts for fiscal year 1982--1:37.

—Treasury Secy. Donald Regan says that the government is not automatically committed to supporting more loan guarantees than those proposed by the Carter Administration--:20.

—Highly-placed State Dept. officials say that Secy. of State Alexander Haig told Soviet Ambassador Anatoly Dobrynin that all new Soviet-American agreements will be held up until the Soviet Union pledges to stop supporting terrorists and wars of liberation--2:44.

—The Polish supreme court rules that private farmers cannot have their own trade union--:15.

—Polish Communist Party chief Kania says that Poland is in crisis. Labor leader Lech Walesa urges private farmers not to be upset by the court's ruling--1:32.

—The State Dept. says the U.S. will consider further economic assistance for Poland--1:15.

—American free-lance journalist Cynthia Dwyer is released from Iran--:28.

—John Dwyer talks to his wife, who telephoned him from Dubai--1:03.

—Peter Jennings reports that many Western European countries are trying to reestablish business ties with Iran--3:09.

—Heavy snows and high winds hit the Midwest--:25.

—A tornado injures 70 schoolchildren in Alabama--1:00.

—California officials investigate Pres. Reagan's son, Michael, who allegedly diverted for personal use investment funds in a gasohol development company--1:36.

—Defense attorneys for Marine Private Robert Garwood call for a mistrial because, they say, the judge at his court martial was biased--:15.

—The deportation trial of a Ukrainian-born naturalized U.S. citizen, accused of being a German concentration camp guard during World War II, begins in Cleveland--:29.

—Egyptian Pres. Anwar Sadat addresses the European Parliament in Luxembourg and says that Western Europe should pursue its Middle East peace initiative--:32.

—The Israeli parliament says that national elections will be held June 30--:08.

—Delegates to the non-aligned nations conference debate proposals to end the Iran-Iraq war--:15.

—The Soviet Union reports that the commander of the Soviet Pacific fleet died in a plane crash last Saturday--:19.

—Atlanta police say that a missing black youth has been found in a Florida jail. They say that he knows a black man in Atlanta who has kidnapped several black children--1:18.

threatened Soviet intervention. Although the administration is less optimistic about the effect of the aid, it was said to be keeping discussion open out of regard for relations with the allies.

"A request by Poland for \$8 billion in Western cred-

its, including \$3 billion from the United States, was labeled 'unreasonable' by a U.S. diplomat. Something around \$500 million in credit guaranteed by the U.S. government was being treated as more realistic."

TELEVISION NEWS FOR FEBRUARY 11, 1981

NBC NIGHTLY NEWS:

- Officials say that the fire at the Las Vegas Hilton Hotel which claimed eight lives was caused by arson--2:23.
- Some guests at the Hilton Hotel say that they knew what protective measures to take during the fire because they had read about the recent fire at the Las Vegas MGM Grand Hotel--1:12.
- An explosion at a Chicago Heights, Ill. chemical plant kills one person--:22.
- American free-lance journalist Cynthia Dwyer arrives in New York. She meets with her family after having been held captive in Iran for nine months. She says she was not mistreated--1:48.
- Iranian Pres. Bani-Sadr tells a rally commemorating the second anniversary of the Iranian revolution that Iran has two problems: the war with Iraq and the poor state of the Iranian economy--:34.
- The Polish parliament formally approves Gen. Wojciech Jaruzelski to be prime minister--1:45.
- The Soviet Union releases a letter from Foreign Minister Andrei Gromyko to Secy. of State Alexander Haig, charging that Voice of America broadcasts constitute "open interference" in Poland's internal affairs--:28.
- The Economist magazine newsletter "Foreign Report" claims that Israel has as many as 200 nuclear weapons--:29.
- Record low temperatures are reported in the Midwest--:24.
- Heavy snow in the Midwest causes traffic accidents, claiming dozens of lives--1:20.
- The Nevada Gaming Control Board grants Frank Sinatra a temporary Nevada license after hearing several witnesses testify favorably about his character--2:21.
- The woman who lives with Marine Private Robert Garwood testifies at a pre-sentencing hearing that the convicted POW is a quiet and gentle man--1:25.
- The U.S. expels a Cuban diplomat for allegedly enticing U.S. businessmen to violate the trade embargo against Cuba--1:43.
- Pres. Reagan meets with some cabinet secretaries to discuss budget cuts--:26.
- Roger Mudd reports that Budget director David Stockman may find it difficult to cut funds for the Appalachian Regional Commission because the commission has powerful congressional support--2:38.
- The White House says that the remodeling of the family quarters will be paid by privately-raised money--:11.
- The Palm Beach, Fla. city council passes a law preventing men from jogging without a shirt--1:54.

CBS EVENING NEWS:

- Fire officials say the fire at the Las Vegas Hilton Hotel which claimed eight lives was caused by arson--3:24.
- American free-lance journalist Cynthia Dwyer arrives in New York City and says she no longer is sympathetic toward the Iranian revolution--1:51.
- Iranian Pres. Bani-Sadr tells Iranians at a rally celebrating the second anniversary of the Iranian revolution that Iran is "on the verge of tyranny"--2:58.
- An Iranian militant who helped seized the U.S. embassy in Tehran says that the militants were

almost certain that the Iranian government would immediately drive them out of the embassy soon after they seized it--:17.

—Pres. Reagan reviews budget cuts for Health, Agriculture, and Interior departments--1:26.

—The Reagan Administration launches a massive public relations campaign to rally public support for the Reagan economic plan--1:42.

—Transportation Secy. Drew Lewis says that the Airline Pilots Association has called off its planned work stoppage for March 2--:19.

—An explosion at a chemical plant in Chicago Heights, Ill. kills one person--:18.

—Weather service experts say that the nation's recent winter storm may be signaling an end to the drought afflicting many sections of the country--2:22.

—The Pentagon reports that troop reenlistment and recruit quality levels rose markedly last year--:30.

—A federal judge in New Orleans stays the execution of convicted murderer David Dean Martin because he had an ineffective lawyer--:16.

—Stock prices fall--:03.

—Polish private farmers, protesting the Polish supreme court's decision that they may not form a union, say that they will not register as an association--:34.

—The Polish parliament formally elects General Wojciech Jaruzelski to be the country's prime minister--1:22.

—The U.S. expels a Cuban diplomat for allegedly enticing U.S. businessmen to violate the trade embargo against Cuba--:29.

—The U.N. Human Rights Commission approves a resolution condemning the Israeli occupation of the West Bank--:23.

—Interior Secy. James Watt tentatively recommends several areas off California's most scenic coast for oil leasing--:44.

—The National Wildlife Federation reports that for the first time in five years none of its national resource measurements showed any improvement last year--:27.

—Frank Sinatra testifies before the Nevada Gaming Control Board that has never received money from organized crime--3:13.

ABC WORLD NEWS TONIGHT:

—Las Vegas authorities say the fire at the Las Vegas Hilton Hotel which claimed eight lives was caused by arson--3:50.

—Fire investigators say fire broke out in four separate places in the hotel--:58.

—An explosion at a chemical plant in Chicago Heights, Ill. claims one life--:18.

—The U.S. expels a Cuban diplomat for allegedly enticing U.S. businesses to sell products to Cuba in violation of the trade embargo --1:21.

—Pres. Reagan meets with the secretaries of Health and Human Services, Interior, and Agriculture, and approves budget cuts for those departments--1:52.

—The Reagan Administration tells congressional aides that inflation will be 8.25 percent by the end of 1982--:59.

—The Nevada Gaming Control Board grants Frank Sinatra a six-month license to operate a casino in Nevada--2:35.

—Heavy snowfall, high winds, and cold weather snarl traffic in the Midwest--1:20.

—Florida farmers and food processors rapidly harvest citrus crops to avoid further losses from cold weather--1:29.

—The Soviet embassy in the U.S. releases a letter from Foreign Minister Gromyko to Secy. of State Haig which accuses the U.S. of "open interference" in Polish internal affairs through Voice of America broadcasts--:24.

—Polish private farmers say that they may call a strike because the Polish supreme court did not grant them the right to form a union--:25.

—Poland's parliament officially elects Gen. Wojciech Jaruzelski to be prime minister--1:07.

—A speech by Ayatollah Khomeini broadcast on Iranian radio warns the clergy to stop interfering in government affairs--3:08.

—American free-lance journalist Cynthia Dwyer returns to New York City and says that she was not physically mistreated while she was held captive in Iran for nine months--2:00.

News Digest



American Enterprise Institute for Public Policy Research
1150-17th Street, N.W., Washington, D.C. 20036

February 13, 1981

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FOREIGN AFFAIRS

SOUTHERN AFRICA

Government troops in Zimbabwe yesterday clashed with rebel tanks and helicopter gunships pounded guerrilla positions on the outskirts of Bulawayo, a southeastern city, as virtual civil war raged into its fifth day. The escalation in fighting came amid reports that guerrilla forces loyal to Joshua Nkomo, the home affairs minister, were converging from several directions on Bulawayo in a bid to seize the city to make it their rebel capital. Reporters on the scene said whites in downtown Bulawayo were roaming the streets, armed with rifles and handguns and ignoring radio broadcasts urging the white population to stay home. The fighting has raised doubts about whether Prime Minister Robert Mugabe, whose forces were allied with Nkomo's during the seven-year civil war that ended in December, 1979, will be able to establish unity in the new army.

NAMIBIA OFFERS U.S. A CHALLENGE

MIAMI HERALD, 2/7/81, edit.:

"A key test for U.S. relations with the Third World during the Reagan Administration is at hand. Will the United States continue to press South Africa to free Namibia?

"South Africa seems to think not. It recently broke off promising talks in Geneva to implement a Western-sponsored independence plan for the former German colony, also known as South West Africa.

"The Geneva conference sought a ceasefire by March 30 in the 14-year-guerrilla war in Namibia. Five Western nations proposed a U.N. peacekeeping force to monitor the ceasefire and, later, free elections.

"A key incentive for those five nations — the United States, Great Britain, France, West Germany, and Canada — was to avoid fractious U.N. confrontation over economic sanctions against South Africa. Unless the West pressures South Africa to resume good-faith negotiations, that U.N. collision is almost inevitable.

"The old League of Nations gave South Africa a mandate in 1920 to rule South West Africa as 'a sacred trust of civilization.' Its successor United Nations has been trying to get the territory away from South Africa since 1946.

"Under the League mandate, South Africa has run Namibia under military rule as if it were part of South Afri-

ca itself. Namibia, 1.2 times the size of Texas, has only 2.5 persons a square mile, but it is rich in diamonds and uranium.

"South Africa seems to be banking that President Reagan won't renew pressure partly because the Namibian group favored to win free elections is avowedly Marxist.

"But the proposals South Africa rejected in Geneva went a long way toward meeting its official objections. SWAPO, the South West Africa People's Organization, offered 'assurances' to Namibia's 10 other ethnic groups, including the 100,000 whites among the population of less than 800,000. And it agreed to give up its special U.N. title as 'sole and authentic representative of the Namibian people.' SWAPO has fought the guerrilla war for 14 years.

"The South African administrator-general for the area rejected the proposals out of hand, and a major opportunity was lost. The Angolans were hinting that peace in Namibia would lessen their need for Cuban troops. Mozambique, Zambia, Zimbabwe, and Botswana were hinting they might be willing to seek a new accommodation with South Africa.

"Its rejection of the peace process brings South Africa back into conflict not only with black Africa, but with the entire United Nations as well.

"Strong support by President Reagan for real peace and genuinely free elections in Namibia is the single best thing he could do to block further Soviet-backed insurgency in Africa."

POLAND

Poland's new prime minister yesterday appealed for a 90-day moratorium on strikes, and warned that continuing labor strife could lead to "economic chaos and a fratricidal conflict." In his inaugural address to the parliament, Wojciech Jaruzelski promised he would restore the shattered authority of the government, announced a cabinet reshuffle, and said he would seek a sincere and open relationship with the Solidarity trade union, which signaled its willingness to work with the new premier by refusing to approve a nationwide printers' strike set for today. The Solidarity leadership met in emergency session in Gdansk, and "agreed in principle" to call for a 90-day moratorium on strikes.

NON-ALIGNED MOVEMENT

Afghanistan's foreign minister told the non-aligned nations' conference in New Delhi yesterday that Soviet troops will remain in the country until Afghan neighbors end their support of the Moslem rebels fighting the government. He said the troops will remain until "agreements between the Afghan government and the governments of the neighboring countries . . . (create) conditions for a complete normalization."

Iran urged the conference to condemn Iraq's "aggression" in the Persian Gulf war, and demanded the immediate withdrawal of Iraqi troops from its territory. Iran's chief delegate also renewed Tehran's demand for the suspension of both Afghanistan and Iraq from the 96-member movement.

The delegates to the conference worked out a compromise statement on Cambodia, calling for withdrawal of foreign troops but not mentioning those of the Vietnamese. Some 200,000 Vietnamese troops invaded Cambodia in December, 1978, toppled the Pol Pot government, and installed a government in January, 1979.

NATO

The Pentagon announced yesterday that the Air Force will deploy 12 F-16 fighters to Norway for a NATO exercise later this month. In the F-16's first overseas tactical deployment, the jet fighter planes from Hill Air Force Base, Utah, will take part in Exercise Blackhill with military units from other NATO allies before returning to the United States next month. The purpose of the exercises is to familiarize U.S.-based air crews with operations outside the continental United States.

SOVIET UNION

SOVIET HITS U.S. ON 'INTERFERENCE'

Lars-Erik Nelson (NY DAILY NEWS, Washington):

"The Soviet Union angrily responded to a series of Reagan administration verbal attacks yesterday by accusing the United States of interfering in the internal affairs of Poland.

"The charge of U.S. interference came in a letter from Soviet Foreign Minister Andrei Gromyko to Secretary of State Haig. It rejected any Soviet-American discussion of the political unrest in Poland, which some U.S. officials fear may yet provoke a Soviet invasion.

"I must say in a totally definite way that the internal affairs of this sovereign socialist state cannot be a subject of discussion between third countries, including the USSR and the U.S.A.," Gromyko wrote.

"He said the alleged U.S. interference in Poland involved broadcasts by the Voice of America and other unspecified 'facts.'

"The Soviet Embassy in Washington released the text of the letter, dated Jan. 28, in response to what it described as the release of a Jan. 24 letter from Haig to Gromyko. The first letter has not been published, although its existence has been made known.

"In that letter, Haig had responded to a congratulatory message from Gromyko by listing a series of areas

where the U.S. was at odds with the Russians, including Iran, Poland and Afghanistan."

SOVIET-SPONSORED COLLECTIVE SECURITY SYSTEM IN ASIA IS EVOLVING

Marian K. Leighton (WALL ST. JRN., 2/12/81):

"In 1969 Moscow floated a proposal for a Soviet-sponsored collective security system in Asia. Washington, preoccupied with the Vietnam war, tended to ignore the proposal, while most Asian capitals adopted a wait-and-see attitude. Peking denounced the plan as a schedule to isolate and 'contain' China. The Soviet initiative helped propel China into a rapprochement with the United States.

"Details of the Soviet proposal were deliberately vague (there were even hints that Chinese participation would be welcome), but the USSR apparently aspired to fill a impending British withdrawal from areas east of Suez and of a greatly reduced U.S. military presence in post-Vietnam Asia.

"With the hindsight of a decade, it is evident that Moscow has constructed the foundations of an Asian security system under its aegis. One aspect has been a Soviet diplomatic offensive for closer relations with the non-Communist governments of Asia, many of which harbor a traditional distrust of the Kremlin. However, in view of the waning appeal of Communist ideology and of Moscow's inability to match the West in providing trade, economic aid

and credits, the overwhelming thrust of Soviet policy in Asia has been military.

"Aided by a favorable shift in the overall U.S.-Soviet strategic equation, by an impressive Soviet naval buildup in the Pacific and Indian Oceans and by the consolidation of a united, militarily powerful Vietnamese ally, the USSR has drawn Cambodia, Laos and Afghanistan toward its orbit by sheer military force and has intimidated many other Asian states with the specter of growing military strength in the region and willingness to use it.

"For example, the perceived U.S. reluctance to counteract the Soviet bid for hegemony in Asia has led some members of the Association of Southeast Asian Nations (ASEAN) to contemplate closer ties with the USSR in the wake of the Cambodian crisis and has prompted Pakistan and Iran to reassess their foreign policies in view of the Soviet invasion of neighboring Afghanistan.

"There is a further danger that the growing strength and influence of the Soviet Union in Asia will erode Peking's confidence in close Sino-American ties and bolster the position of those in the Chinese leadership who reportedly favor a rapprochement with the USSR.

MIDDLE EAST

ABDUCTION OF JORDANIAN DIPLOMAT SAID TO CREATE NEW CRISIS

Adam Zagorin (WASH. STAR, 2/11/81, Beirut, Lebanon):

"The abduction of the highest-ranking Jordanian diplomat in Lebanon, Charge d'Affaires Hisham Moheissen, has brought with it a new crisis in Jordanian-Syrian relations.

"Mudar Badran, the Jordanian premier, has said the kidnapping, in which three people were killed, bears all the marks of a Syrian military operation. He added the Lebanese government could guarantee safety in Beirut, which is provided largely in many areas by Syrian troops of the Arab Deterrent Force, he would call on all Arab diplomats to leave the city.

"Syrian Foreign Minister Abdel Halim Khaddam has denied his country's involvement in the kidnapping, accusing Jordan of collaborating with 'Zionists and the United States' in a 'hate campaign.'

"A caller claiming to represent a pro-Syrian terrorist group yesterday said that Muheissen had been 'executed' and challenged Lebanese police to find the body.

"A radio run by Christian Phalangist Party militia said it received another call from a man claiming to represent the pro-Syrian 'Eagles of the Revolution.' He said Muheis-

sen was killed after Jordan and Iraq failed to meet a deadline for the surrender of seven Syrian Air Force defectors."

"While the timing and tactics of Moscow's move into Afghanistan were probably dictated mainly by domestic developments in that country, the invasion suggests that Moscow is no longer willing to tolerate nonalignment (even of a pro-Soviet variety) in nations deemed pivotal to its budding security structure, but may be increasingly inclined to incorporate them forcibly into the Communist orbit. Soviet behavior may thus reflect a restoration of the Stalinist axiom that 'whoever is not with us is against us' and that the Soviet writ is secure only where the bayonets of the Red Army reach. If such is the case, ongoing Soviet efforts to construct an Asian collective security system bode ill for neutral Asian nations and their Western friends."

[Marian K. Leighton is an analyst in the National Foreign Assessment Center of the Central Intelligence Agency. The article does not imply a CIA endorsement of the author's views.]

GISCARD GIVES SADAT WARM WELCOME

BALT. SUN, 2/12/81, Paris :

"After years of diplomatic chilliness, the French government went all out yesterday to welcome President Anwar Sadat of Egypt, who is here on a campaign to encourage Western European involvement in a Middle East settlement.

"President Valery Giscard d'Estaing, who measures out protocol like an expensive medicine, went to the airport, along with his wife, to meet Mr. Sadat, who flew in with his own wife and daughter from Luxembourg. Such attention is rated as exceptional here, inasmuch as Mr. Sadat's visit is technically a private one.

"Tuesday, Mr. Sadat told the European Parliament that he welcomed the initiative approved in December by the 10 Common Market nations.

"It called for continued diplomatic efforts by the European community to explore proposals that would guarantee Israel's security, secure Israeli withdrawal from occupied territories, and provide for Palestinian self-determination.

"Yesterday morning, at a news conference before leaving Luxembourg, Mr. Sadat said that European involvement might go so far as actually providing troops to enforce any security guarantee worked out in a settlement.

"The meeting between Mr. Sadat and Mr. Giscard d'Estaing included a private lunch and talks through the afternoon at the president's official residence. Mr. Sadat will remain here until tomorrow, when he will hold a news conference, but no further talks are scheduled."

UNHELPFUL REAGAN COMMENT ON SETTLEMENTS

DETROIT FREE PRESS, 2/9/81, edit.:

"With a handful of words, President Reagan has reversed or at least cast in doubt the U.S. position that Israeli settlements on the occupied West Bank of Jordan are illegal. That raises new concern about whether his pledge to continue 'the spirit of Camp David' is a firm commitment.

...

"Mr. Reagan told a group of reporters, 'They're not illegal,' and said the West Bank is open to Arabs, Israelis and others, according to UN resolutions. A White House

spokesman said he meant UN Resolution 242, but it says nothing about settlements.

"The president did say he regards Israel's plan to establish 10 more settlements on the West Bank in the next few months 'ill-advised' because they may be provocative 'if we're going to continue with the spirit of Camp David.' If he is concerned about provocations that might damage future negotiations under the Camp David framework, it is curious that he would reiterate his campaign comments about the legality of the settlements.

"The State Department, apparently taken by surprise, ducked when asked about the significance of Mr. Reagan's words. There is no indication yet whether they now represent official policy.

"If they do, Mr. Reagan has unnecessarily titled our Middle East policy in a way that is severely damaging to Egyptian President Anwar Sadat and hardly calculated to win future co-operation from Jordan. Israel is approaching elections. Mr. Reagan's words will strengthen the Israeli extremists who want more and more settlements and eventual annexation of the West Bank."

INDIA

WARNING ON NUCLEAR FUEL URGED

L.A. TIMES, 2/8/81, edit.:

"When the last U.S. sale of nuclear fuel to India was being debated in Congress last year, the Carter Administration argued that India might seize on a denial as an excuse to violate the 1963 agreement and reprocess the wastes from U.S.-supplied fuel.

"The transaction went through, and now the Indians are threatening to reprocess the spent fuel in violation of American wishes, anyway.

"This sort of attitude has played into the hands of

Pakistan, which has a suspicious nuclear program of its own that is believed to have weapons production as an ultimate goal. The Pakistani program is being supported by Libya and possibly other Arab nations with the idea of achieving a Muslim nuclear weapon.

"The Reagan Administration should not allow itself to be intimidated by the Indians' suggestions that they will turn to the Russians if conditions are enforced on their use of American-supplied nuclear fuel.

"India should be put squarely on notice that, if it runs waste from American-supplied reactor fuel through its reprocessing plant, it has received its last kilogram of nuclear materials from this country."

DOMESTIC AFFAIRS

ECONOMY

The chairman of President Reagan's Council of Economic Advisers said yesterday that he hopes the federal budget can be balanced by 1984, a year later than administration officials have previously targeted. Murray Weidenbaum told reporters, after Reagan had introduced him to the White House briefing room, that Reagan will include year-by-year budget projections when he unveils details of his proposed economic program next Wednesday. In the introduction Reagan called for a "profound and drastic change" in economic policy, and said "business-as-usual" policies will no longer work. Weidenbaum released an audit of the economy which Reagan cited in his speech last week, and said it showed the economy to be "in the worst mess since the Great Depression."

FORECASTS SCALED BACK

Caroline Atkinson (WASH. POST, 2/12/81):

"The Reagan administration has sharply scaled back its controversial forecast of how much good will be done to the economy by the tax and spending cuts the president will propose next week, administration sources said yesterday.

"The latest forecasts, on which the president will base his proposals, show much lower growth and higher inflation than the extremely optimistic earlier projections. Those were based mainly on the work of 'supply-siders' Lawrence Kudlow and John Rutledge.

"It will be far harder to balance the budget by 1983, as the administration has said it intends to do, if the new numbers are right. They show real growth in the economy of 4 percent next year, rather than the 7 percent predicted by the supply-siders. The Carter administration last month forecast 3½ percent real growth for 1982 on the basis of its budget proposals. Reagan is thus now saying he cannot do much better.

"Similarly, inflation next year is now forecast at about 7 percent to 8 percent. That is more than the 6½ percent projection made by Kudlow and Rutledge, but still is less than the Carter forecast of a little over 9 percent on the same basis. For later years the administration is now forecasting real growth of 5 percent in 1983, followed by about 4½ percent in 1984, and inflation of just over 6 percent in 1983 and about 5½ percent in 1984.

"Unemployment is expected to rise to 8 percent this year, and then fall back next year to a little below its present 7.4 percent rate. There may be one three-month period of negative growth this year, the sources said.

"The shift in the forecasts will make them easier to defend, but at the same time will show a far smaller payoff from the Reagan prescription for the economy. This may make it harder to sell budget cuts which call for painful sacrifices now in order to reap benefits later."

REAGAN PLAN CALLED IMPERATIVE

COLUMBUS DISPATCH, 2/6/81, edit.:

"What the president has been doing . . . is prepare the country for a complete reversal of thinking about our precarious economy and how we have run out of time in confronting what Reagan calls 'judgement day'.

"In ticking off oppressive federal regulations and excessive government spending that have made major contributions to the nation's economic dilemma, Reagan declared the cost of those actions must be paid severely.

"Even so, the president pledged that safety nets for the genuinely indigent will not be removed. A White House aide put it more bluntly: the Reagan plan will 'weed out the greedy to help the needy'.

"Even now, special interest groups, aside from the truly needy, are marshaling their forces to salvage their pet programs.

"But there is an imperative — however painful the Reagan plan may be, the alternative will be worse. It will be calamity. That is cold reality and America had better believe it."

DOSAGE FOR STAGFLATION

CLEVE. PLAIN DEALER, 2/7/81, edit.:

"Increasing U.S. productivity is one of his and the nation's most urgent aims. From having turned out 40% of the world's steel once, the United States has dropped down to producing only 9% of it. Once supreme in auto making, now foreign imports have won away much of even the American market.

"Better machinery and better worker skills and worker spirit are needed to win back America's industrial pre-eminence. And that requires encouragement for investment, among other things.

"Budget cutters always look menacing to people in the dependent, bottom layers of society. Reagan said the cuts he is asking will 'not be at the expense of the truly need.' Defining 'true need' and setting up a 'means test' will reopen old arguments over poverty and malingering.

"All in all Reagan did an effective job. He gave a lecture in elementary economics, to be spelled out more exactly Feb. 18 before Congress. It is his turn at bat. Whether he will be successful, no one knows. But the people of this nation asked in the election past for a new approach by our government. Reagan deserves an opportunity to give his conservative experiment a try."

FUTURE SHOCK?

L.A. TIMES, 2/8/81, edit.:

"The cuts would produce instant reactions from farmers, welfare groups, some people who live on Social Security checks, the railroad industry and others who would be affected.

"The rewards of the cuts would come gradually, assuming that the President's economic advisers are right, in the form of more private economic growth fostered by a combination of tax cuts and a smaller federal budget deficit.

"Reagan's television address last week opened a historic debate between Congress and the White House, not

just on the size of the federal budget but also on whether the American economy would respond to gradual change or whether it is fit only for a shock treatment.

"Our view is that the debate did not start a moment too soon."

SETTING THE STAGE

MIAMI HERALD, 2/7/81, edit.:

"Mr. Reagan promises to pair tax cuts with reductions in Federal spending. However, he was at least candid enough to explain what he meant: reductions in the *growth* of Federal spending, not in the total spent.

"That caveat was appropriate. Even as Mr. Reagan spoke, the Pentagon was gearing up for a budget-busting increase of \$30 billion in military spending.

"Mr. Reagan's budget advisers, then, will have their hands full. They must find other places to trim Federal spending while keeping the Administration's promise not to hurt the 'truly needy,' whatever that means.

"In fairness to Mr. Reagan, critics ought to reserve judgment on his economic program at least until they've heard the particulars on Feb. 18. That is when he will have his chance to earn his 'A' or his 'F' in economics. For the nation's sake, may he score as well then on substance as he did Thursday night on style."

SOCIAL SECURITY

Senator Lawton Chiles (D-Fla.) yesterday proposed Social Security reforms that would tap the income tax, raise the retirement age gradually, strip benefits from students, and eliminate the "floor" for minimum-level retirees. Instead of an across-the-board income tax, Chiles favors lowering Social Security payroll taxes and diverting income tax revenues to finance an increased share of Medicare. Restoring the fiscal integrity of Social Security "is not going to be solved with painless remedies," he said.

REAGAN ADMINISTRATION

REAGAN SEEKS SHIFT OF PROGRAMS TO STATES

Bernard Weinraub (NY TIMES, 2/12/81, Washington):

"The Reagan Administration is shaping proposals that would shift the bulk of the responsibility for welfare, housing, health care and food programs from the Federal Government to the states, White House officials said today.

"Officials said that the Administration was now considering two options that they said would reduce Federal outlays for programs for the poor.

"Although Mr. Reagan proposed getting the Federal Government out of \$90 billion worth of social programs early in his 1976 Presidential campaign — a controversial figure that dogged him — White House officials decline to speculate about how much money would be saved by the proposals that are being shaped.

"One of the plans, the more sweeping of the two, involves a single 'block grant,' or fixed amount of money to each state, for an array of public assistance programs. This plan leaves it up to the states to determine precisely how much money to spend for the poor on food, medical services, income aid and other measures.

"The second option is a single 'block grant' for a specific assistance program, such as Aid to Families with Dependent Children, one of the largest and most expensive public aid measures, which now costs \$11 billion. This would allow the states to devise and administer their own welfare programs, with scant Federal involvement beyond the yearly 'direct grant.'"

"White House officials indicated that the issue of state control over programs for the poor and the aged, which was a major pledge in Mr. Reagan's latest Presidential campaign, would emerge after Mr. Reagan's economic message to the nation next Wednesday. Officials make it plain, however, that the potentially divisive issue of block grants to the states, which are opposed by many liberals and civil rights groups, remains a major priority."

Copyr. 1981, NEW YORK TIMES

REAGAN PICKS OSHA HEAD

Joann S. Lublin (WALL ST. JRN., 2/12/81, Washington):

"A Florida businessman who believes that the Occupational Safety and Health Administration symbolizes government over-regulation has been tapped to head that agency.

"President Reagan said he will nominate Thorne Auchter, a 35-year-old building contractor, to oversee the controversial Labor Department unit. Despite Mr. Auchter's view of agency over-regulation, some business advocates fear his lack of government experience and professional safety training may hinder his effectiveness and credibility.

"At the same time yesterday, Mr. Reagan filled two other top Labor posts. He said he will name T. Timothy Ryan Jr., a labor and employment relations lawyer in Washington, as solicitor, and Albert Angrisani, a Chase Manhattan Bank vice president, as Assistant Secretary for the Employment and Training Administration.

"Mr. Auchter, who directed special events for Mr. Reagan's Florida campaign, is executive vice president of Auchter Co., a family-owned business in Jacksonville, and has acted as labor negotiator and chief safety officer for the unionized concern. Mr. Auchter apparently was the preferred choice of Labor Secretary Raymond Donovan, who also has a construction-business background and was criticized for his political inexperience.

"OSHA isn't completely alien to Mr. Auchter. He served on an industry task force on occupational safety and health in the early 1970s and gained the state's approval for letting Florida safety inspectors advise businesses in the state on how to comply with federal job safety laws. Mr. Auchter is likely to seek a similar consulting role for federal OSHA inspectors, says John Shebel, president of the Associated Industries of Florida, a business group. But, he adds, Mr. Auchter 'will fine employers without batting an eye,' if necessary.

"One Florida union leader praises the choice of Mr. Auchter for the top OSHA spot. 'He's an ideal man for that job' because of his business dealings with OSHA, says John Bowden, president of the Northeast Florida Building and Construction Trades Council, which represents 20,000 workers. Mr. Bowden, who has negotiated contracts with Mr. Auchter, predicts he'll 'cut the nickel and dime' (enforcements) out of the program without risking workers' safety."

DEFENSE

SERVICES ATTRACT MORE, BETTER PEOPLE

Charles W. Corddry (BALT. SUN, 2/12/81, Washington):

"The armed forces are showing measurable improvement in numbers and quality of new enlistees as well as better success in retaining trained personnel.

"Latest results are not bringing raves in the Defense Department, but they are a source of encouragement to the Reagan administration, which opposes any return to compulsory service if it can be avoided.

"Figures made public at the Pentagon yesterday showed that all-service enlistments totaled 101 percent of the goal for the October-December quarter, compared with 96 percent in the same quarter of 1979.

"Of the new male recruits, 75 percent had high

school diplomas, compared with 50 percent in the 1979 quarter. The number of women high school graduates was up from 87 percent to 91 percent. The services find high school graduates far more likely to succeed in military service than high school dropouts.

"The percentage of enlistees scoring in the first three categories in military qualification tests bounced up from 69 in 1979 to 78 in 1980.

"In the all-important matter of retaining trained manpower, the services reported that reenlistment rates for career personnel went up from 70.5 percent a year later.

"Defense officials attributed the better picture of recruiting and retention to economic conditions, that is, youth unemployment, and to the allocation of both money and manpower to a drive to buck up the services."

AUTO INDUSTRY

CHRYSLER WORKERS SEEN USHERING IN NEW ERA IN NEGOTIATIONS

Ed Townsend (CHR. SCI. MON., 2/12/81):

"Chrysler workers probably don't like the idea, but they might just be setting the tempo for collective bargaining in the 1980s.

"The decision to scale down the economic demands of their United Automobile Workers (UAW) contract could mark the beginning of 'realistic' labor negotiations that would result in a two-way movement of wages that, until now, have only moved upward.

"That is a viewpoint being cautiously expressed by employers and such labor-management relations experts as Melvin W. Reder of the University of Chicago graduate school of business. While labor leaders disagree publicly, they do acknowledge that in situations such as Chrysler's, bargaining downward is 'something we may have to do; it's better to give up something than to get nothing at all.'

"Led by Douglas A. Fraser, president of the UAW, the union renegotiated Chrysler's contract terms to reduce wages about \$46 a week and to freeze pay for 20 months.

"Mr. Fraser has described the settlement as 'the worst economic agreements' he has ever had to negotiate, and he is grimly aware that other 'bad' agreements may be ahead."

FORCING PRICES DOWN

MINNEAPOLIS TRIB., 2/6/81, edit.:

"Chrysler Corp. is still far from being saved, and federal favoritism is still no way to save it. But even the sad strategy of the loan guarantees -- to lure \$1.5 billion of private savings into one gigantic weak investment instead of letting the market pick many small strong ones -- has its brighter aspect. In the midst of pervasive inflation Chrysler's competitive plight is forcing some prices down.

"The most recent and visible instance is the price charged by the United Auto Workers for its members' labor in Chrysler plants. This week, the union ratified contract revisions that cancel two scheduled hourly wage increases and a cost-of-living adjustment as well. In effect, the new agreement freezes Chrysler wages until 1982 about 13-percent lower than they would have been otherwise. It is 'the worst economic settlement we've ever made,' said UAW President Douglas Fraser. But he also persuaded his members that 'no jobs' would be worse still.

"This particular package of lower charges -- for cars, loans, materials and labor -- has mostly been put together in bargaining by the government with Chrysler and the UAW. Unions and companies less powerful than these deal with such problems economically, not politically. If straightforward economics had governed in the Chrysler crisis, price cuts might have come sooner, more effectively, or a clean-cut bankruptcy might have saved what's worth saving at far less public cost. And many analysts say that bankruptcy still is as likely as not."

ENERGY

BREAK FOR THE FAST-BREEDER REACTOR

HOUSTON POST, 2/4/81, edit.:

"The fast-breeder nuclear reactor, kept in a state of suspended animation during the four years of the Carter administration, can apparently look forward to a new lease on life. President Reagan favors expansion of nuclear power with adequate safeguards. The Republican platform calls for more research funds for the breeder reactor. And at his confirmation hearing, Reagan's new energy secretary, James B. Edwards, reiterated his strong support for both the breeder and reprocessing of spent nuclear reactor fuel.

"Revival of reprocessing and the breeder from their comatose state would mean a major shift from the nuclear non-proliferation policy pursued by President Carter. The purpose of this policy was to prevent the spread of nuclear material that could be made into weapons. Among the advantages of the breeder reactor is that, in addition to ura-

nium, it uses plutonium as a fuel. By reprocessing spent uranium from conventional nuclear plants, plutonium can be extracted for use in breeders. And the breeder produces more fuel than it consumes. It could thus stretch the world's supply of uranium and curb the generation of nuclear waste. The problem of disposing of radioactive waste safely looms as one of the major barriers to expansion of commercial nuclear power.

"But the plutonium produced by reprocessing and the breeder can also be converted to nuclear weapons. To thwart the spread of weapons-grade atomic material around the world, President Carter sought to discourage further development of reprocessing technology and used his first veto after entering office in 1977 against funds for the breeder reactor project at Clinch River, Tenn. Congressional supporters of the Clinch River breeder managed, however, to push through enough funding to keep it alive.

"The Carter administration hoped that its policy

would set an example the rest of the world would follow. But the rest of the world did not follow. Britain, France, the Soviet Union and other countries pursued development of the breeder reactor. And a two-year international study, initiated ironically by President Carter, concluded last year that breeder deployment and fuel reprocessing were probably inevitable. The administration was also inconsistent in following its policy. Last year, for instance, it supported the sale of uranium to India, which detonated a nuclear bomb in 1974 using American nuclear materials.

"The International Atomic Energy Agency inspects many nuclear facilities around the world to insure that they are not being used for military purposes. But the IAEA

does not have access to all such facilities, raising suspicions that are dangerous leaks in the present system of nuclear safeguards. Urgent international efforts should be made to strengthen that system. At the same time, however, we must face the fact that the United States alone cannot prevent the spread of nuclear material and technology. Nor can it effectively discourage the reprocessing of spent reactor fuel or the building of breeder reactors. By adopting a policy of technological self-denial, we have handicapped ourselves. And we are in danger of falling behind in research and development on the breeder, which many experts see as the next generation of nuclear reactor. That policy must be changed if we are to avail ourselves of all the energy-production options open to us."



POLITICAL UNREST

THE HOPE IS FOR LIBERTY

PHILA. INQ., 2/12/81, edit.:

"From the standpoint of America's historic moral commitment to the extension of liberty in the world, the most desirable outcome of the present extreme tension in Poland would be to have a significant degree of democratization emerge and become institutionalized there. From the same standpoint, the worst possible eventuality would be Soviet military intervention which made it clear to others, in a bath of blood, that punishment for straying from the fold of the shepherds of the Kremlin will be brutal and effective.

...

"At what point in the present drama in Poland does the extension of democratic expression become intolerable to the leaders and the principles of the Soviet Union?

...

"That is the puzzle which today must dominate the calculations of everyone involved in the freedom movement in Poland and in the halls of government throughout the world. It is vital for American officials and others who influence them to bear it in mind.

"At the moment, it appears that the Reagan administration and especially the evolving new State Department under Alexander M. Haig Jr. are doing that sensitively. The

expressed positions of the U.S. government have been restrained and all significant material questions — particularly that of economic aid which Poland has requested — are being held off, at least so far as public statements go.

"The wisdom of that lies in the fact that there is a real danger that the U.S., intentionally or stupidly, could bait Soviet leaders into direct intervention in Poland — or into increasing the force and bloodiness of an intervention which many Americans and Europeans believe is becoming inevitable.

...

"If communism, as a totalitarian discipline of government, is going to dissolve and not arise again — a noble hope — it will be through its own decay, through the broad acceptance among millions living under it that it is too inefficient, inhumane and brutal to be endured.

"There is great and continuing evidence in Poland today that just such a decay, and just such popular acceptance, is growing, strongly and swiftly. For the U.S. government or other outsiders to exploit that prematurely precipitate a bloodbath in Poland at this point could very well set back hopes for liberty by a decade or a generation — at the cost of thousands of lives pointlessly sacrificed."

DECAYING POLITICAL SYSTEM

DETROIT NEWS, 2/6/81, edit.:

"It has long been axiomatic among Western analysts that the impetus for a breakup of the Soviet empire in Eastern Europe could come only from within the satellite nations. The West's unwillingness to respond to the Soviet crackdowns in Hungary in 1956 and Czechoslovakia in 1968 underscored the point.

"The Polish workers today pose a greater threat to continued Soviet domination of Eastern Europe than did the Hungarians or Czechs. If the Poles succeed in shaking off the Soviet shackles, the contagion of freedom could spread throughout the region, possibly even infecting the Soviet Union itself. At the least, the muscle shown by the workers in challenging the party under the threat of Moscow's guns could encourage workers elsewhere in Eastern Europe to attempt the same.

"The recent lament by Poland's Communist boss, Stanislaw Kania, is instructive. Mr. Kania warned that Solidarity, the coalition of independent Polish trade unions

formed last year, 'is being steered in the direction of a political opposition party.' The Polish leader may be right.

"In just seven months, a political system, in which Communists were in total control, has given way to one in which the party must share power with workers whose demands have gone beyond economic issues. Under these circumstances, U.S. aid can be viewed as helping to keep this system afloat, rather than propping up a Communist regime discredited by its people. Aid to Poland would be money well-spent."

SHARPENING RUSSIAN DILEMMA

SEATTLE TIMES, 1/28/81, edit.:

"No one knows how much rope Moscow intends to give Polish party and government leaders in their efforts to control the situation without the Russians stepping in. Perhaps the Kremlin itself remains undecided.

"The dilemma on Russia's doorstep grows sharper by the day."

MAGAZINES

ENERGY

RISKS AND OPPORTUNITIES OF DECONTROL

OIL & GAS JOURNAL, 2/9/81, edit.:

"For many, the new environment of unfettered competition will be difficult. It allows freedom to fail as well as to succeed. But the failures must be recognized as a natural part of the efficient allocation of resources. When a refiner or marketer goes under, that's a sign the free market is working, rather than the opposite. While price controls were in effect, it was unfair to expect regulation-strapped refiners, without access to crude priced below market levels, to compete. But now that controls are dismantled, the subsidies ought to end. Beneficiaries of past subsidies ought to spend the 2-month transition provided by the President to make plans for survival and profit rather than seek new government aid.

"Independent refiners are complaining they are still at a disadvantage, that integrated companies with some of their own crude — highly profitable under decontrol — can use some of their upstream profit to subsidize downstream operations and squeeze out the independents. In the present soft products market, refinery margins are paper thin. The integrated firms with significant crude supplies, and those with access to lower-cost Saudi oil, do have an edge.

"This portends a return to the old battle between the crude haves and have-nots. And such warfare contains the seeds of future legislative dangers. History shows that much of the legislation enacted for one portion of industry is due to pressure from another, not the public. Thus, integrated companies will be cutting their own throats if they use production profits to subsidize downstream operations. Production earnings should be plowed back into the search

for new reserves, letting downstream operations stand on their own feet.

CLEAR AIR TURBULENCE

BUSINESS WEEK, 2/16/81, edit.:

"When J. Lynn Helms, President Reagan's choice for head of the Federal Aviation Agency, moves into his new job, he will inherit at least two smoldering disputes that began during the Carter Administration. Either could explode into a form of job action that would stop air traffic all over the country.

"The airline pilots are threatening a 'suspension of services' in March because the FAA has certified one aircraft (the DC-9-80) and may certify two more for commercial service with only two crew members in the cockpit. For years the large planes have required three on the flight deck — pilot, co-pilot, and engineer. Airlines argue that with increasingly automatic equipment, two is enough and the saving in operating cost is badly needed. Pilots retort that someone has to watch the instruments while they watch for other traffic.

"The controllers say that they are working with outdated equipment and that they are overworked and underpaid. In part, this reflects resentment of what the controllers considered callous neglect under the Carter Administration.

FAA

"... It would be a terrible blunder to throw away this big chance through destructive behavior."

"The new FAA chief must take these grievances seriously, without necessarily giving in to the demands. The best solution to the pilots' complaint would be to appoint an impartial panel to settle the question of crew size in the new planes. Air safety is not something that should be left to disputations bargaining.

"The long-standing discontent of the controllers, however, is not so much a matter for fact-finding as a problem in labor relations. Somehow, the FAA has to convince the controllers that it is considering the case for better equipment seriously and that it will make a fair, objective judgment on the question of pay and working conditions. The controllers, and passengers too, would feel better if the FAA's R&D program were made effective.

"Once these two sticky matters are resolved, the head of the FAA will then have to ease the growing controversy between general aviation and commercial air service over equipment and the competition between them for airspace. Long run, it is the most difficult problem the agency will have to face as the number of general aircraft increases explosively. Because the new administrator is a former chief executive officer of a general aviation supplier, he may not be the most impartial arbiter available."

REGULATION

REVERSING CARTER'S LAST WORDS

THE ECONOMIST (London), 1/31/81:

"Among the government agencies created in the heyday of regulation, the late 1960s and early 1970s, few are now under greater threat than the Occupational Safety and Health Administration (Osha). Unsurprisingly, then, in the last week before Mr Reagan's inauguration, Osha issued three new sets of rules covering safety in the workplace. One requires employers to protect their workers from continuous noise above 85 decibels by providing earplugs, hearing tests and warning notices; some 5.2m workers are involved, most of them in the wood, coal, oil and heavy metal industries. The cost, estimated at about \$524m a year, is far less than the \$13 billion-21 billion it would have been had Osha insisted on noise-control devices for the machines rather than the people.

"On the same day Osha announced new safety requirements for electrical equipment in factories and new labelling standards for chemicals used in cosmetics and food

processing, rules which the chemical companies say may force them to reveal the secrets of their trade. But one truly last-minute appeal, on January 19th, demanding the 44 industries should immediately install equipment to reduce their workers' exposure to lead, is still before the courts.

"After Osha, the Environmental Protection Agency has perhaps the most to fear from Mr Reagan's men. Accordingly, the EPA began its defensive tactics as early as December 11th, when it cut off highway and sewage-treatment funds for certain counties in California and Kentucky which had resisted its order to set up a vehicle-inspection programme. There was no real need to exact penalties until this year, when the inspections were due to start.

"Other rules, however, could be justified as refinements to existing legislation. On December 30th the agency announced that companies disposing of hazardous waste would have to take out enough liability insurance to enable their sites to be closed down safely and inspected, on a regular basis, for the next 30 years. On January 2nd new rules appeared covering the toxic pollution of water by the

iron, steel and coal industries: with use of 'the best available technology', the EPA expects water pollution to be reduced by 90% by 1984. Only on the subject of air pollution did the agency compromise, allowing on January 18th an extension of the 'bubble' policy that accepts trade-offs in pollution levels by adjacent factories. Even the sternest environmentalists agree that such flexibility is needed if the Clean Air Act, which comes up for renewal this year, is not to be gutted by a conservative congress.

"The outgoing attorney-general, Mr Benjamin Civiletti, also marked his last days in office with a flurry of guidelines for federal agents. The first set, issued on January 2nd, restricted the use of search warrants by investigators seeking information from journalists, clergymen, lawyers and doctors; in future, a simple subpoena, summons or request must be used unless the possessor of the documents is himself suspected of a crime. On January 4th guidelines were issued for FBI undercover agents, urging them to avoid entrapment of suspects but allowing them to offer bribes to public officials who are already engaged in, or likely to engage in, illegal activities.

"Mr Civiletti was obviously eager to leave behind a

strong record of action against white-collar crime and political corruption before the Republicans, with their stated preference for dealing with street crime, came in and changed the direction of his department. It was for a similar reason, too, that the associate attorney-general, Mr John Shenefield, announced on January 9th that the Carter administration would replace one of the government's basic civil service exams. The Professional and Administrative Career Examination (Pace for short) had been the subject of a suit by a group of blacks and Hispanics who claimed that it discriminated against minorities. Since 1974 only 13% of Hispanic and 5% of black applicants have passed the test, against 42% of whites; the justice department maintained, too, that the questions asked bore little relation to the skills needed for the jobs concerned. The Pace test is now to be gradually rewritten with more specific questions likely to allow a higher percentage of minority applicants to pass. Mr Shenefield insists that this is not a quota system, but the distinction, in practice, is a narrow one.

"Hopes of reversing all the Carter legacies are slight. If only because of the procedural torment invoked: once promulgated, a rule cannot be changed without fresh public notices and hearings."

ZIMBABWE

FRAGILE COMPROMISES

WORLD BUSINESS WEEKLY, 2/16/81, edit.:

"The crisis that threatened to break up Zimbabwe's coalition passed without exploding into violence. Joshua Nkomo, leader of the minority Patriotic Front Party, accepted a post in Prime Minister Robert Mugabe's cabinet that, while it has no portfolio, will allow him some say in the operation of the security forces. This fragile compromise, the result of nearly three weeks of negotiations within Nkomo's own party as well as with Mugabe, has the earmarks of an effort to save face for the party and for Nkomo, since neither has a strong position in the government.

...

"In spite of the official assertions that Nkomo will still be around to 'assist' Mugabe over matters of defense (and so to retain some say in the country's security), there is no question that his new role in the cabinet is a demotion. And it is hardly surprising that Nkomo and the Popular Front have been finding it difficult to accept this reality of African politics: Opposition parties usually disappear without a trace.

"The Popular Front's power, as illustrated by last year's election results, is grounded in the 20% of the Zimbabwe population who are Matabeles. Nkomo's only hope of having a meaningful — although inevitably minor — role

on behalf of his own people is by cooperating with Mugabe and his Shona majority.

"But even if problems continue to haunt the coalition, as seems likely, Nkomo's decision to accept the junior post should make room for progress on two key fronts. The first concerns integration of the two guerrilla armies owing allegiance respectively to Mugabe and Nkomo — of an estimated 35,000 assembled in camps at the end of the war 13 months ago, some 24,000 remain there, armed and idle. An effort, supported by Britain, to bring them into the established armed forces has resulted in the formal military training of 11,000, but they are still segregated in separate units. Incidents of violence could quickly escalate to the point where security is threatened throughout the country.

"A longer-term but equally vital problem concerns the economy and Mugabe's attempts to fulfill his people's expectations for more land and to deliver the better schools, hospitals, and other amenities so many of them fought for. Recent harvests have been good, and many white farmers seem ready to stay, but the international aid needed by Zimbabwe has been slow in coming. Britain is heading the list of donors, but at the conference planned for March to discuss the country's needs, much more must be pledged not only by Britain but also by other Western countries. Zimbabwe must be helped in consolidating its fragile, if so far broadly hopeful, independence."

TELEVISION NEWS
FOR
FEBRUARY 12, 1981

NBC NIGHTLY NEWS:

- Las Vegas police charge a Hilton Hotel busboy with arson and eight counts of murder stemming from the Las Vegas Hilton Hotel fire--2:18.
- Experts predict that there will be 400 deliberately-set fires each day in the U.S.--:15.
- Senate Finance Committee Chairman Robert Dole (R-Kans.) says that business tax cuts should be retroactive to January 1--:24.
- The White House releases an audit of the economy which concludes that inflation and unemployment are sapping the economy--1:57.
- Sen. Lawton Chiles (D-Fla.) proposes an end to the mandatory retirement age of 70--:21.
- Pres. Reagan places a wreath at the Lincoln Memorial to commemorate Lincoln's birthday--:38.
- The White House announces that Reagan will travel to Mexico to meet with Mexican Pres. Lopez Portillo on April 27 and 28--:13.
- IRS officials say they fear a Princeton researcher may discover a method of the IRS computer codes for determining which tax returns are audited--2:14.
- A federal judge in Dallas rules that former Pres. Carter, when he released Iranian assets in the U.S. in exchange for the American hostages, should not have included funds held in the U.S. under court orders--:38.
- The State Dept. denies that it released the contents of an official diplomatic letter from Secy. of State Alexander Haig to Soviet Foreign Minister Andrei Gromyko--:20.
- Poland's Prime Minister Wojciech Jaruzelski asks the Solidarity trade union not to call a strike for 90 days--1:58.
- Polish army divisions are in mixed stages of readiness and strength, and could not withstand a Soviet attack--5:00.
- California Gov. Jerry Brown protests the Interior Dept. decision to grant oil drilling leases off the California coast--1:56.
- Roger Mudd reports that presidential photo opportunities often cause "considerable confusion"--1:45.
- Two American businessmen depart Luxor, Egypt in a helium balloon in an attempt to fly around the world--2:02.

CBS EVENING NEWS:

- Las Vegas police arrest a Hilton Hotel busboy and charge him with arson in connection with the Las Vegas Hilton Hotel fire--3:21.
- The State Dept. plans to send a mission to Europe to publicize the Cuban and Soviet re-supply efforts for leftist guerrillas in El Salvador--1:53.
- Poland's Prime Minister Wojciech Jaruzelski announces a sweeping purge of the country's cabinet--:23.
- Zimbabwe's army puts down a mutiny by ex-guerrillas--:24.
- Pres. Reagan tells reporters that the state of the economy calls for urgent action--1:41.
- The Reagan Administration reportedly considers a new military reenlistment program to reduce retirement costs--1:26.
- A psychiatrist at the sentencing hearing of Marine Private Robert Garwood says Garwood was temporarily insane when he collaborated with North Vietnamese captors--1:58.
- California authorities find marriage and birth certificates in the home of recently deceased Martin Edward Mortensen, indicating that he was the father of Marilyn Monroe--:43.
- Oil drilling industry officials say that the decontrol of crude oil prices has touched off the biggest oil drilling boom in 25 years--2:42.
- California fishermen say that new oil drilling activities off the California coast will disrupt marine life--2:37.
- The Reagan Administration asks four national charities to return \$1 million given them by a Carter Administration Energy Dept. official--1:58.
- A mishap at the TVA nuclear power plant in Daisy, Tenn. exposes 13 workers to radioactive water--:24.

- Heavy rains cause flooding on the Delaware River--:25.
- Two American businessmen leave Egypt in a helium balloon in an attempt to fly around the world--2:42.

ABC WORLD NEWS TONIGHT:

- A 23-year-old busboy at the Las Vegas Hilton Hotel confesses to starting the recent fire that claimed eight lives--2:45.
- The Nevada fire marshal urges the Nevada legislature to adopt a tight retroactive fire-prevention law--1:17.
- The State Dept. says it does not think a Soviet invasion of Poland is likely--:09.
- Pres. Reagan places a wreath at the Lincoln Memorial to commemorate Lincoln's birthday--:25.
- Pres. Reagan announces the release of an economic audit which he says justifies the need for sweeping changes in the economy--2:03.
- Secy. of Labor Raymond Donovan delays or eliminates several OSHA measures passed during the Carter Administration--1:22.
- Many mayors and labor leaders want to save urban development action grants from budget cuts--1:02.
- The Reagan Administration asks two national charities to return \$1 million they received from a Carter Administration Energy Dept. official who gave the charities the money acquired from oil companies in lawsuits--:58.
- Barrie Dunsmore reports that some State Dept. officials are not overly concerned by the Soviet release of official diplomatic communications with the U.S.--:31.
- Poland's Prime Minister Wojciech Jaruzelski asks the Solidarity trade union not to call a strike for 90 days; the union accepts this--1:57.
- East German and Soviet troops hold joint military maneuvers in East Germany--:17.
- The Reagan Administration reportedly considers more arms sales to friendly countries--1:20.
- Standard Oil of Indiana raises wholesale gasoline and heating oil prices two to three cents a gallon--:21.
- Joe Benton reports that an inter-office Justice Dept. memo says the government withheld evidence from ABSCAM defendants--1:26.
- Zimbabwe's army puts down rioting between two ex-guerrilla groups--:27.
- Exiled Greek King Constantine returns to Greece for the first time in 14 years for a funeral for Greek Queen Mother Fedarika--:20.
- Two American businessmen depart from Luxor, Egypt in a helium balloon in an attempt to fly around the world--2:08.
- The Army released a previously-censored 1947 film about the psychiatric problems soldiers had in World War II--1:58.

PUBLICATIONS SURVEYED

American Spectator
 Atlanta Constitution
 Arizona Republic
 Baltimore News American
 Baltimore Sun
 Barron's
 Boston Globe
 Buffalo Evening News
 Chicago Tribune
 Christian Science Monitor
 Cincinnati Enquirer
 Cleveland Plain Dealer
 Columbus Dispatch
 Denver Post
 Des Moines Register
 Detroit Free Press
 Detroit News
 The Economist
 Far Eastern Economic Review
 Fortune
 Gannett News Service
 Houston Post
 Indianapolis News

Los Angeles Times
 Manchester Guardian Weekly (London)
 Miami Herald
 Milwaukee Journal
 Minneapolis Tribune
 New Leader
 New Orleans Times-Picayune
 New York Daily News
 New York Times
 Oil & Gas Journal
 Philadelphia Inquirer
 Pittsburgh Press
 Providence Journal
 Richmond News-Leader
 St. Louis Globe-Democrat
 San Diego Union
 Seattle Times
 Wall Street Journal
 Washington Post
 Washington Star
 World Business Weekly

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DOMESTIC AFFAIRS

ECONOMY

President Reagan yesterday virtually completed his package of budget cuts totaling about \$50 billion as part of a crusade to control inflation and revitalize industry, and his press secretary said to-morrow night's address to the nation will be "a clarion call saying it's not going to be 'business as usual.'" James Brady told reporters that Reagan will seek to make "the people a partner" in combatting the nation's economic difficulties.

GOVERNMENT

A federal judge yesterday ordered that three employees must remain on the federal payroll until he decides the legality of President Reagan's retroactive hiring freeze. U.S. District Court Judge Charles Richey set a February 25 hearing on the suit by the National Treasury Employee's Union against Reagan's order which affects tens of thousands of persons. Reagan's first act as president was to impose a hiring freeze as part of his effort to cut federal spending. It was made retroactive to November 5.

ARMY WANTS EXEMPTION FROM FEDERAL HIRING FREEZE

WASH. STAR, 2/16/81:

"The Army has asked the Reagan administration to exempt it from the freeze on federal hiring so that more than 30,000 civilian workers can be added to its labor force over the next 18 months.

"Pentagon officials said the request was sent to Secretary of Defense Caspar W. Weinberger, along with a list of proposed revisions to the 1981 and 1982 military budgets being considered by Weinberger and his staff. Those revisions are scheduled to be submitted to Congress by the end of February.

"Because officials of the White House's Office of Management and Budget have been working alongside Pentagon aides in preparing those budgets, Army officers said it was likely that their proposals would be approved for submission to Congress. President Reagan, of course, will have the final say on the budget proposals.

"The chorus of protests over planned federal economies continued to escalate yesterday as President Reagan prepared to outline his proposed budget cuts to a joint session of Congress on Wednesday.

"Meeting in Chicago, some officials of the American Medical Association expressed a certain wariness over pos-

sible cuts in Medicare, Medicaid and other health programs.

"But Vice President George Bush sounded an appeal for support of the president's proposed economic program.

"Speaking at the Kings County (N.Y.) Republican Lincoln Day Dinner in Brooklyn, Bush said that 'a new beginning has been made, as President Reagan pledged in his campaign. If it takes weeks, if it takes months, if it takes years, we're going to break down those unneeded empires-within-empires and get the federal government off the back of the American people.'

"Despite cries of dismay from labor, educational, environmental and consumer groups, as well as city officials and minorities, over the planned budget cuts, the vice president said that 'our approach to cutting the federal budget, our instrument will be the remedial scalpel, not the butcher's cleaver.

" 'The muscle, bone and marrow of essential government programs aren't the target of the Reagan administration's cost-cutting proposals. It's the fat.'

"The Army's other requests to Weinberger included funds for XM-1 tanks, antiaircraft guns, helicopters and a myriad of such non-hardware items as new camouflage uniforms for desert fighting. In a recent exercise in Egypt, American soldiers in jungle battle dress stood out against the sandy terrain."

LABOR

Senate Majority Leader Howard Baker (R-Tenn.) yesterday told the AFL-CIO executive council in Bal Harbour, Fla. that the Republican Party wants to improve its communications with the labor federation, saying the GOP and the labor leaders have many things in common. Baker said that basic disagreements of the past "need not be the dominant issue of the future." He told the annual meeting that "there's a real opportunity to work together on the general overall problem of whipping inflation."

In a statement opening the meeting, the executive council said "cutting federal expenditures to balance the budget is not a cure-all for inflation. Budget cuts will not protect the economy from spiraling energy costs and food costs, nor will they bring down housing costs."

REAGAN ADMINISTRATION

SIX CABINET COUNCILS TO SHAPE POLICIES

Hedrick Smith (NY TIMES, 2/15/81, Washington):

"President Reagan plans to set up a network of six Cabinet councils to serve as the formal bodies for debating and shaping the major policies of his Administration, his counselor, Edwin Meese 3d, said today.

"The plan, which is expected to be formalized by a policy memorandum in a few days, would give Mr. Reagan the most structured system of Cabinet organization in the modern Presidency, although some concepts have been borrowed from earlier Administrations.

"Mr. Reagan initially considered setting up a Cabinet executive committee, an inner circle of his Cabinet, as he had done as Governor of California.

"But Mr. Meese said in an interview that Mr. Reagan was so pleased with the candor and teamwork of the full Cabinet that he decided to embody his concept of Cabinet government in a system of councils, organized by general areas of concern.

"The Cabinet meetings have not turned into a rambling, multifaceted debating society with voluminous talk," said Mr. Meese. "The Cabinet as a whole has worked so well together that it has not been necessary to scale it down to an executive committee."

"Mr. Meese said that in addition to the National Security Council, which is established by law, Mr. Reagan intends to have Cabinet councils on economic affairs, on human resources and environment, on human resources, on commerce and trade, and on food and agriculture.

"The Reagan plan would put the six Cabinet councils under the respective leadership of the Secretaries of State, Treasury, Interior, Health and Human Services, Commerce and Agriculture to develop policy options for the President. Then he and Vice President Bush would meet with them for the main policy discussions and decisions.

"This setup would carry the concept of Cabinet-level committees further than any previous Administration. In addition to the National Security Council, President Nixon had a Domestic Council and President Ford had an Economic Policy Board.

"Because of his experience in California, Mr. Reagan had for some time toyed with the idea of setting up an inner Cabinet, feeling that a small, trusted group would give him more outspoken and uninhibited advice. Mr. Meese said that the President still reserved the option of setting up an overall Cabinet planning group at a later time, but after meeting with the full Cabinet eight times he wanted to try the Cabinet council system.

"Mr. Meese, who played a central role in organizing the Cabinet network and also managed Mr. Reagan's cabinet affairs when he was Governor of California, said the new Cabinet structure was in keeping with President Reagan's repeated pledges in the campaign to have his Cabinet rather than the White House staff take the lead in helping him formulate policy. It was also intended to reduce the feuding over policy, jurisdiction and responsibilities between the White House and Cabinet departments in previous administrations."

Copyr. 1981, NEW YORK TIMES

ABSCAM

U.S. REPORTEDLY WITHHELD DATA FROM DEFENDANTS

James Coates (CHICAGO TRIB., 2/16/81, Washington):

"The Justice Department denied convicted congressional Abscam targets access to six key tape recordings and two FBI memos that might help them prove government agents tricked them into making incriminating statements before hidden cameras, a department document obtained by The Tribune charges.

"Two assistant United States attorneys in New Jersey

charged that 'exculpatory evidence' [falling from blame] which may help six convicted congressmen in their appeals had been withheld.

"All but one of the tapes and memos deal with sessions between the Federal Bureau of Investigation's highly paid underworld Abscam informant, Melvin Weinberg, and various targets or participants in the operation. The congressmen were videotaped taking bribes and discussing other crimes with agents posing as Arab sheiks.

"Several of the defendants have complained that Weinberg first coached them in making outrageous state-

ments, then led them into a bugged room where they did so in front of the bogus wealthy Arabs and the cameras.

"A report written Dec. 17 by assistant U.S. Attorneys Edward Plaza and Robert Weir recalled that they met with Weinberg in 1979 and that Weinberg told them 'we would have no cases' unless he coached the targeted congressmen before they walked before the hidden cameras.

"The memo, addressed to former Criminal Division chief Philip Heymann and other top officials, said: 'Plaza responded that any case which was made in this fashion was worse than no case at all.'

"Weinberg, a convicted confidence racket operator, has been paid more than \$133,000 by the FBI, including monthly checks of \$3,000, to mastermind the Abscam operation.

"Six congressmen have been convicted, and Sen. Harrison Williams [D., N.J.] faces trial.

"Defense attorneys have tried without success to use one recording made of Weinberg and an Abscam defendant, Camden, N.J., Mayor Angelo Errichetti, to argue that the defendants were entrapped into committing crimes by the con man.

"This tape shows Weinberg and Errichetti coaching Williams on how to behave when meeting the sheik. The Plaza-Weir memo explains: 'Weinberg told Williams he was about to "go on stage." He told him he would have to "come on strong" in front of the sheik, even though it was "all talk" and "all bull."'"

CRIME

TOO MUCH FEDERAL INTEREST?

CHICAGO TRIB., 2/13/81, edit.:

"Washington seems to have gotten violent crime on the mind lately. First, Attorney General William French Smith promised during his tenure to emphasize efforts against the kinds of crime that people fear rather than white collar crime. Then Chief Justice Warren Burger delivered his jeremiad against government's inability to control street crime.

"Now it is reported that a group in the Justice Department is discussing legislative proposals directed against the problem. The ideas being talked about reveal the limitation of the federal role in this area.

"Victim compensation by the federal government is one idea. It could be costly. How it is to be distinguished in principle from other, less-favored social welfare programs for the needy is not entirely clear.

"Murder for hire could be made a federal offense. But it is not the fear of hired hit men that frightens most people who are wary of walking the streets at night.

"Federal bail law could be tightened. But this would affect only those persons charged with a federal offense. Except in narrow categories of cases, such as murders committed on federal reservations, street crime is a matter for state enforcement.

"Federal law could require a mandatory sentence for persons convicted of a federal crime in which a gun

was used. But again, this would not affect the ordinary mugger.

"The Reagan administration is not likely to look kindly on resuscitating the Law Enforcement Assistance Administration, created by the Nixon administration to give federal funds to state and local law enforcement agencies. Nor should it. The program was a wasteful pork barrel.

"And the one new federal law that might have a significant impact on local crime—handgun control through federal registration and licensing—has not even been mentioned by the Attorney General or the Chief Justice.

"Revival of interest in the problem of violent crime is a useful turn of events. But federal officials may be creating expectations about what the federal government can do that they either cannot or will not meet. What is lacking in the current discussions is a certain modesty about what is likely to be accomplished at the federal level and a political unwillingness to do the most important thing—enacting comprehensive handgun control.

"A few modest funding programs, for example to encourage basic research in law enforcement and to provide local police and prosecutors new computerized management devices connected in a federal network, should be coupled with one bold move finally to establish a national handgun law. These measures might actually do some good. The people, police, and prosecutors of this country's cities do not need any federal help in realizing that violent crime is a problem that is largely theirs to solve."

TRANSPORTATION

THE AIRBAG DELAY

WASH. STAR, 2/12/81, edit.:

"In proposing to delay requiring airbags or automatic seatbelts in 1982 models of large automobiles, the Reagan administration will be plunging into a debate that has persisted for more than a dozen years. But the move makes sense.

"As laid down by then-Transportation Secretary Brock Adams four years ago, the automatic safety devices were to be required on large cars by 1982, intermediate cars by 1983 and small cars by 1984. His successor, Drew Lewis, in putting off the large-car requirement for a year, said the new administration wants to review all overall passive-restraint regulation, which Mr. Reagan promised during the campaign. The transportation secretary also acknowledged a desire to avoid aggravating the car-makers' current slump.

"Requiring the new equipment on standard-sized cars first would impose a cost disadvantage on the American manufacturers, while foreign competitors who make small cars would be spared for two years. The regulation would inflict an ironic penalty on the safest cars; the small cars are often the most dangerous in a crash. If and when

the decision is made to go ahead with mandated passive restraints, small-car safety should be put first not last.

"There is some cynicism about the administration's approach to auto safety. Budget director David Stockman opposed airbags as a congressman from Michigan and made a transition recommendation that the plan be scrapped. The emerging policy of the administration on safety issues nevertheless deserves to be weighed on its own merits.

"The last word on passive restraints, for that matter, may not be heard for many years, whatever the administration decides. One earlier effort by the government to force motorists to be safe, by preventing cars from starting until seatbelts were attached, caused such an outcry that Congress abolished the rule. A similar protest could doom the automatic seatbelt, which enfolds the motorist as he enters his car. The less obtrusive airbag is preferred by many promoters of auto safety, but it needs to be used with seatbelts against broadside collisions and questions are raised about its cost and reliability.

"The new administration is right to consider the matter afresh, if only because of technological and economic developments since Brock Adams issued his timetable."

FOREIGN AFFAIRS

EASTERN EUROPE

Polish farmers yesterday agreed to put off their fight for a Rural Solidarity, but college students threatened a nationwide strike unless the government signed an agreement on their demands. Poland's Supreme Court ruled last week that the farmers had no right to form a union. Leaders of 10,000 undergraduate students staging a sit-in at Lodz University since January 21 demanded that Education Minister Janusz Gorki sign an agreement giving them the right to form their own independent union. In weekend talks the students won the abolition of compulsory Russian language and Marxist theory classes, but held out on the union issue.

POLISH LEADER VISITS PRAGUE FOR TALKS

WASH. STAR, 2/16/81, Warsaw, Poland:

"Polish Communist Party Chairman Stanislaw Kania flew to Prague yesterday for surprise consultations with

Czech party chief Gustav Husak, who has warned that Poland faces the same dangers Czechoslovakia did in 1968.

"Poland's state-run television disclosed the trip just as negotiators in Lodz apparently reached a compromise to avert a nationwide student's strike. The agreement with

the students dropped compulsory Russian language and Marxism classes.

"Kania's one-day trip was his first to neighboring Czechoslovakia since he was named to the party chairmanship Sept. 6 at the end of Poland's summer of strikes.

"The television broadcasts gave no details of Kania's meeting with Husak except that it was a 'short, friendly visit' that would aid 'international peace' as well as improve relations between the two countries.

"Czech criticism of unrest in Poland has been among the most violent in the Communist bloc, and Husak was quoted Saturday as saying that the situation in Poland was like the one that led to the Soviet invasion of Czechoslovakia in 1968.

" 'We experienced something similar in 1968-69,' Husak told a party meeting in Prague. 'We know how much chaos, how many shocks and what economic disruption came of this and how long we had to overcome it.'

"Poland's minister of education yesterday took the unusual step of appearing on national television to ask the striking students in Lodz to drop their threat of a nationwide strike.

"Within minutes of the appeal medical students in Warsaw holding a sit-in to support the Lodz protesters announced they would end their strike and called on other students to follow their action. They said they abandoned their sympathy strike to avoid jeopardizing a possible settlement in Lodz, 80 miles southeast of here.

"Education Minister Janusz Gorski urged students not to call a general strike and to end their 25-day occupation of Lodz University, the polytechnic college and musical and medical academies."

EAST GERMAN CHIEF PREDICTS UNIFICATION OF GERMANY

BALT. SUN, 2/16/81, Berlin (Reuter):

"East German leader Erich Honecker yesterday predicted the reunification of Germany under socialism, making a significant switch from East Berlin's previous insistence that the nation was divided forever.

"In a speech to senior Communist Party officials in East Berlin, Mr. Honecker criticized right-wing West German politicians who 'pretend reunification of the two German states is closer to their hearts than their wallets,' the official East German news agency ADN reported.

"He said these people should beware, because one day socialism would 'come knocking on their door,' and the workers of West Germany would begin a socialist reorganization of the country.

"The question of unification of the two German states will then stand in a new light. There can be no doubt what our decision will be in that situation,' he added.

"It was the first time the Communist Party chief had spelled out the possibility of reuniting the two German states. After he took power 10 years ago, East Germany dropped its previous commitment to unity under a Communist system and insisted there were two irrevocably separated German nations.

"In the following years the East German authorities virtually eliminated the word 'Germany' from the national vocabulary, dropping it from the titles of businesses and organizations.

"It was replaced with the initials 'DDR,' the German abbreviation for the (East) German Democratic Republic, and even the East Germans are now officially referred to as 'DDR citizens,' never as Germans."

ZIMBABWE

Guerrilla supporters of Zimbabwe minority leader Joshua Nkomo yesterday began to leave a suburb of Bulawayo, ending factional violence that has seen 300 dead. The guerrillas last week battled Prime Minister Robert Mugabe's forces and troops. After the guerrillas laid down their arms, a police spokesman in Salisbury said there was an immediate formation of a bus convoy to transport the guerrillas.

MIDDLE EAST

Israel yesterday rejected Egyptian President Anwar Sadat's proposal that the PLO form an exile government, and said the Camp David accords constitute the only acceptable framework for Palestinian autonomy negotiations. A foreign ministry official said of Sadat's proposal: "In exile from where? If you are in exile, the land belongs to you and you are prejudging the final status of the area." The statement came hours before Foreign Minister Yitzhak Shamir was to leave for Washington.

THREAT TO CAMP DAVID PROCESS

NY DAILY NEWS, 2/13/81, edit.:

"Despite his strong support for Israel, President Reagan has come under heavy fire from Israeli settlers in the occupied Arab territories on the West Bank of the Jordan. Just before the last election, most of the 260 American Jews living in West Bank settlements signed an endorsement of Reagan for distribution among Jewish voters in the U.S. Now, they charge, Reagan has 'betrayed' them by letting the State Department express 'deep concern' at reports that Israel plans to seize more West Bank land to expand the Jewish settlements there.

"If the story the settlers tell is true, their anger is understandable. Nonetheless, on the basic issue we believe that Reagan and the State Department are right.

"The sad fact is that the agreement between Israel and Egypt reached at Camp David is looking increasingly shaky. Not long ago, Egypt's President Anwar Sadat refused to reopen the stalled talks between his country and Israel on self-government for the West Bank Arabs. His chief reason for doing so was that, with its drive to scatter Jewish enclaves across the West Bank, the government of Menachem Begin has made it plain that it has no intention of giving real self-government to the area's overwhelmingly Arab population.

"Instead of taking Sadat's complaints seriously, the Israelis simply adopted a tougher line. Unless Egypt agreed to resume talks, the Begin government threatened, Israel wouldn't feel obliged to fulfill all the commitments it made at Camp David.

"If that was intended to scare Sadat, it failed miserably. Instead of backing down, he has now announced that he favors the Common Market countries' disruptive scheme to launch their own independent peacemaking campaign in the Middle East.

"As they have shown over and over again, the Western European countries these days operate on the basis of narrow self-interest - which, in this case, means a steady supply of Arab oil. So if the Common Market gets into the Mideast peace act, the results are bound to be bad for Israel.

"For that reason, it's in Israel's best interest to do whatever it reasonably can to get on better terms with Egypt. A good place to start would be by canceling all plans to build new settlements on the West Bank or to expand the existing ones.

"What's more, we don't really see what Israel would lose by doing so. With more than 40 Jewish settlements already established on the West Bank, the creation of a handful more isn't going to be of much practical advantage to the Israelis. And it could have practical—and very painful—consequences for Israel's dreams of lasting peace."

SOVIET UNION

MOSCOW SAID TO SOLICIT U.S. DIPLOMAT

Kevin Klose (WASH. POST, 2/16/81, Moscow):

"Soviet secret police last month sought unsuccessfully to blackmail and recruit as a spy a U.S. Army attache stationed in¹ Moscow who is a candidate to be a military adviser to Vice President Bush, a position in which he would have access to high national secrets, reliable sources say.

"The sources said the attempt to recruit Maj. James R. Holbrook may have included use of drugs to incapacitate him and a military colleague, efforts to arrange compromising photographs of Holbrook and an offer of 'help' from a Soviet colonel who Holbrook knew from a previous Eastern Bloc assignment and who mysteriously appeared on the scene at a crucial moment.

"The U.S. Embassy here has refused all comment on the incident, which the sources described as the most serious —although crude—attempt to compromise and recruit a U.S. Embassy staffer in Moscow in recent years. The attempt failed when Holbrook and his traveling companion Army Lt. Col. Thomas A. Spencer, immediately reported the set-

up to their superiors, the sources said. Holbrook since has returned to Washington with his family.

"[Holbrook, contacted at his suburban Washington home, refused to discuss the incident, saying he was told 'by our PR guys that this is an obvious no comment situation. I can't tell you anything.' A State Department spokesman refused to comment, saying, 'We cannot confirm or deny the story.'

"[Peter Teeley, press secretary for Bush, said Holbrook was one of four persons recommended by the Army for the job of special military adviser to the vice president. He said no action has been taken on Holbrook's or the other nominations and the job is so far unfilled.]

"Sources here said the entrapment attempt occurred in the western Ukrainian city of Rovno, apparently shortly before Washington ordered Holbrook home for an interview for the job with Bush."

SOVIET RESTRAINT CALLED CONDITION FOR FUTURE NEGOTIATIONS

Don Oberdorfer and Michael Getler (WASH. POST, 2/13/81):

"Secretary of State Alexander M. Haig, Jr., in conversations with both Soviet and Italian officials, has made clear that the United States wants Moscow to observe an agreed code of international conduct as a condition of future negotiations on a broad range of East-West issues, informed sources said yesterday.

"Haig told visiting Italian Foreign Minister Emilio Colombo yesterday that Moscow should go back to observance of a code of conduct similar to that adopted by the two superpowers in May 1972, calling for reciprocity and mutual restraint in international affairs, according to diplomatic sources.

"Haig and the Italian official agreed that Soviet actions in Afghanistan, Africa and elsewhere had disturbed the global equilibrium. The sources quoted Haig as saying that steps toward restoration of this balance and a demonstration of Soviet restraint are essential conditions for future negotiations.

"Similar statements reportedly were made by Haig in a confidential meeting last week with Soviet Ambassador

Anatoly Dobrynin. According to one account, that of ABC News correspondent John Scali, Haig said then that 'all new Soviet-American agreements, including arms control, trade and financial credits, will be held up' until there is a new understanding on the limits of Moscow's activities throughout the world.

"U.S. sources confirmed that such a conversation took place, possibly at an intimate dinner Feb. 5 at the home of Sen. Charles H. Percy (R-Ill.), chairman of the Senate Foreign Relations Committee, with only Percy, Dobrynin and Haig in attendance.

"Moreover, both U.S. and Soviet officials suggested that the authoritative report by Scali Tuesday night on the confidential Haig-Dobrynin meeting may have played a role in the unusual Soviet action Wednesday to make public the text of Soviet Foreign Minister Andrei A. Gromyko's first substantive communication to the Reagan administration.

"The State Department yesterday expressed regret at what spokesman William Dyess called the 'virtually unprecedented' release by the Russians of a confidential communication with the United States. However, State refused to release Haig's part of the exchange of letters with Gromyko on grounds that 'preservation of confidentiality' is very important."

SPAIN

NEW TEST SEEN FOR SPAIN

BALT. SUN, 2/16/81, edit.:

"While King Juan Carlos I was expressing his faith in democracy before the Basque parliament, Spain's ruling party was desperately seeking to end the crisis caused by the resignation of Prime Minister Adolfo Suarez. The king's visit to Basque country was an eloquent counterpoint to his domestic challenges at home. He pointedly faced down Basque separatists on their own territory. But in Madrid the fledgling system of democracy he nurtured after Fascist Dictator Francisco Franco's death five years ago was undergoing its first real test.

"The crisis was heightened by the lack of a modern democratic tradition in Spain. Without Juan Carlo's strong backing, it is doubtful Mr. Suarez could have lasted as long as he did. Even so, fed up with the bitter fights within the ruling Union of the Democratic Center party, he finally threw in the towel. He had also lost hold on the party's center, thanks in large measure to his own mistakes and not being on continuous alert.

"By naming Leopoldo Calvo Sotelo Spain's second

prime minister, Juan Carlos broke an uneasy impasse that had threatened to split the ruling UDC party. He was forced to deviate from his role as a disinterested king, exercising influence from a distance. Nevertheless, he still remains the epitome of a constitutional monarch. His guiding influence on Spain's democratic future remains a healthy reality. So it seems a safe bet that Spain's democracy is as secure as that of other Western European nations.

"Mr. Calvo Sotelo, formerly deputy prime minister in charge of economic affairs is well known as a tough negotiator in the European Common Market, where he handled Spain's affairs. These characteristics should help him in tackling his country's worsening economic problems. But without a solid political base of his own he could end up as frustrated as Mr. Suarez.

"Immediate indications are that this will not be the case. The UDC's inability to agree on a prime minister had opened the possibility of a comeback for Mr. Suarez. A good test of Mr. Calvo Sotelo's political acumen will be how successful he is in blocking any such attempt. He needs now to forge his own political base within the party—and, more broadly, to strengthen Spain's economic and democratic institutions."

TURKEY

TOWER SAYS TURKEY WILL STILL GET AID

PHILA. INQ., 2/13/81, Ankara, Turkey:

"Sen. John G. Tower of Texas, chairman of the powerful Armed Services Committee, said yesterday that reports of torture in Turkish jails would not affect plans to offer \$700 million in military and economic aid to Turkey.

"There are always people in this world who want to find something to create alarm and criticism when there has been the kind of significant political change there has been in this country," Tower said at a news conference. "These reports do not dampen our enthusiasm to be of help and assistance to Turkey."

"Earlier yesterday Tower, who is in Turkey as part of a 10-nation tour of the Middle East and Europe, met with Turkish leader Gen. Kenan Evren and top members of the

figure-head civilian government. He described his discussions with the Turkish leaders as 'frank, productive and very friendly.'

"He hinted that the Reagan administration might seek to increase aid to Turkey above the \$400 million in military assistance and \$300 million in economic aid proposed by the Carter administration for the coming fiscal year.

"Tower also said that the Reagan administration understood the need for a military takeover last September and that it was satisfied that the generals who led the coup were committed to an early return to democracy.

"Tower's visit coincided with NATO military maneuvers in northeast Turkey, where tanks rolled near the Soviet border as the Turkish army displayed its fighting ability and commitment to the Western alliance."



POLISH CRISIS

CHALLENGING SOVIET OVERLORDSHIP

WASH. STAR, 2/12/81, edit.:

"As the Kremlin perceives, Polish labor insurgency in the last six months challenges party rule, soviet overlordship and the political system they represent. While the first strikes were precipitated by food prices, these were no mere bread riots to be turned off by increased rations. The real issue was, and is, self-government.

"... Every assertion of independence by the Poles steps up the temptation if not the compulsion for the Soviet Union to intervene. And nobody wants to see Soviet tanks in Warsaw.

"... every advance the Poles make pushes them closer to a crisis it is hard to see them surmounting. There is undoubtedly an element of bluff in some responses by both the Soviet Union and the Polish communist party, such as the mobilizing of troops in East Germany and the placement of General Wojciech Jaruzelski at the head of the Po-

lish government. But there well may come a point and soon where the threat of force would be carried out.

"In itself, the free trade union movement is no threat to Soviet hegemony in Eastern Europe. Finland goes its own way in domestic affairs and Soviet power has survived the evolution of a mixed economy in Hungary.

"But the powers that be in Moscow see movement toward freedom as the coming of a plague, and the habit of monolithic control is strong in the Soviet leadership. So is the special fear of party officials that they may lose power and privilege, something that no ruling elite ever gives up without a struggle."

THE SOCIALIST ISSUE IN POLAND

BOSTON GLOBE, 2/10/81, edit.:

"Brosniko Geremek, one of Solidarity's top advisers, said that during the August strikes the workers and their

dissident supporters discussed little else but the questions of socialism and private property. 'The problem of publicly owned property is definitively settled,' he said. 'To return to the western system would be a regression in civilization.' Geremek insisted his remarks were in no way motivated by any fear of the Russian army. The Polish system was being challenged, he said, 'not because it is socialist, but because it is insufficiently so.'

"The perilous and exhilarating upheaval taking place today in Poland is, among other things, a revolution directed against the heirs of the monolithic Bolshevik party in Moscow. Lech Walesa and his companions are reincarnations of all those syndicalists, anarchists and democratic socialists whom the Bolsheviks have scoffed at, hunted down and liquidated ever since they first came to power in 1917.

"So there is a terrible irony in the statements that have been appearing recently in the Russian, Czech and East German press. The party organs of those 'fraternal' states have been warning ominously about 'antisocialist' elements sowing chaos and anarchy in Poland. Historians note the similarity of these warnings to those that were issued in the days immediately preceding the 1968 invasion of Czechoslovakia. In Moscow, 'antisocialist' means anything that disturbs the inconvenience of Russian national interests or the Red Army.

"President Reagan says Soviet leaders are not moral because 'the only morality they recognize . . . is what will advance the world of socialism.' The irony is that, if Russian tanks are sent rolling into Warsaw in the coming weeks or months, it will be to liquidate a socialist revolution."

KREMLIN SHOULD BE TOLD COSTS OF INVASION

MIAMI HERALD, 2/10/81, edit.:

"The Kremlin cannot afford to tolerate the effective seizure of political control from the Communist Party by organized opposition forces within a key satellite state, yet that is clearly the pattern in Poland. Secretary of State Alexander Haig reportedly has concluded that Soviet intervention is imminent.

"There may yet be a chance that intervention, which could become a bloody crisis threatening the security of the entire world, can be avoided. The Soviets do not, after all, have much to gain from such an act. To them, it is a question of minimizing losses.

"The best thing the United States can do to help deter an invasion is to emphasize to Moscow, in close coordination with America's allies, just how much the Soviets stand to lose by invading Poland.

"Leaders of the NATO alliance issued a strong rhetorical warning against Soviet invasion in December. The joint declaration stopped short, however, of spelling out what specific reprisals—economic or diplomatic—the West would jointly inflict upon the Soviets if they did invade Poland.

"The Reagan Administration should be pressuring U.S. allies now to commit themselves publicly to a firm policy of certain sanctions. United Western resolve might still dissuade the Soviets from intervention."

TELEVISION NEWS FOR FEBRUARY 16, 1981

NBC NIGHTLY NEWS:

White House aides say that cuts in the urban development action grants have been partly restored. Aides say that Pres. Reagan's proposed budget cuts will total \$40 billion--1:50.

Senate Majority Leader Howard Baker meets with AFL-CIO officials and says that organized labor's interests are best served by the Reagan economic plans--1:49.

FTC economists say that gasoline price controls may have contributed to higher gas prices because of inefficiencies induced by the regulations--1:48.

A federal district judge schedules a hearing on the legality of Reagan's retroactive federal hiring freeze--1:44.

Sen. Nancy Kassebaum (R-Kans.) reads George Washington's Farewell Address to just a few senators in ceremonies at the Capitol--1:17.

Maj. James Holbrook, a former defense attache in Moscow, declines to comment on reports that the Soviet Union entrapped him and then attempted to blackmail him--1:40.

The Soviet foreign ministry declines to comment on the Holbrook case--1:15.

The Soviet foreign ministry terms as rumors reports that Foreign Minister Gromyko will be replaced--1:18.

Terrorists attack with rockets the South Yemen embassy in Paris reportedly in response to a Paris synagogue bombing--1:05.

The Palestine Liberation Organization rejects an Egyptian proposal that the PLO stop fighting Israel and form a government in exile--2:23.

Missouri farmers remove their grain from a bankrupt grain elevator in defiance of a federal order--1:56.

Volunteers continue to search for the bodies of missing black youths in Atlanta--1:56.

A bomb explodes in a sports stadium in Karachi, Pakistan, and kills the man carrying the bomb minutes before Pope John Paul II was to address the crowd--1:40.

Many persons say that conditions have not changed much since martial law was lifted in the Philippines. Philippine officials prepare for the arrival of the Pope--2:39.

The Polish Solidarity trade union says that it is considering not calling strikes for 90 days--1:15.

Steve Malloy reports that the jokes of Polish entertainers satirize the country's labor tensions and economic problems--2:38.

CBS EVENING NEWS:

Pres. Reagan meets with his advisers to work on the economic speech he will give on Wednesday--2:12.

Senate Majority Leader Howard Baker tells the AFL-CIO executive council meeting in Bal Harbour, Fla. that it should support Reagan's proposed budget cuts--2:12.

Lawyers for 20,000 prospective bureaucrats argue in federal court that Pres. Reagan's retroactive federal hiring freeze should not affect persons who had received official notification that they had government jobs--1:50.

One person dies in a hand grenade explosion at a stadium in Karachi while waiting for Pope John Paul II to arrive--3:30.

The Pope calls for a new dialogue between the Catholic and Islamic faiths--1:07.

The Pope arrives in Manila--2:08.

Terrorist bomb the South Yemen embassy in Paris--3:31.

The U.N. Commission for the Protection of Journalists meets in Paris and discusses a plan to license journalists--2:31.

Soviet officials reportedly attempt to blackmail the U.S. assistant military attache in Moscow into becoming a Soviet spy--4:49.

Poland's farmers say that they will not press their demands for union recognition until a new union law is passed--3:39.

David Dick reports that efforts to restrict the flow of illegal Mexican immigrants may be futile because immigrants return to the U.S. after they are deported to Mexico--2:55.

Prosecution and defense lawyers give their closing arguments in the trial of former girls' school headmistress Jean Harris, charged with murdering diet doctor Herman Tarnower--3:30.

Space officials begin the countdown for the test firing of the space shuttle Columbia's engines on Thursday--3:31.

Former independent presidential candidate John Anderson continues to give speeches and attend fundraisers as he did on the campaign trail--3:08.

ABC WORLD NEWS TONIGHT:

Pentagon sources say that Soviet officials attempted to blackmail U.S. military attache Major James Holbrook into becoming a Soviet spy--1:36.

The Soviet Union says that the U.S. space shuttle Columbia will be used for military purposes--2:27.

Sauder Vanocur reports that the deterioration of U.S.-Soviet relations has been caused largely by different perceptions of Soviet security needs--8:32.

Pres. Reagan returns from Camp David to meet with his senior staff to discuss ways to sell his economic plan to the public--1:38.

Senate Majority Leader Howard Baker meets with AFL-CIO officials and says they should sup-

port the Reagan economic plan--1:21.

—The Reagan Administration reportedly plans to brief former Presidents Carter, Ford, and Nixon on the economic plan--:15.

—A bomb explodes and kills a man at a stadium in Karachi, Pakistan while waiting for Pope John Paul II to address a crowd--:39.

Polish Communist Party chief Stanislaw Kania says that labor tensions in Poland have eased--1:19.

—The government of El Salvador reportedly delays the investigation of the murder of four American missionaries--1:15.

—Frank Reynolds reports that on Inauguration Day Pres. Reagan planned to have outgoing Pres. Carter stand with him on the inaugural platform if the hostages had been released from Iran before the ceremonies were over--:34.

—Atlanta police prepare a sketch of a man they believe may have murdered 17 Atlanta children--:17.

—Gun shop owners in Rockford, Ill. report an increase in sales after a rash of murders--1:42.

—James Wooten reports on the discrepancies between the date that George Washington was born and the day his birthday is celebrated--1:48.

News Digest



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FOREIGN AFFAIRS

POLAND

The Polish government yesterday agreed to recognize an independent students' union, settling the main issue of a spreading series of campus strikes. On the eve of a threatened nationwide campus strike, the students agreed to back down on two points: They would accept a stipulation in the new union's statute that strikes could only be called after 50 percent of affected students had voted in favor, and an annex to the statute upholding the Polish Constitution.

Meanwhile, the East German news agency reported that Polish Communist Party chief Stanislaw Kania visited East Berlin to explain the government shake-up last week. Like his Sunday visit to Prague, the visit was part of a campaign to show that Poland has begun to return to stability following the appointment of General Wojciech Jaruzelski as prime minister.

UNION ASKS PARTNERSHIP ROLE IN GOVERNMENT

BALT. SUN, 2/17/81, Warsaw:

"Solidarity, Poland's independent labor movement, came out yesterday with a major statement calling for partnership with the Communist government.

"In an unprecedented interview in *Zycie Warszawy*, a Polish government newspaper, Solidarity's official spokesman Karol Modzelewski, was quoted as saying that the nation's new regime may provide opportunity for a 'truce, not for three months but for good.' Mr. Modzelewski is also a union policy-maker.

"The publication of the interview with Mr. Modzelewski, who served six years in prison for criticizing the

now-discredited regimes of Wladyslaw Gomułka and Edward Gierek, was noteworthy in itself because the Solidarity official had recently been criticized by the army newspaper and the party organ *Trybuna Ludu* for taking extreme positions on labor matters.

"The interview came days after the new government of Prime Minister Wojciech Jaruzelski asked Solidarity to guarantee a 90-day respite from the labor unrest it said had pushed Poland to the brink of chaos. Workers have refrained from new strikes since then.

"For the first time in months, the workweek in Poland began without strikes or the threat of strikes in industry or agriculture.

"Only students remained on strike."

IRAN

The Reagan Administration will honor the U.S.-Iran agreements that led to the freeing of the 52 American hostages, Senator Charles Percy, chairman of the Foreign Relations Committee, said yesterday. Percy made the announcement at the start of a series of committee hearings on the deal, and said it would be in the best interest of the United States "that we would as a nation honor these agreements in every possible respect." Testifying to the committee, former Secretary of State Edmund Muskie said Iran achieved nothing by holding the hostages. He said Iran had paid the price of worldwide condemnation and isolation, and the loss of \$12 billion in assets frozen by the United States.

PANEL SAID TO FIND NO REASON TO RENEGE ON HOSTAGE ACCORD

Bernard Gwertzman (NY TIMES, 2/17/81, Washington):

"A Reagan Administration interagency committee has reportedly found no substantial legal obstacles to carrying out the terms negotiated with Iran for the release of the 52 American hostages, Administration officials said today.

"The review, which took the committee almost a month to complete, was sent to the White House over the weekend for final discussion by President Reagan and a Cabinet-level group. An announcement is expected to be

made by the Administration on its view of the agreement negotiated by the Carter Administration sometime in the next two days, White House officials said today.

"Officials said that the Reagan Administration, while uncomfortable with some aspects of the complex arrangement that produced the hostages' release on Jan. 20, is expected to accept it grudgingly. The Administration was said to be reluctant either to embrace the accord warmly or to bring new public attention on the matter by rejecting parts of it.

"The completion of the Administration's review coincides with the opening tomorrow of Congressional hearings on the history of the Iran crisis and the terms of the hostage agreement.

"The Senate Foreign Relations Committee and the House Foreign Affairs Committee will hold separate hearings tomorrow in which such officials of the Carter Administration as former Secretary of State Edmund S. Muskie, former Deputy Secretary of State Warren M. Christopher, and the former Assistant Secretary of State for Near Eastern and South Asian Affairs, Harold H. Saunders, will testify.

"The Senate Banking Committee is to hear testimony on the details of the agreement on Thursday. The hearings by the Foreign Relations and Foreign Affairs Committees could go on for several weeks, with the Reagan Administration not due to present testimony until next week.

"White House officials stressed that before the Reagan Administration issues a final statement on the agreements they would consult with members of Congress about the findings of the interagency committee. Mr. Reagan was said to have looked at the report today and begun discussing it with some aides."

Copyr. 1981, NEW YORK TIMES

IRANIAN INTELLECTUALS ASSAIL REGIME

Bernd Debusmann (PHILA. INQ., 2/17/81, Tehran):

"Thirty-eight Iranian writers, teachers and lawyers, many of them opponents of the late Shah Mohammed Reza

Pahlavi, said yesterday that two years of Islamic rule had brought a renewal of repression, torture and injustice to Iran.

"The 38, in an open letter circulated here, accused authorities of violating human rights, showing contempt for the masses, suppressing ethnic minorities and leading the country toward economic disaster.

"The 21-point letter was viewed here as a reflection of widespread and growing disenchantment among professionals and intellectuals.

"It was issued five days after the second anniversary of the Islamic revolution that swept Pahlavi from power. The shah had been accused of abuses similar to those cited yesterday by the 38.

"Listing what it termed 'major acts of tyranny' since the revolution, the letter said the authorities had filled the prisons and tortured 'militants and libertarians.'

"The signers included at least seven people who served prison sentences for opposition to Pahlavi, among them playwright Gholam Hossein Saedi. Another signer was Ahmad Shamlou, one of Iran's best-known poets, who was exiled by the shah's regime."

EL SALVADOR

Congressional leaders yesterday promised bipartisan support for the Reagan Administration's El Salvador policy after Secretary of State Alexander Haig briefed them on evidence backing the administration's claim that Cuba and other Soviet allies were sending large quantities of arms to leftist insurgents. Senate Foreign Relations Committee chairman Charles Percy told reporters "it is time for us to take a stand. We will not sit idly by while . . . forces, outside our hemisphere or within our hemisphere, are flooding arms to one particular faction attempting to bring down what looks to be a centrist government." House Majority Leader Jim Wright said "the Caribbean is probably more vitally important to us than any other part of the world."

BRITAIN

British Prime Minister Margaret Thatcher yesterday called for emergency talks after coal miners went on strike in South Wales. She told parliament that the talks between the government, the state-owned Coal Board, and the National Union of Miners would be held tonight. The walkout by the 26,000 miners, which presents the biggest challenge to Thatcher's Conservative government since it took power 21 months ago, came in response to the board's plans to close several pits to save money, and it threatens to bring out Britain's other 230,000 miners.

TRADE

The Reagan Administration yesterday endorsed creation of U.S. export companies to improve the U.S. trade balance. "We need export trading companies that provide a full range of export services to firms of any size interested in exporting," Commerce Secretary Malcolm Baldrige told the Senate Bank-

ing subcommittee on international finances. He urged the Senate to pass the export trading company bill, which would waive antitrust restrictions on U.S. firms cooperating in foreign countries. It would also permit banks to assume controlling financial interest in the export trading houses. The trading companies flourish in other countries and serve as middlemen in providing an array of services abroad that an individual exporter cannot afford. Baldrige rejected the use of federal money to help get the firms under way.

U.S. trade representative Bill Brock said the administration will be "much more aggressive" in seeking access to foreign markets. Brock told reporters before meeting with the AFL-CIO executive council in Bal Harbour, Fla. that he did not rule out imposition of import quotas on foreign cars. He said any such action would have to be part of a "comprehensive approach" that includes making the U.S. car industry more competitive.

FOREIGN POLICY

EUROPE WINCES AT TOUGH U.S. TALK

Elizabeth Pond (CHR. SCI. MON., 2/17/81, Bonn):

"Europe urgently wants President Reagan to resume SALT talks with the Soviet Union.

"Europe, while wincing at Mr. Reagan's rhetoric about the Kremlin, trusts that America's actual policy will be made by the pragmatists he has appointed and that the Kremlin will react to America's deeds rather than its words.

"These premises recur in talk after talk with ambassadors and other Western diplomats in Bonn. They constitute a European consensus. They underlie the message that both Conservative Prime Minister Margaret Thatcher of Great Britain and Social Democratic Chancellor Helmut Schmidt of West Germany will be carrying to their new Washington host in visits in February (Thatcher) and April (Schmidt tentatively).

"A minority European diplomatic view worries that President Reagan's severe pronouncements may persuade the Russians that they have nothing to hope for in superpower relations — and therefore remove one disincentive to any Soviet invasion of Poland. This view has not been adopted by major West European foreign ministers or prime ministers, however.

"The European emphasis on strategic arms limitation talks (SALT) has two sources. The first is concern that the nuclear arms race could skid out of control in the 1980s unless every effort is made to exercise mutual restraint. The second is concern that without vigorous, visible Western efforts at arms control, public opinion in Europe will not support needed upgrading of NATO's nuclear forces to offset growing Soviet theater superiority.

"All diplomats consulted were firm on the importance of SALT."

DEFENDING EUROPE

DETROIT NEWS, 2/9/81, edit.:

"A recent Congressional Budget Office (CBO) study challenges two basic assumptions of U.S. strategy for defending Western Europe against an invasion by the Soviet Union and its Warsaw Pact allies.

"First, the study asserts that the Warsaw Pact likely would strike with a 120-division force rather than the 90 divisions postulated by the Pentagon. Second, the study warned that the Pentagon's plans to resort to tactical nuclear weapons if necessary to stem a Communist advance could backfire, preventing crucial, probably war-deciding, reinforcement of NATO front-line forces by U.S. troops based on American soil.

"The CBO says that for NATO to survive a Soviet-led attack the 15-nation Western alliance must add 6 to 11½ armored divisions, depending on the strategy the West employs, to its forces in Central Europe. Of these divisions, two to five should be American, the study said.

"A 120-division Soviet invasion force would still leave the Kremlin with 24 divisions bordering Turkey, whose army presents no real offensive threat to the Soviet Union, and 46 divisions opposite China, which likewise is not geared for an offensive thrust against its well-armed neighbor. These deployments would also leave the Soviets with a 41-division reserve force — about the same number of divisions NATO could field in Western Europe after a four-week mobilization.

"As for a nuclear exchange, the West European ports and airfields, through which U.S. troop reinforcements and supplies would arrive, are fixed targets, while the Soviets could reinforce and resupply by numerous overland routes, which would be less vulnerable to nuclear interdiction. Longstanding NATO policy calls for use of tactical nuclear weapons to save Western Europe from Soviet-led invaders. But the CBO study warns that the West European ports and airfields 'are ideal targets' for a Soviet nuclear counterstrike. 'They are easy to destroy and most difficult to restore,' said the report.

"The United States now commits five divisions plus supporting forces to the defense of Western Europe. Of the 11 other U.S. divisions, six would be sent to Europe if war broke out there.

"The cost of adding five new U.S. armored divisions — \$10 billion a year — is not high. It would amount to about a 5 percent annual increase in the Carter administration's final defense budget, which called for \$184.4 billion in military spending in fiscal 1982. Mr. Reagan has vowed to spend much more on defense.

"The question is, if the Soviets are capable of overrunning Western Europe now, should the United States wait eight years for the forces necessary to turn back an invasion. A crash U.S. buildup would, of course, push up costs. (And the CBO study is based on the unlikely presumption that the Soviets would hold their forces at current levels while NATO undergoes a major military expansion.

...

"Mr. Reagan and Pentagon chief Caspar Weinberger could hardly face a more disquieting situation than what exists today in Central Europe."

THE EUROPEAN SECURITY CONFERENCE

HOUSTON POST, 2/5/81, edit.:

"After a lengthy holiday recess, the European Security Conference has opened its second session in Madrid amid renewed U.S. accusations of human rights violations by the Soviet Union. That's the way the first session ended shortly before Christmas, after getting off to a shaky start Nov. 11. The Russian delegates have warned that if the subject isn't changed the entire conference may be jeopardized, along with the five-year-old package of accords it is reviewing. They want to talk, instead, about their plans for a European disarmament conference.

"The U.S.S.R., in short, wants to discuss a future event. We, on the other hand, would prefer to stick to events of the present and recent past as they relate to com-

pliance with the agreement we, the Russians and 33 other nations signed in Helsinki in 1975. The Soviets immediately got what they wanted from the agreement on European Security and Cooperation. That was recognition of the post-World War II map of Europe, Western acknowledgement that Eastern Europe lies in Moscow's sphere of influence.

"The quid pro quo demanded by the West was Soviet agreement to cooperate in a broad range of human rights and other humanitarian concerns and to facilitate freer information and cultural exchanges between East and West. Needless to say, Moscow has not lived up to its end of the bargain, particularly as to human rights. We have hammered at Soviet violations of the Helsinki accords in two compliance reviews — in Belgrade in 1977 and at the current one in Madrid.

"As might be expected, the Russians have not taken the criticism lying down. After heated debates in Belgrade on their human rights conduct, they were reluctant to come to the Madrid review unless the agenda contained strict limits on the discussion of human rights violations. But they came and finally accepted a compromise agenda that still gave us plenty of time to bring up such matters as the Soviet invasion of Afghanistan and the repression of Russian dissidents.

"It is hard to see what useful purpose can be served by U.S. and Soviet envoys exchanging insults at Madrid or in any other international forum. But the current conference may — so far, at least — be having a salutary influence. One of the principles established by the Helsinki agreement was non-interference in the internal affairs of sovereign nations. The Soviets are quick to cite this principle when we criticize them for their repressive policies. By using the Madrid conference to focus world attention on their behavior, we may well be inhibiting them from interfering directly in the Polish crisis. The Kremlin bosses are all too aware that Poland is not Afghanistan. If they moved into Poland, it would end all changes of a European disarmament conference, which they apparently want — on their terms, of course."

SOUTHERN AFRICA

U.S. MUST TAKE NAMIBIA STAND

DETROIT FREE PRESS, 2/10/81, edit.:

"South Africa agreed years ago, in principle, to a Namibian independence plan. However, it has been quibbling over details to give a multi-racial political party time to erode the guerrillas' strength. Had its envoys felt the multi-racial party was strong enough to beat SWAPO at the polls, the conference might have ended differently.

"Pretoria prefers throwing up a smokescreen of con-

cerns to voicing its actual apprehensions. Envoys claim the regime can't yet trust the UN to oversee an election impartially, since the General Assembly seven years ago called SWAPO the 'sole and authentic' representative of Namibians. But the UN has agreed to give all Namibian parties equal status, a change that nullified its earlier support for SWAPO.

"What will happen next on Namibia depends on how well the West understands South Africa's game. SWAPO now is seeking a UN decision for mandatory sanctions against South Africa. What the Reagan administration does

about that will be a crucial test of its view of affairs in southern Africa, and perhaps of its general sophistication in foreign affairs.

"The Carter administration's steadfastness in supporting majority rule in black African nations was a major

factor in bringing majority rule, and peace, to Zimbabwe. If the Namibian question is ever to be resolved, the U.S. must make it clear to South Africa that it will support sanctions unless Pretoria quits stalling and demanding the right to dictate who governs an independent Namibia."

SOVIET UNION

KEEP THE EMBARGO

ARIZONA REPUBLIC, 2/6/81, edit.:

"It was the scarcity of meat in Poland that sparked the nationwide strikes there. Today, meat is even more scarce in Soviet Russia.

"As Soviet leader Leonid Brezhnev admitted last November, Soviet Russia is suffering a scarcity of food in general, even potatoes.

"And the situation is getting worse. Last year's Soviet harvest was a disaster, falling 54 million tons short of the goal.

"The Soviets will have to import 30 million tons of wheat and corn by July 1 simply to meet the nation's minimum food needs. They can't get it all from Argentina and Canada.

"Meanwhile, the Midwest farmer is not hurting, no matter how much he may complain.

"Grain prices are climbing steadily. This is reflected by the steady rise in the price of meat and poultry. Even gasoline and homeheating oil prices are not increasing as rapidly.

"Reneging on a campaign promise would be a serious move for Reagan.

"But he should keep the squeeze on the Soviets."

DOMESTIC AFFAIRS

BUDGET

President Reagan yesterday withdrew a request by former President Carter for salary increases of 22 percent for congressmen, government officials, and judges. Reagan Press Secretary Jim Brady said Reagan made the decision "because the status of the economy requires we concentrate on achieving substantial budget reductions."

The administration ordered the Internal Revenue Service to cut its staff by 6,000 persons to save about \$146 million a year. The IRS is appealing the order to the Office of Management and Budget, saying the government stands to lose \$1 billion in tax revenues.

Reagan described as "totally false" a published report that the rich will not receive the full benefits of his three-year, 30-percent tax cut plan. Brady told reporters that "every statutory tax rate is lowered" with the tax reduction proposal. But Treasury Department officials said the tax cut plan was never intended to be equally applied to all income groups.

House Speaker Tip O'Neill said the House will not "ram through everything" Reagan asks for in his budget cuts. "Legislation made in haste makes for an awful lot of waste along the line," O'Neill told reporters. Reagan will unveil his economic package tonight in a nationally televised speech to a joint session of Congress.

CUT TAX EXPENDITURES TOO

CHR. SCI. MON., 2/17/81, edit.:

"... what the Congressional Budget Office calls 'tax expenditures' ... are so named because they are, the CBO says, 'equivalent to direct payments by the federal government' to individual taxpayers.

"These tax revenue losses have been rising more rapidly (14 percent a year since 1975) than the government's direct spending (11 percent). The total amount of loss in this category is estimated by the CBO at more than \$200 billion for fiscal 1981, equal to about a third of the federal budget. Unlike the government's direct budget expenditures, these tax revenue losses grow each year without congressional appropriation. In this, they run parallel to the insidious 'bracket creep' which propels taxpayers, rich and poor, into higher brackets as their money inflates in numbers but not in buying power.

"Of course the 'bracket creep' in the case of these \$200 billion in tax losses has the opposite effect. It tends to give escalating tax relief to those individuals and corporations who are eligible for tax exceptions. Many of these exemptions and deductions continue long after the initial economic justification has disappeared, or continue when their goals could be achieved less expensively.

...
 "Some of the items in the \$200 billion revenue loss or 'tax expenditure' are so built into contemporary life that any review is bound to be contentious. Four prominent examples are: consumer-credit interest deductions, tax-exempt municipal bonds, home-mortgage interest deductions, and nontaxation of unemployment benefits.

"The temptation for any of us is to say: go ahead on taxing unemployment benefits but don't touch municipal bonds — or vice versa — depending upon one's position in society. It would appear that any examination of these parts of the tax structure would pit upper-bracket Americans against unemployed wage earners; time-payment buyers against house mortgage holders, etc.

"But Americans can, and should, avoid emotional divisions and look at the facts dispassionately. Only that way can we proceed with the national reordering of priorities that is inherent in the Reagan call for massive budget and tax cutting. There are going to be trade-offs. Sacrifices, especially society-wide ones, operate that way. But the aim of economy, greater efficiency, less bureaucracy, and long-range gain for all make the trade-offs worthwhile.

"For instance, the tax-writers in Congress may gulp and take a look at the deduction for mortgage interest. There is a huge constituency for this deduction. But, if most Americans are going to get a big tax cut, perhaps they will countenance their lawmakers' looking at an upper limit on the amount of interest that might be deducted. The

CBO calculates that if an annual ceiling of \$10,000 were set, the federal budget would be saved \$800 million for fiscal 1982. If the ceiling were lowered to \$5,000, the saving would be \$4.3 billion.

"Obviously any such pruning would have to be approached carefully. No one would wish to make home buying impossible for the next generation. Although it is more complicated than can be detailed here, in theory, any lowering of the deduction would also result in lowering skyrocketing home real estate prices. (Canada, which has no deduction, has comparably lower housing prices.) It would tend to discourage excessive speculative buying. But any venture in this direction should be undertaken slowly, since its effects might be less predictable than the statisticians believe. It could also, for instance, create hardships for families which are heavily in debt for their homes.

"There is presumably an equally large constituency for the consumer interest deduction (although only 17 percent of taxpayers claimed this deduction in 1979). But here, too, big money is involved — about \$6 billion next year; some \$39.6 billion over the next 5 years. The question here is whether all taxpayers should, in effect, support credit buying by the relatively small number who benefit from this deduction. As long as this money-saver has existed, it has made good sense for people to use it. But if Americans are to return to habits of saving and investment in the path of both their ancestors and their counterparts in Western Europe and Japan — this might be a useful place to start.

"A smaller constituency exists for the tax-free state and municipal bond. That device has served two purposes: (1) to help communities borrow at cheaper rates and thus benefit local property taxpayers, and (2) to help upper-bracket taxpayers diminish the impact of 50 to 70 percent income taxation. If Congress reexamines this exemption it ought to do so with an eye to improving revenues (\$6 billion is involved) while not destroying the dual benefits.

"Suggestions have been made that local government units might be given the option of using the current low-interest, tax-free system or shifting to prevailing rates of bond interest and receiving a federal subsidy to make up the difference. This would make sense only if the federal subsidy turned out to be appreciably less than what is lost in taxes. And much of any benefit could be drained away if this change resulted in a new layer of federal bureaucracy to administer the subsidies. On the other side, high-bracket taxpayers might feel better about this proposal if their brackets were lowered, as Reagan planners say they wish.

"A fluctuating-size constituency would be concerned over proposals to tax unemployment benefits. Tax law was changed in 1978 to make a portion of unemployment compensation taxable for those with incomes of over \$20,000

(single) or \$25,000 (married couples). To make all the compensation taxable might result in raising the compensation (since it was originally calculated to be nontaxable). The trade-offs would have to be carefully weighed. But to tax these benefits would bring a revenue gain of \$17.8 billion between 1983 and 1986. The Congressional Budget Office suggests that the result might also be a lessening of the work disincentives associated with the benefits.

DEFENSE

NEW FUNDING ASKED FOR A-CARRIER, BOMBER

Michael Getler (WASH. POST, 2/17/81):

"The bomber and the aircraft carrier — the two mainstays of American defenses for the past 40 years — will get a new lease on life in the Reagan administration.

"Officials say that the White House will include funds for initial production of a new manned bomber and an additional nuclear-powered aircraft carrier next month when it sends amendments to the fiscal 1982 budget submitted to Capitol Hill by the Carter administration.

"Though no decision has been made on exactly what type of new bomber will be built, officials said it would most likely be a modified version of the B1, the production of which President Carter canceled in a controversial decision in 1977.

"Officials said they believe the Air Force could begin deploying sizeable numbers of these new bombers by 1985 and 1986, and that adding these weapons appears to be the quickest and most efficient way to restore some of the balance of nuclear power between Washington and Moscow that the Reagan administration thinks has been eroded in recent years.

"The decision to include what are called long lead-time funds for production of a new nuclear-powered aircraft carrier also reverses a Carter administration decision not to seek any money in the fiscal '82 budget for these huge warships. It could mark the start of the kind of major expansion naval leaders have been seeking for years.

"Though officials say there is no final acceptance by the Reagan administration as to the ultimate size of the Navy's carrier fleet, a number of officials believe the start on the new carrier will be the first step to a Navy built around 15 carrier task forces permanently deployed in three oceans.

"The Navy has 12 carriers in operation plus a 13th that is used for training. The tentative plan is to build two more large carriers, though not necessarily nuclear-powered, in addition to the one in the new budget, over the next 10

"The list could go on, as the debate must. Even where tax expenditures serve a necessary purpose, that purpose can sometimes be achieved more economically through direct subsidy. Cost, fairness, ease of administration, and what the CBO calls 'budget visibility and controllability' are among the criteria for deciding which method is best in each circumstance."

years. This would allow, officials say, for permanent U.S. carrier fleets in the Indian Ocean as well as in the Atlantic, Pacific and Mediterranean Sea."

VOLUNTEER FORCE FACES PROBLEMS

CINCINNATI ENQ., 2/9/81, edit.:

"So often damaging to their career prospects are soldiers' intelligence scores, apparently, outgoing Army Secretary Clifford L. Alexander Jr. had them removed from the field files of 400,000.

"That was just one among many astonishing revelations in a *Washington Star* series on the all-volunteer forces. Mr. Alexander had the scores eliminated last summer 'to prevent their use in personnel decisions by combat officers,' *Star* staffer John Fialka wrote.

"Granted such scores — low overall in today's Army — leave much to be desired as an index of ability and potential. But test scores are a tool — one used widely in the private sector and one that ought not be denied Army officers in the field. Mr. Alexander's action was thus another indication of the Army's woeful state of readiness. The *Star* series was filled with others.

"We were struck, for example, by Mr. Alexander's reported angry rejection of 'Human Readiness Report No. 5,' based partly on the Army's own surveys of 3,000-plus of its officers throughout the world. 'It concludes that the Army's most severe problem is a growing feeling among officers that there are large numbers of 'low-ability personnel' among the junior non-commissioned officers who would lead the Army into battle; Mr. Fialka wrote. 'The study, completed in August, 1979, states that the lack of confidence is focused on corporals and younger sergeants — the men who lead teams, squads and platoons — and the specialists who serve in such crucial roles as tank gunners.' Another disturbing statistic: Only 39% of junior enlisted men in Europe agreed their units would do well in combat.

"For all its inducements, the Army must still rely heavily — and riskily — on high school dropouts (who accounted for 46% of its recruits in fiscal 1980, compared to only 28% of its draftees in 1965) at a time of increasing weapons complexity. The intelligence scores, lamentably,

reflect it. And simply removing them from the files is no remedy. But finding remedies surely must rank as a top priority for Mr. Alexander's successor, former U.S. Rep.

John O. Marsh, 55, who was an officer at age 19 in the 'old Army.' "

ENERGY

REPORT HITS SYNFUELS PLANT FOR OVERRUNS, POOR MANAGEMENT

Andy Pasztor (WALL ST. JRN., 2/17/81, Washington):

"One of the major federally backed synthetic-fuel plants the Reagan administration wants to scuttle has been blasted for poor management, technical problems and potentially huge cost overruns in a series of unpublished government reports.

"The \$1.4 billion coal liquefaction project sponsored by Gulf Oil Corp. and the Energy Department doesn't have a workable system 'to control and accurately report' on its costs, schedule and procurement, according to an unpublished study the General Accounting Office completed last summer.

"At least three other recent unpublished reports by the Energy Department lambast the project and raise serious questions about cost-control measures, violations of federal purchasing regulations and other issues.

"The reports are expected to provide additional ammunition for President Reagan and his top budget aides in their fight to cut federal spending for several big synfuels projects. The documents also will be the focus of a hearing today by a House subcommittee.

"A Gulf official conceded that 'some of the criticism is justified.' But he said the project has 'gone through a number of personnel and performance changes' since the reports were written. Responding to questions, the company attributed many of the delays and problems to Energy Department practices. 'There is increasing skepticism (within Gulf) that this project can be built under the (agency's current) system,' the Gulf official said. Department officials weren't immediately available for comment.

"That view, however, isn't shared fully by the auditors and other federal officials who have scrutinized the plant's progress."

CRIME

BURGER ON CRIME

BOSTON GLOBE, 2/10/81, edit.:

"Street crime is a subject worthy of address by all public officials. Richard Nixon made crime a forbidden subject for national politicians. Conservatives since have not wanted to be tarnished by the suggestions of repression which Nixon gave to the phrase 'law and order.' Most liberals, with the notable exception of Sen. Kennedy, have preferred to stay away from the subject altogether.

"[Chief Justice] Burger thus filled a void on a major issue of the 1980s. Unfortunately, he is not the best man for the job. Much of what he said touches on issues that may one day come before the Supreme Court and on which he now has a stated position.

"For instance, Burger seemed to advocate preventive detention, the holding of an accused suspect without bail based on the belief that he is a danger to society. That flies in the face of a principal axiom of American justice, that a person is innocent until proven guilty.

"On the other hand, civil libertarians ought not object to changes in bail laws that would make the avoidance

of subsequent arrest a condition of bail, at least in certain circumstances. Yet, we don't doubt that such an approach raises constitutional questions. Can Burger now fairly judge them?

"Burger seemed to invite legislation that would limit defendants' rights of appeal. Will he be in a position now to judge such laws if they are enacted? Might he now have to disqualify himself from sitting in judgment on issues he has already prejudged?

"The Chief Justice may have overstepped the bounds of judicial restraint in Houston. However, he spoke to issues at the center of social concern. Should his call for a wide-ranging and rhetoric aside well-balanced program of improvements in the criminal justice system be heeded, the results of his speech may well prove to justify the risks."

BURGER ON JUSTICE

MIAMI HERALD, 2/10/81, edit.:

"Mr. Burger's exasperation is widely shared by the public. The cause of civil liberties would be served poorly in the long run if the public's growing impatience with crime

is ignored, leading to demands for truly dangerous remedies that some zealots already are advocating.

"Most of the remedies Mr. Burger proposes, in contrast, are reasonable and overdue. He advocates, for example, giving judges greater leeway to deny bail to defendants whose records show that they might be dangerous.

"Mr. Burger also restates his belief that the abuse of

the appeals process must end. 'The search for justice must not be twisted into an endless quest for technical errors unrelated to guilt or innocence,' he said.

"Only critics with a vivid imagination or an ax to grind would find in such remarks a mandate for repression. Such critics are crying 'Wolf!' in response to a watchdog's timely alarums."

CIVIL RIGHTS

FIX THE EEOC

CLEVE. PLAIN DEALER, 2/9/81, edit.:

"President Reagan should promptly and totally reject his advisers' recommendations to emasculate the Equal Employment Opportunity Commission.

"Those recommendations reached the president's desk through a panel that reviewed the EEOC and its purposes.

"The EEOC badly needs to be reformed, but reform will not be found in the ham-handed work of the president's advisory panel.

"That panel naively put too much faith in the marketplace to eliminate job discrimination against minorities and women. And it showed ignorance of, or disregard for, the landmark 1964 Civil Rights Act and resulting federal court decisions on equal opportunity employment.

"Consider that the panel puts the burden for proof positive of discrimination on the employee or job applicant before the commission would be allowed to act. We think such a burden is far too great for the private citizen.

"Consider also that the panel recommends that affirmative action programs would exist only if the employer cared to have such a statement of goals and outline of progress.

"These points are just two of the several the panel would use to 'correct' problems with the EEOC.

"Indeed, corrections are needed. While a private citizen should have a way to seek the government's help when he or she feels discriminated against, such help should not come at the cost of the presumed guilt of the party being charged. Too often under the present system, companies have to prove their innocence. Certainly that is not fair.

"Another correction should be made so that cases do not drag on without resolution for years.

"And, the government must make sure that it is not easing discrimination against some groups — namely minorities and women — by imposing it on another — namely, white males.

"These are serious problems to which the government must find solutions, but we reject the Reagan panel's proposals, which would make the commission useless, not useful."



SOVIET UNION

CLOUDS OVER POLAND

Jiri Valenta (BALT. SUN, 2/16/81, Monterey, California):

"The appointment last week of General Wojciech Jaruzelski as Polish prime minister opens up a new prospect of averting Soviet intervention in the Polish crisis.

"The general first of all faces a difficult phase of negotiations in his attempt to seek the political solution he says he favors. If these negotiations fail to restore what he calls the 'normalization of life' in Poland, the ground will have been prepared for a so-called 'Turkish' solution. This would be a kind of military takeover, followed if necessary by a state of emergency and a crackdown on dissidents by the Polish Army and security forces in the name of averting civil strife.

"It is noteworthy that General Jaruzelski warned in his first address as prime minister that a failure to halt 'the present destructive process' would 'bring the most terrible consequence — fratricidal conflict.'

"So far, the Polish generals have played an important role in calming an explosive situation. Though they have complained about the adverse effect of the labor turmoil on Poland's military capabilities and defense industry, they have refrained from direct interference in politics.

"The dismissal of civilian Prime Minister Jozef Pinski and his replacement by General Jaruzelski last Monday, however, suggests that the military leaders may be determined to halt the continuing anarchy in Poland as well as to reduce Soviet pressures.

"It should be stressed that General Jaruzelski's elevation to the post of prime minister is an emergency solution unprecedented in any Communist country. As Polish party chief Stanislaw Kania put it, it comes 'when black clouds are over Poland.' Party establishments in the Communist countries traditionally fear the 'Bonapartist' tendencies of the military elite.

"It is reasonable to assume that the Soviets were informed in advance about General Jaruzelski's elevation. The Soviets might even have encouraged such a change in the Polish leadership. General Jaruzelski, a tough-minded Communist (but, as Mr. Kania says, 'a patriotic soldier') might not have been their first choice; he may have been a compromise candidate. It is possible that the Soviets view the Polish Army, not the party, as being the only institution which Poles still hold in esteem and which can still

stabilize the situation and forestall direct Soviet intervention, with all the risks that holds.

"General Jaruzelski's task will be enormous: to restore order through negotiations and, if required, by tough action such as a declaration of martial law and arrests of the radicals before the Polish Party Congress now scheduled for March.

"If General Jaruzelski doesn't succeed, another alternative for the Soviet Union might be 'creeping' intervention. Moscow could decide to deploy additional divisions under the cover of joint military 'exercises' of Soviet and Polish armed forces, or move Soviet troops through Poland to East Germany — actions which would be officially sanctioned by the Polish leaders or a faction of the leadership. During these exercises, its forces and Polish security forces would stage a crackdown on the independent trade union, Solidarity, and the dissidents.

"The Soviet Union could hope that this kind of intervention would be a less costly operation, since it might be less likely to trigger Western political and economic sanctions. However, this alternative is also fraught with great risks.

"It should be recalled that the Soviets attempted such an intervention in Czechoslovakia in 1968. Soviet troops arrived, supposedly for an exercise, yet their deployment did not strengthen the opponents of reform and did not lead to the political coup that Moscow had anticipated. Instead, it strengthened the supporters of Alexander Dubcek, the reformist party leader, and was in the end unsuccessful. After a few months, the Soviets had to invade on a massive scale. This also could happen in Poland, where any additional deployment of Soviet troops would be likely to trigger dissent and rouse greater support for Solidarity and the reforms. Unlike in Czechoslovakia, it might also lead to bloodshed.

"If the Turkish solution and creeping intervention failed, the danger of direct Soviet intervention would become even greater, particularly if the country was brought to the brink of civil war. For a variety of psychological, economic and military reasons, large-scale deployment of Soviet forces on the Polish borders cannot go on indefinitely. Sooner or later the Soviet leadership would find itself with basically two options: to go into Poland or dismantle the military build-up and seek a political solution.

"A threat of Soviet invasion, direct or indirect, is great. Achieving a compromise could be very difficult, but

not entirely impossible. It would require a more flexible attitude on the part of the Soviets, on the one hand, and moderation on the part of radical elements in Poland, on the other.

"In the search for a political solution to the crisis the actions of Western nations can be significant. They can provide a major amount of economic aid to Poland to help stabilize the situation.

"Any vacillation and confusion on the part of the Reagan administration actually could encourage a Soviet invasion. Equally dangerous are hints and subsequent 'clarifications' that the United States is unconcerned about the possible use of 'strictly' Polish forces in a crackdown on labor union organizers.

"U.S. policymakers should remember that the Carter administration's vacillation in 1979 was among the factors that made it easier for the Soviets to intervene in Afghanistan.

"The Reagan administration should continue Mr. Carter's efforts to deter a possible Soviet invasion by denying Moscow the advantage of strategic surprise, which it seeks, and by continuous signals about political and economic retaliation in the event of intervention, direct or indirect.

"There is some evidence that U.S. efforts to publicize intelligence information about the Soviet military buildup as well as U.S. and NATO threats were factors in thwarting Soviet invasion plans in early December.

"The West should provide help if the Soviet Union decides to seek a compromise political solution to the Polish crisis, a solution that definitely is in the interest of both East and West."

[Jiri Valenta, coordinator of Soviet and East European studies at the Naval Postgraduate School, is the author of 'Soviet Intervention in Czechoslovakia, 1968,' soon to be published in paperback. This article was adapted from a much longer one to appear next month in the journal Survival.]

TELEVISION NEWS

FOR

FEBRUARY 17, 1981

NBC NIGHTLY NEWS:

—Speaker of the House Tip O'Neill says that Pres. Reagan should not expect quick congressional action on his economic plan--:47.

—Judy Woodruff reports that the Reagan Administration will project a deficit in 1982 of \$45 billion--1:42.

—Reagan meets with many farm state congressmen. He does not announce an end to the Soviet grain embargo--:25.

—Vice Pres. Bush announces that Reagan has set stringent requirements for new federal regulations --1:30.

—Senate Foreign Relations Committee chairman Charles Percy (R-Ill.) says that the Reagan Administration will honor the agreements with Iran for the release of the American hostages. Former Secy. of State Edmund Muskie tells the committee that Iran "extracted no ransom" from the U.S.--1:56.

—Secy. of State Alexander Haig briefs congressional leaders on the civil war in El Salvador--:20.

—The Polish government says it will recognize a student union--:22.

—Polish Communist Party chief Stanislaw Kania meets with East German Communist Party boss Eric Honecker in East Berlin--1:39.

—Red Brigades terrorists claim responsibility for the assassination of a Milan hospital chief in Italy --:18.

—Pope John Paul II arrives in the Philippines and tells Pres. Ferdinand Marcos that there is no justification for the violation of human rights--1:53.

—A government informant tells the Senate subcommittee on investigations that organized crime runs the Eastern seaboard ports through corruption in the International Longshoremen's Association--1:46.

—Funeral services are held for the 17th black child murdered in Atlanta in the last 20 months --1:32.

—Jim Bitterman reports that many Iranian exiles believe the time is right to overthrow the Iranian government. Some former military leaders say that they have 5,000 men under arms ready to topple Ayatollah Khomeini's government--4:33.

—Bob Jamieson reports that 7' 4" Ralph Sampson is largely responsible for the University of Virginia's basketball success. He says that not all of Sampson's skills can be attributed to his height --2:46.

CBS EVENING NEWS:

—Treasury officials say the Kemp-Roth tax cut plan will not be across the board, as proposed --2:33.

—Democratic congressional leaders say they will guarantee their complete support for the Reagan economic plan--1:42.

—The Reagan Administration says it will honor the agreement made with Iran for the American hostages' release--19.

—Former Secy. of State Edmund Muskie testifies before the Senate Foreign Relations Committee that Iran gained nothing from the U.S. by taking the hostages--2:36.

—Robert Schakne reports that former Pres. Carter's decision to admit the ex-shah of Iran into the U.S. for medical treatment was based on information from the shah's medical advisers which was never verified independently--5:26.

—General Motors announces a rebate plan for many car models--1:25.

—The Canadian government grants \$150 million in loan guarantees to Chrysler's Canadian subsidiary--21.

—The Federal Reserve Board reports that industrial production rose 0.6 percent in January--13.

—The Reagan Administration ends temperature guidelines for public buildings--13.

—A civil liberties union says that a plan to use the IRS to locate fathers who desert their families is an abuse of IRS resources--19.

—Stock prices close mixed--02.

—Secy. of State Alexander Haig briefs congressional leaders on the civil war in El Salvador--26.

—Mexican students seize hostages at the National University of Mexico--28.

—The Polish government says that students may form a union--42.

—Over one million Philippine citizens welcome Pope John Paul II in Manila. The Pope says there is no justification for violating human rights--2:00.

—A U.N. commission abandons a proposal to license journalists--21.

—Ireland mourns the loss of 44 persons who died in a Valentine's Day fire at a Dublin disco--20.

—The Federal Election Commission reports that the Republican Party has outspent the Democratic Party six-to-one in the last two years--24.

—Funeral services are held for the 17th black child murdered recently in Atlanta--15.

—A military judge denies defense motions for a mistrial in the court martial case of Marine Private Robert Garwood--32.

—Some Vermont workers who knit sportswear in their homes tell a government board they do not feel exploited by their employers--2:12.

ABC WORLD NEWS TONIGHT:

—Pres. Reagan denies published reports that high-income persons will not be included in the Kemp-Roth across-the-board tax cut plan--2:18.

—House Speaker Tip O'Neill says that Pres. Reagan is dealing in "very simplistic terms with the American public" on economic matters--1:29.

—Barry Serafin reports that the Reagan Administration will propose only one cost-of-living adjustment per year for most retired federal workers' pensions--22.

—Social Security officials say the program may not remain solvent beyond 1982--1:35.

—Secy. of State Alexander Haig meets with congressional leaders and says that El Salvador needs more U.S. aid to match Cuban and Soviet supplies sent to leftist guerrillas--1:40.

—Vice Pres. Bush suggests that the grain embargo on the Soviet Union will be continued--27.

—Sander Vanocur reports on the social and economic problems of the Soviet Union in spite of its military power--6:21.

—Polish Communist Party chief Stanislaw Kania meets with his East German counterpart, Eric Honecker--31.

—The Polish government agrees to recognize a student union--19.

The judge in the murder trial of Jean Harris instructs the jury that it may consider finding Harris guilty of manslaughtering diet doctor Herman Tarnower--1:30.

–Student radicals armed with automatic weapons seize hostages at the National University of Mexico--:20.

–Senate Foreign Relations Committee chairman Charles Percy (R-Ill.) says the Reagan Administration will honor the agreements made with Iran for the American hostages' release--1:39.

Pope John Paul II arrives in the Philippines. He tells church officials that violation of human rights can never be justified--1:27.

Egyptian Pres. Anwar Sadat says that Egypt would recognize a Palestine Liberation Organization government in exile immediately--:17.

Ireland mourns the loss of 44 persons who died in a Valentine's Day fire in a Dublin disco--:27.

–The movies "Elephant Man" and "Raging Bull" each receive eight Oscar nominations--:29.