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News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, SEPTEMBER 6, 1985 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

NATIONAL NEWS

Reagan: Motives Purely Nonpolitical -- President Reagan said he has no political motives in seeking a revamped federal tax system.

(Washington Times, Washington Post, AP)

Defense Vote -- A group of House Democrats, unhappy about a proposed Pentagon budget, has won a concession from House leaders for a separate vote on whether to cut defense spending by \$10 billion.

(AP, UPI, Washington Post, Washington Times)

INTERNATIONAL NEWS

Trade Bill Tide Rising -- Senate Majority Leader Robert Dole said that he has never seen stronger pressure in Congress for restrictive trade legislation. (Washington Post)

NETWORK NEWS (Thursday Evening)

SOUTH AFRICA -- As minor as it was, the first attack on white homes was both sobering and frightening.

COMPARABLE WORTH RULING -- A federal judge has ruled that the State of Washington does not have to pay hundreds of millions of dollars to more than 15,000 female workers.

RETAIL SALES -- The nation's retailers reported sales edged up in August.

A PRESIDENTIAL REPORT CARD

"This summer I received a report card. The House Select Committee on Children, Youth and Families graded all the different tax plans according to their effect on children and families. Our fair share plan came out at the top of the class. That is better than I did when I was in college. And what is especially important -- that report card came from the Democratically-controlled House...not from my own party. I believe that this can be one of those great moments when we stop being Democrats and Republicans and for a time are just Americans." (President Reagan, addressing

North Carolina State University, 9/5)

REAGAN PRESSES TAX PLAN BEFORE RALEIGH STUDENTS

RALEICH, N.C. -- President Reagan was reminded again by Sen. Helms of ambivalence around the country toward his tax revision plan, but Reagan campaigned before enthusiastic students for what he described as another cut in tax rates similar to his 1981 tax cut.

Flying on Air Force One with Reagan to a speech at North Carolina State University, Helms told reporters that "with all due respect for my President" he didn't see much evidence of support for tax revision in this state.

(David Hoffman, Washington Post, A4)

Reagan Encounters Tough Questions from Students

The President was interrupted by applause 27 times during his 24-minute speech at North Carolina State University. But student body president Jay Everette said the crowd was probably "caught up in the heat of the moment," expressing more enthusiasm for Reagan than his programs.

(W. Dale Nelson, AP)

Reagan: Motives Purely Nonpolitical

"There are no more elections for me," Reagan said. "There isn't any need for me to take political considerations into account.

"All I have to think about when I make a decision is what's good for America," the President said as he made his pitch for tax reform.

(Mary Belcher, Washington Times, A5)

DEMOCRATS, REPUBLICANS PUT ASIDE POLITICS FOR A FEW HOURS

RALEIGH, N.C. -- Democrats and Republicans jammed into a packed, sweltering Reynolds Coliseum to hear President Reagan, putting aside their politics, but not their differences with some of his programs. "As usual, I think he's a remarkable person," said Democratic Lt. Gov. Bob Jordan.

Sen. Kenneth Royall, D-Durham, said, "You've got to respect the office of the president. You can't let politics get in the way. The people elected him. You've got to respect what the people say."

"When the president of the United States comes to North Carolina, all North Carolinians are proud and pleased to acknowledge he's the chief executive," said Rep. Frank Sizemore, R-Guilford.

Gov. Jim Martin, who flew with Reagan to the campus, said he had little time to talk to the president about issues facing North Carolina. Martin said he discussed the importance of the textile industry to the state, but did not talk with Reagan about proposed legislation in Congress to limit textile and apparel imports. (Ann Peters, UPI)

Like most of the 13,000 people crammed into the un-air-conditioned coliseum at North Carolina State University (graduate student Lester) Foster endured the 100-plus temperature more to see a President than to hear what he had to say.

For others -- mostly older and not students -- what Reagan said seemed to do little to ease their suspicions of his tax plan.

(Norm Brewer, Gannett)

HOUSE UNIT MOVES ACTION ON TAXES BACK A NOTCH

Faced with a packed agenda and little voter pressure for overhauling the tax code, the House Ways and Means Committee has put off writing a tax overhaul bill until the end of September at the earliest.

(Anne Swardson, Washington Post, A4)

401(k) SAVINGS PLANS DEFENDED AT HILL HEARING

President Reagan's proposal to eliminate tax-deferred, on-the-job savings plans was bitterly criticized by Rep. James Jones and spokesmen for pension groups.

They said it is likely to rob many low-income workers and small-business employees of their best chance to accumulate a retirement nest egg through tax-free, on-the-job contributions from their salaries.

(Spencer Rich, Washington Post, A6)

FARM CREDIT SYSTEM NEEDS BILLIONS IN AID TO STAY SOLVENT

The troubled Farm Credit System, which holds about a third of the nation's agricultural debt, will need "multibillion dollars" of federal aid within the next two years because of the slumping farm economy, its chief government overseer said.

Donald Wilkinson, governor of the Farm Credit Administration, said that his agency will seek new enforcement powers and has already begun discussions on how federal aid might best be provided to keep the FCS solvent. (Ward Sinclair, Washington Post, A1)

Official Says Farm Credit System Faces Worst Crisis Since Depression

"This is the most severe crisis the Farm Credit System has faced since the Depression days," Wilkinson said, announcing that he will begin exploring rescue plans with Congress and the Reagan Administration. (Jim Drinkard, AP)

AIR FORCE STIFFINS ASAT'S FIRST TEST

The controversial and delayed test of the Air Force's new antisatellite weapon will take place next Friday with a six-year-old, almost defunct Air Force "Solwind" satellite as a target, according to sources in and outside the government.

(Walter Pincus, Washington Post, A24)

SEPARATE VOIE SET ON DEFENSE TRIMS

House Democratic leaders, meeting with liberals rebelling against the compromise defense authorization bill, agreed to hold a separate vote on whether the measure should be reduced by \$10 billion.

In another development clouding the future of the Pentagon's fiscal 1986 budget, House Appropriations Committee sources said that there is not enough time to finish the budget before the fiscal year begins Oct. 1 and that a continuing resolution keeping funding at the fiscal 1985 level is virtually certain. (George Wilson, Washington Post, A8)

The agreement (on the separate vote) came during an hour-long, closed meeting between a group of about 10 Democratic liberals and the party's House leadership, including Speaker O'Neill and Rep. Aspin.

(Tim Ahern, AP)

House Democrats in Snarl Over Defense Budget Vote

The Democratic House leadership appeared to be at an impasse on how to honor a commitment by Speaker O'Neill to hold a new vote on the 1986 defense budget bill that could result in another \$10 billion cut.

"We're wrapped around the axle on this," Aspin said. In a telephone interview after a leadership meeting in the speaker's office, he said there was a "big hassle going on over the dollars."

(Walter Andrews, Washington Times, A2)

House Members Seek Another Vote on Defense Bill

The vote is likely to come next week and would follow a Wednesday meeting of the House Democratic Caucus. (Eliot Brenner, UPI)

EDUCATION OFFICIAL ATTACKS 'VALUE-NEUTRAL' CURRICULUM

Undersecretary of Education Gary Bauer opened the department's fall offensive for school prayer and other religious issues by blaming public schools for decay in the nation's morals by failing to transmit proper values to the young.

In a strongly worded speech prepared for delivery to an antipornography conference to the National Consultation on Pornography, Bauer, the No. 2 official in the Education Department, called pornography "a blight upon our public life," and blasted groups such as the American Civil Liberties Union for seeking to extend constitutional protections to pornographic materials. (Keith Richburg, Washington Post, A2)

ADMINISTRATION APPLAUDS COMPARABLE WORTH DECISION

Administration officials say a ruling against the concept of comparable worth means that men and women do not have to be paid the same for jobs of equal worth if there is no finding of discrimination.

But disappointed proponents of comparable worth said they would take the case to the Supreme Court and "raise so much hell" with Congress that change would have to occur. (Kathleen Silvassy, UPI)

Equal Pay Supporters Promise to Fight Back After Reversal in Court

Linda Chavez hailed the reversal, calling it "a big blow to comparable worth advocates who are trying to sell the mistaken notion that any time there is a salary gap between men and women that gap is proof of sex discrimination."

(Mark Tapscott, Washington Times, A2)

NOW LEADER AT RAWPARTS

Eleanor Smeal, the combative president of the National Organization of Women, pledged that her group would "raise hell" with the Supreme Court and Congress to win acceptance of "comparable worth" pay for women. She also declared all-out war against a "bigotry" the she charged with threatening the "human rights gains of the past 30 years."

(James Dickenson, Washington Post, A9)

BENNETT LECTURES EIGHTH GRADERS ON BILL OF RIGHTS

OSBURN, Idaho -- Junior high students portrayed American colonists under the tutelage of Education Secretary Bennett, who told them "some of the most important words ever written" are in the Declaration of Independence.

He taught a social studies class at Silver Hills Junior High School in the heart of northern Idaho's mining district. (UPI)

EDITOR'S NOTE: "Handling the Hot Potato of Reagan's Popularity" by Steven Roberts is on page A14 of The New York Times.

TRADE BILL TIDE RISING, DOLE SAYS

Senate Majority Leader Dole said that he has never seen stronger pressure in Congress for restrictive trade legislation and warned that continued Republican control of the Senate could hinge on the outcome.

Dole's sharp warning was one of a series of blunt remarks by congressional Republicans and Democrats indicating that the Administration's legislative priorities -- including President Reagan's tax revision plan -- are likely to collide with the political agenda members of Congress have brought back from their August recess.

(Helen Dewar, Washington Post, A1)

REAGAN-TRADE

President Reagan, seeking to open up more foreign markets to U.S. products and forestall congressional action on protectionist legislation, is preparing to initiate unfair trading cases designed to aid selected import-battered U.S. industries, Administration officials say.

Larry Speakes said there were "a half-dozen cases" awaiting the President's decision in which the U.S. government might move to accuse other nations of unfair trading practices.

(Tom Raum, AP)

U.S. PLANS ARMS SALES IN MIDEAST

The Reagan Administration plans to propose major new arms sales to Jordan and Saudi Arabia that promise to trigger another acrimonious battle in Congress over Middle East policy.

White House and State Department spokesmen confirmed the Administration's intention to submit the requests to sell jet fighters and missiles shortly, and officials told Senate staff aides to expect the proposals in "the next 10 days or two weeks."

(David Ottaway, Washington Post, A1)

Mideast Arms Deals Go to Congress Soon

State Department spokesman Bernard Kalb, while refusing to comment directly on questions about Jordan and Saudi Arabia, said that "a number of programs which have been on hold" will "go forward shortly." And, Kalb said, he wanted to "emphasize the word 'shortly.'"

(Glenn Gavin, Washington Times, A7)

U.S. EYES TALKS INCLUDING AIDE REGARDED AS MEMBER OF PLO

The Administration, seeking to promote hope for renewed Mideast peace talks, is considering sending Assistant Secretary of State Richard Murphy to meet with a Jordanian-Palestinian delegation that would include at least one person widely regarded as a member of the PLO.

The proposal drew vehement protests from Israel. It also prompted U.S. officials to deny that they would abandon a long-standing commitment not to deal with the PLO unless it accepts U.N. Security Council resolutions that acknowledge Israel's right to exist.

(John Goshko, Washington Post, A28)

ISRAELIS VOICE ALARM ON U.S. MIDEAST GOALS

Israeli Ambassador Meir Rosenne met with Michael Armacost, undersecretary of state for political affairs, amid reports the Reagan Administration is considering a plan that would lead to U.S. recognition of the PLO.

If the reports are correct, the plan would require in return implicit PLO recognition of Israel.

Such recognition would dramatically change the politics of the Middle East. (Bill Kritzberg, Washington Times, A1)

REAGAN NOT TALKING ABOUT POLICY REVIEW ON SOUTH AFRICA

President Reagan, under pressure from Congress to impose economic sanctions, is not talking about the options his Administration is exploring in its review of U.S. policy toward strife-ridden South Africa.

Reagan met for more than an hour with key foreign policy advisers at the White House after a political trip to Raleigh, N.C., and later, Edward Djerejian told reporters, "We're in a total 'no comment' stance."

(Helen Thomas, UPI)

Reagan and Aides Review Policy on South Africa

No announcements were made on the results of the session (between the President and his aides), and Larry Speakes had said earlier that no decisions as such were expected. He described the meeting of the National Security Council as "an in-depth review." The senior aides, who included Secretary Shultz and Robert McFarlane, also discussed legislation pending before Congress to impose economic sanctions on South Africa.

(Bernard Gwertzman, New York Times, A9)

HILL LEADERS PRESS REAGAN FOR SANCTIONS COMPROMISE

Congressional leaders urged President Reagan to find a compromise that would avoid his losing a veto fight over proposed economic sanctions against South Africa's apartheid government.

The apparent certainty of a veto override sent Reagan into a 90-minute huddle with his closest foreign policy advisers to review official U.S. policy toward the racially segregated nation.

(Stephanie Nall and Thomas Brandt, Washington Times, A1)

LEADERS WARN REAGAN SANCTIONS WILL PASS

Republican congressional leaders bluntly warned that legislation imposing economic sanctions on South Africa will be overwhelmingly approved, and that a threatened veto by President Reagan will probably be overriden unless he proposes strong alternatives.

The warning from Senate Majority Leader Dole and House Minority Leader Michel came as the President met with top foreign policy advisers at the White House to review events in South Africa and options for dealing with the sanctions legislation.

(David Hoffman, Washington Post, A29)

U.S. BANKS REPORTED BLOCKING KEY CONDUIT FOR S. AFRICAN TRADE

Leading American banks have severed key short-term credit links covering trade with South Africa following Pretoria's declaration of a four-month debt moratorium, authoritative banking sources said.

The credit cutoff, by all indications a technical reaction, nevertheless threatens to disrupt trade between South Africa and the United States and is a severe blow to the white minority government's efforts to restore confidence in its beleaguered economy.

(Lionel Barber, Washington Post, A29)

SOUTH AFRICA SAYS U.S. SANCTIONS WOULD SLOW REFORMS, HURT BLACK AFRICA

PRETORIA -- The government says the U.S. Congress would hinder reform of apartheid and harm the black nations of southern Africa if it imposes economic sanctions on South Africa's white-minority government.

"If they undermine our economy, push up the temperature in the country, and polarize opinion -- which will be the effects of sanctions -- then they will inevitably be retarding the negotiating program" with black leaders, Deputy Foreign Minister Louis Nel told reporters.

(AP)

SENATORS BRIEFED ON CONTRA LINKS

Leaders of the Senate Select Committee on Intelligence said that national security affairs adviser McFarlane assured them that members of his staff did not violate a congressional ban by giving military and fund-raising advice to Nicaraguan insurgents.

(Charles Babcock, Washington Post, A18)

McFarlane gave his assurance there was no impropriety to Sens. Durenberger and Leahy during an hour-long meeting.

Durenberger said the panel still planned to look into published reports that Lt. Col. Oliver North, an NSC staff aide, had helped the Nicaraguan rebels raise money from outside sources and provided some military advice. The House Intelligence Committee and a House Foreign Affairs subcommittee are also examining the reports.

(Robert Parry, AP)

Senate Panel Drops NSC Contra Role Inquiry

Durenberger said he was convinced after meeting with McFarlane at the White House that he was "telling the truth as he sees it."

"Are we satisfied this concludes the matter, that no one was involved in directing this matter? No, we can't be satisfied," Durenberger said.

(Thomas Brandt, Washington Times, A7)

McFarlane Denies Illegal Ties to Contras

An Administration official who is familiar with Colonel North's activities said in a recent interview that the colonel had never on his own solicited money for the rebels. But when people asked him about helping them, as happened often, he would tell them where they might want to go and with whom they should talk. Another official said Colonel North had made many speeches and given briefings on the rebels and would, when asked, tell people how they could help them.

(Joanthan Fuerbringer, New York Times, A3)

TAX STATUS OF 2 CONTRA-AID GROUPS QUESTIONED

Seventeen House Democrats urged the IRS to review two tax-exempt groups that with White House help have raised money for Nicaraguans opposed to their leftist government.

"We ... have grave reservations as to the claims of the U.S. Council for World Freedom and the Nicaraguan Refugee Fund to tax exemption," the congressmen said in a letter to IRS commissioner Egger.

(Washington Post, A18)

'COMMANDER ZERO' SQUEEZED BY FELLOW REBELS, U.S.

SAN JOSE, Costa Rica -- U.S.-supported Nicaraguan guerrillas, moving into the southern war front against the Sandinistas, are putting new pressure on maverick rebel chief Eden Pastora, diplomats and rebels sources report.

Pastora's southern-based guerrilla army, already weakened, is now being squeezed as much by other rebels and the U.S. government as by Nicaragua's Sandinista government. (Reid Miller, AP)

CATHOLIC REPORT IMPLICATES TWO AMERICANS IN RAID

SAN SALVADOR -- A Catholic church report said two Americans in military uniforms participated in a Honduran army raid on a refugee camp in which three Salvadorans -- including an infant -- were killed.

An infant was kicked to death, a woman was raped and at least 14 people were injured when about 200 Honduran troops entered the Colomoncagua refugee camp, the report said.

The U.S. Embassy in the Honduran capital of Tegucigalpa denied that U.S. soldiers were involved in last Friday's operation at the camp.

(Douglas Farah, UPI)

Honduran, U.S. Soldiers Accused in Refugee Raid

Echoing reports from the Honduran Catholic church and the United Nations High Commission on Refugees, the Salvadoran Catholic church called the raid "a flagrant violation of human rights."

(Washington Times, A7)

SDI ROW SPOTLICHTS TENSIONS IN NATO

When Secretary Weinberger sent a letter to NATO defense ministers last March giving them 90 days to sign up for the Strategic Defense Initiative, he set off a storm typical of the strains that now beset the alliance.

"I assume that Secretary Weinberger's letter was well-intentioned," said a senior State Department official. "But its effect was that a lot of our allies felt that it was an ultimatum."

(Tom Diaz, Washington Times, A1)

SOVIET PARTY OFFICIAL CLAIMS RELATIONS WITH U.S. PERILOUS

SAN FRANCISCO -- A senior Soviet Communist Party member, echoing official positions, said U.S.-Soviet relations are at a "very dangerous stage" that threaten the future of bilateral arms talks.

Georgi Arbatov made the remarks at a private disammement conference sponsored by the Institute for Policy Studies.

(Bill Gertz, Washington Times, A3)

Arbatov said his government still wants to negotiate a pact with Washington to "stop all development and research and production and everything else in the field of outer space weapons." (UPI)

U.S. EWBASSY PLANS INCLUDE NO SOVIET CITIZENS

No Soviet citizens would work in the new U.S. Embassy building in Moscow, scheduled to open in 1988, under a State Department plan designed to improve security.

About 200 Soviet citizens currently work at the U.S. Embassy compound in routine maintenance jobs. At least half of these positions would be filled by U.S. citizens with security clearances under the State Department plan.

(Rita McWilliams, Washington Times, A5)

CANADA URGED TO FREE TRADE WITH U.S.

TORONTO -- A prestigious Canadian commission strongly urged negotiations with the United States for a free trade agreement between the two countries, saying that such an agreement would be the best way for Canada to avoid being the target of possible protectionist legislation from the U.S. Congress.

The commission report said secure access to the giant American market was essential for Canadian manufacturers to survive in the highly competitive world trade environment.

(Herbert Denton, Washington Post, A25)

McNAWARA: FOREIGN POLICY SHOULD FAVOR ECONOMIC AID

Former World Bank President Robert McNamara believes the United States is making a "short-sighted and regrettable" mistake with its foreign aid policy that favors military assistance over economic aid.

In testimony before a House subcommittee, McNamara said in prepared testimony that he is "concerned about the direction which U.S. foreign assistance policy is taking at present."

(Bud Newman, UPI)

EDITOR'S NOTE: "Waiting in Honduras," a story by Robert McCartney on Nicaraguan refugees in Honduras and the support they provide for the Contra guerrillas, appears on page A1 of The Washington Post.

(Thursday Evening, September 5, 1985)

SOUTH AFRICA/PRESIDENT'S SPEECH

CBS's Dan Rather: For the first time, the murderous racial violence has spread into areas exclusively for whites. In Washington, President Reagan reviewed what, if anything, he can do to head off likely U.S. congressional sanctions against South Africa.

CBS's John Blackstone reporting from South Africa: In a white suburb of Windsor Park today, replacing a few shattered windows was easy. It will be more difficult to rebuild the belief that whites are immune to the violence that has swept non-white neighborhoods. As minor as it was, this first attack on white homes was both sobering and frightening. Today while white Capetownians practiced with their firearms, they knew that last night someone in Windsor Park had needed a gun to keep non-white invaders away. As the violence has grown, so has the white desire for guns.

(TV coverage: Whites rebuilding neighborhoods, target shooting.)
The deputy minister of law and order today urged that South
Africans be ready to defend themselves.

(Deputy Minister A.J. Vlok: "It is not possible for the state to be responsible for the all the security for all the people at all times.") The deputy foreign minister warned the United States about enacting sanctions against South Africa.

(Deputy Minister Louis Nel: "The American decision in this issue may just start a turn of events which America will find impossible to control.")

CBS's Bill Plante reporting from Raliegh, NC, and the White House:

(TV Coverage: President on NC State U. campus, anti-apartheid students protesting Reagan policies, President addressing pro-Reagan students at rally.)

There were protests against United States policy in South Africa as President Reagan spoke on the campus. However, Mr. Reagan wasn't discussing the subject, either in his speech or in a luncheon which followed.

(President: "I'm not taking any questions.")

But growing pressure on the Administration's policy and the congressional vote on sanctions due next week, resulted in a White House meeting this afternoon to review alternatives. The President has told advisers he will veto sanctions, believing they are counter-productive. Congressional leaders have said that his veto will almost certainly be overridden.

(Sen. Leahy, D-Vt: "But I think all of us, and I'm speaking as a Democrat, all of us would feel a lot better in this thing if it was something that Republicans and Democrats in Congress and the President were able to agree on, because it sends a stronger message.")

The White House staff is looking for ways to avoid this potentially damaging confrontation with Congress, a veto accompanied by penalties, such as prohibiting sales of U.S. computers to some parts...

Plante continues: of the South African government, or prohibiting U.S. loans to certain South African companies. Meanwhile, Secretary of State Shultz warned House Republicans that if the South African government fell, the entire region could be threatened.

Congress' message is clear, as Senate Majority Leader Bob Dole warned, the President must have some real alternatives if a veto is to be sustained. So Mr. Reagan is caught between political reality and his own convictions, and trying to find a way out. (CBS-Lead)

ABC's Jim Hickey: Gangs of young people blocked the streets with burning tires and broken glass. Police closed off the road leading into the township and warned reporters and others to stay out. As the unrest continued today, the South African government launched an anti-sanctions campaign aimed at the U.S. Senate vote scheduled for next week. In a book being distributed to South African embassies around the world, the government warned that sanctions here will do economic harm to its African neighbors. The government is warning Washington that it will not be responsible for any economic failure in those countries as a result of sanctions from Capitol Hill.

Sam Donaldson: President Reagan returned from the White House this afternoon from a tax reform sales trip to North Carolina to chair a policy meeting on South Africa.

(TV Coverage: President landing on south lawn.)

Mr. Reagan's top foreign policy advisers had been summoned to consider what to do about the Congressional legislation imposing mild economic sanctions on South Africa that will almost certainly be sent to the President's desk soon. Legislation, a State Department spokesman said again today the Administration opposes.

(Bernard Kalb: "We believe that sanctions will be counterproductive, hurting blacks in South Africa and stiffening white resistance to change.")

But Congress isn't buying that reasoning, and that includes many of the President's usual staunch allies, such as Senate Foreign Realtions Committee chairman Richard Lugar.

(Sen. Lugar: "None of the sanctions involved are going to affect black employment or really hurt the South African government. These are the rationales that I've heard given for a potential veto.") So if the veto rationales don't wash, what to do to prevent Congress At today's White House meeting, one from overriding the veto? strategy discussed was to couple a veto with an Executive Order imposing restraints on the sale of computers and U.S. government loans to companies doing business in South Africa that refuse to adapt non-discriminatory policies, hoping this would swing enough Avoiding a veto override is important votes to sustain the veto. beyond the dispute over South African policy. Officials here are concerned that a defeat on this issue could weaken the President's hand on other matters before Congress, could whet the congressional appetite on standing up to Ronald Reagan. So they want to avoid it. No decisions on how to do that were taken today; they'll all meet again tomorrow. (ABC-4)

NBC's Tom Brokaw: President Reagan, who is opposed to sanctions, reviewed his Administration's policy in a special meeting of the National Security Council today. And earlier today, at North Carolina State, Mr. Reagan renewed his campaign for American tax reform. (TV Coverage: President amid cheering college students.)

In a sweltering basketball arena, he held a pop quiz.

(President: "Do we want a decade of prosperity and 10 million new jobs before 1990?" Cheering. President: "Do we want America's tax plan a fair tax plan for everyone?" Cheering. President: "Something tells me I came to the right place!" Cheering.)

Mr. Reagan charged that the present tax system, with its shelters and loopholes, is not only unfair, but "dumb economics." However, as Mike Jensen reports tonight, there is a lot of resistance to the President's plan.

ABC's Mike Jensen: Most economists, liberal and conservative, think the Reagan tax reform is a good idea. They say it would wipe out loopholes and make the system more even-handed. But the general public does not feel the same way. The latest Gallup poll indicates that only 11 percent of the nation's taxpayers think their taxes would go down under the Reagan plan. 30 percent think their taxes would remain the same. And 46 percent think their taxes would rise. In Florida, the new tax plan is upsetting buyers and builders. More than 60,000 homes and apartments have been built there in the last 2 years, financed by the kind of tax-free bonds that the Reagan plan would eliminate. A lot of business executives are unhappy, because the Reagan tax plan would cut out some of their tax breaks -- on quick depreciation of equipment, for example. With so much sentiment against the President's tax plan, most experts say it will (ABC-8) never make it through Congress this year.

COMPARABLE WORTH RULING

Rather: A federal judge has ruled that the State of Washington does not have to pay hundreds of millions of dollars to more than 15,000 female workers.

CBS's Richard Wagner reporting from Olympia, Washington: The ruling by the 9th U.S. Circuit Court of Appeals deals a possibly fatal blow to the concept of comparable worth. In 1983, Washington became the first state to become subject to a comparable worth ruling for state employees. In overturning that ruling, the Appeals Court said a wage gap, by itself, does not show that the state intentionally discriminated against women. It said the state can follow market conditions in setting payscales.

(TV Coverage: Women doing office work.)

(Washington Gov. Gardner: "We recognize that we have issues of work disparity, but we'd like to resolve those ourselves..."

The concept of comparable worth has always been controversial. It's been called a "Mickey Mouse, cockamamie idea" by President Reagan.

Wagner continues: But despite that, and yesterday's ruling, advocates are not giving up the fight.

(Gerald McEntee of AFSCME: "We are hesitant to let the Circuit Court decision lay on the table as some kind of chill or negative effect across the country.")

Several comparable worth suits are pending around the country. There are many in this country who think that comparable worth is an idea whose time has arrived. They intend to petition the Supreme Court of the United States to put an end to what they perceive to be a calculated, nationwide policy of wage discrimination against women.

(CBS-5)

Jennings says the federal appeals court's ruling is "a major setback for women all across the country."

ABC's Barry Serafin: As for the Administration's reaction to the ruling, a Justice Department spokesman replied, "How about 'Yippie'?!" Others were more restrained but just as pleased.

(Linda Chavez: "It's certainly taken the wind out of the sails in terms of the kinds of arguments that have been used by comparable worth advocates, who would have you believe that any time you have disparities in average earnings between different groups of people that you can point to that and decide it's discrimination.")

A great many people, including the President, to use his words, think it's a "cockamamie idea."

(EDITOR'S NOTE: ABC aired a debate between George Will and NOW's new president Eleanor Smeal on this issue.) (ABC-8)

NBC's David Burrington: The Reagan Administration has strongly opposed comparable worth, and today was delighted with the court decision. (Linda Chavez: "I think this has been a devastating blow to comparable worth, both legally and politically.") (ABC-3)

RETAIL SALES

Rather: The nation's major retailers reported sales edged up in August and and it was said upscale department stores again performed better than chain outlets.

CBS's Ray Brady: After long months of slumping business, sales at many stores shot up last month, some by more than 30 percent. Who made the difference? Teenagers. Even though the numbers of teenagers is shrinking, the dollars they spend are growing, now at a record And they're spending their biggest dollars on \$48 billion a year. clothes for back to school. (CBS-6)

CAR SALES

ABC's Jennings: Those low-rate financing plans that car makers have been offering appear to be paying off in big way. Car sales during the last 10 days of August rose more than 75 percent, to their highest annual rate in 12 years. (ABC-11)

FARM CREDIT

Brokaw: The governor of the nation's farm credit system, Donald

Wilkinson, warned that it could collapse within 2 years, dragging the
rest of the economy with it, unless the government provides cash for
a bail-out. He said that bail-out would require what he called
"multi-billions of dollars."

(ABC-9)

TASS/ASAT

Brokaw: Tass said today the American decision to test an ASAT is not helping to create a good atmosphere for the November summit meeting. But it said there still is time for Washington to pursue what it called a "more realistic course." (ABC-11)

FDA/AIDS WARNING

Rather: Federal health officials, hoping to eliminate the AIDS virus from the nation's blood supply, today recommended that any man who has had sex with another man, even once in the last 8 years, refrain from donating blood. This latest recommendation from the FDA applies even to men who may have had only a single contact and who do not consider themselves homosexual or bisexual.

(CBS-12, ABC-3, NBC-5)

E.F. HUTTON

Rather: In May, the E.F. Hutton Co. pleaded guilty to 2,000 counts of wire and mail fraud. The company long had been involved in a check-kiting scheme. But the Justice Department made a deal not to prosecute any of the individuals in the company. When criticism of that deal mounted, the chairman of E.F. Hutton hired former Attorney General Griffin Bell to "investigate." Today Griffin Bell issued a report clearing the official who hired him and the former company president of any criminal wrongdoing. He singled out 15 other E.F. Hutton executives for internal company punishment. (CBS-7, ABC-10)

ABC's Bettina Gregory: But a congressman investigating Hutton insists top management was involved.

(Rep. Wm. Hughes - D-N.J.: "You couldn't have that type of a scheme involving 114 branches, all 9 regions of the company, and not have headquarters happily participating.")

(ABC-10)

D'AMATO

Brokaw: Sen. D'Amato charged that the Pentagon has what he called a "slush fund" of almost \$37 billion dollars. He said that money had been piling up since 1982 because Army budgets have overestimated inflation. He called on the Pentagon to give the money back to the Treasury to reduce the budget deficit. The Pentagon had no comment. (NBC-12)

PARIS BOMBING

Rather: In Paris a terror group calling itself 'Direct Action' claimed responsibility today for bombs that damaged offices of Renault and three other French companies that do business with South Africa. The group charged the companies oppress South African blacks and bolster apartheid by operating in the country. Two people were slightly hurt. (CBS-2, ABC-6, NBC-7)

SUMMIT P.R.

NBC's John Chancellor -- Commentary: An official at the White House was talking about the Reagan-Gorbachev summit the other day, and he told TIME Magazine that it may be that the summit will be won or lost on the public relations front. If that's the case, the United States may be heading toward a public relations blunder. The Soviet Union has been positioning itself as the party of peace and restraint. The American decision to proceed with the (ASAT) test...raises another question: What kind of message does this send to an anxious world? The message: two heavily armed parties are marching to the summit, and that the U.S. is working on more sophisticated arms while Russia piously says it is not. The test may be a public relations loser. (NBC-12)

BASEBALL COCAINE TRIAL

- CBS's Harold Dow reporting from Pittsburgh, PA: U.S. Attorney outlined his case against Curtis Strong, a Philadelphia caterer accused of supplying cocaine to baseball players. Defense attorney Adam Renfrow forcefully contradicted the government's case. (CBS-3)
- ABC's Jerry King reports Kansas City outfielder Lonnie Smith came to the courtroom to testify for the government that he had purchased cocaine from Strong. Smith named 9 other players that he personally knew had used drugs. As a drug user, Smith named Pete Rose. The Cincinnati Reds issued a statement today saying there was no evidence of anything like that, and no reason to doubt Rose in any way.

 (NBC-Lead, ABC-Lead)

SUMMIT

Preparing For The Summit -- "...Is time for both sides to lower their voices and to devote their time and energy on preparing for the important meeting in November. Mr. Gorbachev was right about one thing. 'Abusive words are no help in a good cause.'" (Dallas Times Herald, 9/4)

The Gorbachev Offensive -- "...The leading unanswered question in Mr. Reagan's embrace of the Strategic Defense Initiative is whether, as he currently insists, he is truly bent on leaving a way open to deployment or whether he may be prepared to yield that up if Moscow accepts deep cuts in its first-strike capable, land-based missile force. The signals that the shrewd Mr. Gorbachev is now sending to Washington will increase the pressure on President Reagan to weigh limits on Star Wars, if Moscow agrees to those deep cuts. For both leaders, the scheduling of a summit is forcing tough choices."

Let's Pay Attention -- "...Reagan should halt the impending test of the U.S. anti-satellite weapon, or at the very least announce a postponement of any follow-up tests pending negotiations on the subject with Moscow. He should also announce the willingness of his Administration to get down to cases on the possible trade-offs between restraints on Star Wars research and strategic-weapons cuts. If the President is unwilling to do these things, he should not be surprised if a growing number of people in the United States and Western Europe decide that he, more than Gorbachev, is standing in the way of progress on arms control."

(Los Angeles Times, 9/5)

Tough Slog To The Summit -- "...The situation has reached the point where the United States seems committed to the first testing of a new anti-satellite weapon and the Soviet Union has warned it will respond with deployment of its own cruder but already tested ASAT system. This is hardly a hopeful summit sign...The summit signifies a presidential preference for accommodation. If this is correct, Mr. Reagan should start right now to find smoother paths in the foothills." (Baltimore Sun, 9/5)

Access, Key To Public Relations -- "...The Soviet leader promises unspecified 'radical proposals' for arms reduction, to be unveiled after the U.S. agrees to halt 'the militarization of outer space.' ...(This) is an ignorant way to describe what strategic defense would do. There is no excuse for American statesmen using it, nor for their being unaware of Soviet SDI developments. Yet the comments from the senators and the media have been all about what a great communicator Mr. Gorbachev is, and about what a worthy opponent President Reagan will have at the Geneva 'debate' -- with the media as impartial judge..."

(Washington Times, 9/5)

TAX REFORM

Rough Ride Ahead For Reagan -- "...The President has a potential winner in tax revision -- simplification, plus a trade-off of lower rates for fewer deductions. The potential, however, is cramped by the continuing deficit problem. Congress hesitates over some of the features, often some of the most reformist ones, out of legitimate fear they might cost the Treasury a few bucks. With deficits unlikely to fall much below \$150 billion a year even according to optimistic congressional accounting, there is little room for risk-taking with tax-system reform. The administration probably could improve the chances for tax reform if it would help cut the deficit, but that would require some retreat from past tax-cutting. Hmm. Wherever the two issues conflict, it is probably safer to bet on the tax-cutting than the tax reform. Tax cutting is Reagan's old love; reform is a recent flirtation."

(Tom Teepen for the Atlanta Constitution, 9/5)

Mr. Reagan's Legacy -- "...Mr. Reagan is a man who wants to be remembered favorably by historians, and to his credit, he has succeeded in reducing inflation while bringing about strong economic growth. But without decisive action, Mr. Reagan's legacy may well be that he presided over the greatest federal deficits in history."

(Journal of Commerce, 9/5)

CENTRAL AMERICA

Defections Prove Central American Policies Justified -- "More proof has appeared that President Reagan's policies of opposing communist expansion in central America are the right ones for this country. Three Salvadoran rebel commanders have defected to the Duarte government's side with revealing statements. The three ex-commanders of the so-called Popular Forces of Liberation tell of being trained in Cuba for an attack on the Salvadoran Army's Fourth Brigade in El Pariso....Americans finally realize that it is not 'paranoia' to be aware of, or to fear, communist conquest of neighboring countries to the south. Events like these recent defections to freedom are proving it." (Newport (Arkansas) Daily Independent, 8/30)

-end of B-Section-



News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, SEPTEMBER 6, 1985 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

NATIONAL NEWS

Reagan: Motives Purely Nonpolitical -- President Reagan said he has no political motives in seeking a revamped federal tax system.

(Washington Times, Washington Post, AP)

Defense Vote -- A group of House Democrats, unhappy about a proposed Pentagon budget, has won a concession from House leaders for a separate vote on whether to cut defense spending by \$10 billion.

(AP, UPI, Washington Post, Washington Times)

INTERNATIONAL NEWS

Trade Bill Tide Rising -- Senate Majority Leader Robert Dole said that he has never seen stronger pressure in Congress for restrictive trade legislation.

(Washington Post)

NETWORK NEWS (Thursday Evening)

SOUTH AFRICA -- As minor as it was, the first attack on white homes was both sobering and frightening.

COMPARABLE WORTH RULING -- A federal judge has ruled that the State of Washington does not have to pay hundreds of millions of dollars to more than 15,000 female workers.

RETAIL SALES -- The nation's retailers reported sales edged up in August.

A PRESIDENTIAL REPORT CARD

"This summer I received a report card. The House Select Committee on Children, Youth and Families graded all the different tax plans according to their effect on children and families. Our fair share plan came out at the top of the class. That is better than I did when I was in college. And what is especially important -- that report card came from the Democratically-controlled House...not from my own party. I believe that this can be one of those great moments when we stop being Democrats and Republicans and for a time are just Americans."

(President Reagan, addressing North Carolina State University, 9/5)

REAGAN PRESSES TAX PLAN BEFORE RALEIGH STUDENTS

RALEIGH, N.C. -- President Reagan was reminded again by Sen. Helms of ambivalence around the country toward his tax revision plan, but Reagan campaigned before enthusiastic students for what he described as another cut in tax rates similar to his 1981 tax cut.

Flying on Air Force One with Reagan to a speech at North Carolina State University, Helms told reporters that "with all due respect for my President" he didn't see much evidence of support for tax revision in this state.

(David Hoffman, Washington Post, A4)

Reagan Encounters Tough Questions from Students

The President was interrupted by applause 27 times during his 24-minute speech at North Carolina State University. But student body president Jay Everette said the crowd was probably "caught up in the heat of the moment," expressing more enthusiasm for Reagan than his programs.

(W. Dale Nelson, AP)

Reagan: Motives Purely Nonpolitical

"There are no more elections for me," Reagan said. "There isn't any need for me to take political considerations into account.

"All I have to think about when I make a decision is what's good for America," the President said as he made his pitch for tax reform.

(Mary Belcher, Washington Times, A5)

DEMOCRATS, REPUBLICANS PUT ASIDE POLITICS FOR A FEW HOURS

RALEIGH, N.C. -- Democrats and Republicans jammed into a packed, sweltering Reynolds Coliseum to hear President Reagan, putting aside their politics, but not their differences with some of his programs. "As usual, I think he's a remarkable person," said Democratic Lt. Gov. Bob Jordan.

I think he's a remarkable person," said Democratic Lt. Gov. Bob Jordan.

Sen. Kenneth Royall, D-Durham, said, "You've got to respect the office of the president. You can't let politics get in the way. The people elected him. You've got to respect what the people say."

"When the president of the United States comes to North Carolina, all North Carolinians are proud and pleased to acknowledge he's the chief executive," said Rep. Frank Sizemore, R-Guilford.

Gov. Jim Martin, who flew with Reagan to the campus, said he had little time to talk to the president about issues facing North Carolina. Martin said he discussed the importance of the textile industry to the state, but did not talk with Reagan about proposed legislation in Congress to limit textile and apparel imports. (Ann Peters, UPI)

Like most of the 13,000 people crammed into the un-air-conditioned coliseum at North Carolina State University (graduate student Lester) Foster endured the 100-plus temperature more to see a President than to hear what he had to say.

For others -- mostly older and not students -- what Reagan said seemed to do little to ease their suspicions of his tax plan.

(Norm Brewer, Gannett)

HOUSE UNIT MOVES ACTION ON TAXES BACK A NOTCH

Faced with a packed agenda and little voter pressure for overhauling the tax code, the House Ways and Means Committee has put off writing a tax overhaul bill until the end of September at the earliest.

(Anne Swardson, Washington Post, A4)

401(k) SAVINGS PLANS DEFENDED AT HILL HEARING

President Reagan's proposal to eliminate tax-deferred, on-the-job savings plans was bitterly criticized by Rep. James Jones and spokesmen for pension groups.

They said it is likely to rob many low-income workers and small-business employees of their best chance to accumulate a retirement nest egg through tax-free, on-the-job contributions from their salaries.

(Spencer Rich, Washington Post, A6)

FARM CREDIT SYSTEM NEEDS BILLIONS IN AID TO STAY SOLVENT

The troubled Farm Credit System, which holds about a third of the nation's agricultural debt, will need "multibillion dollars" of federal aid within the next two years because of the slumping farm economy, its chief government overseer said.

Donald Wilkinson, governor of the Farm Credit Administration, said that his agency will seek new enforcement powers and has already begun discussions on how federal aid might best be provided to keep the FCS solvent.

(Ward Sinclair, Washington Post, A1)

Official Says Farm Credit System Faces Worst Crisis Since Depression

"This is the most severe crisis the Farm Credit System has faced since the Depression days," Wilkinson said, announcing that he will begin exploring rescue plans with Congress and the Reagan Administration. (Jim Drinkard, AP)

AIR FORCE STIFFINS ASAT'S FIRST TEST

The controversial and delayed test of the Air Force's new antisatellite weapon will take place next Friday with a six-year-old, almost defunct Air Force "Solwind" satellite as a target, according to sources in and outside the government.

(Walter Pincus, Washington Post, A24)

SEPARATE VOTE SET ON DEFENSE TRIMS

House Democratic leaders, meeting with liberals rebelling against the compromise defense authorization bill, agreed to hold a separate vote on whether the measure should be reduced by \$10 billion.

In another development clouding the future of the Pentagon's fiscal 1986 budget, House Appropriations Committee sources said that there is not enough time to finish the budget before the fiscal year begins Oct. 1 and that a continuing resolution keeping funding at the fiscal 1985 level is virtually certain. (George Wilson, Washington Post, A8)

The agreement (on the separate vote) came during an hour-long, closed meeting between a group of about 10 Democratic liberals and the party's House leadership, including Speaker O'Neill and Rep. Aspin.

(Tim Ahern, AP)

House Democrats in Snarl Over Defense Budget Vote

The Democratic House leadership appeared to be at an impasse on how to honor a commitment by Speaker O'Neill to hold a new vote on the 1986 defense budget bill that could result in another \$10 billion cut.

"We're wrapped around the axle on this," Aspin said. In a telephone interview after a leadership meeting in the speaker's office, he said there was a "big hassle going on over the dollars."

(Walter Andrews, Washington Times, A2)

House Members Seek Another Vote on Defense Bill

The vote is likely to come next week and would follow a Wednesday meeting of the House Democratic Caucus. (Eliot Brenner, UPI)

EDUCATION OFFICIAL ATTACKS 'VALUE-NEUTRAL' CURRICULUM

Undersecretary of Education Gary Bauer opened the department's fall offensive for school prayer and other religious issues by blaming public schools for decay in the nation's morals by failing to transmit proper values to the young.

In a strongly worded speech prepared for delivery to an antipornography conference to the National Consultation on Pornography, Bauer, the No. 2 official in the Education Department, called pornography "a blight upon our public life," and blasted groups such as the American Civil Liberties Union for seeking to extend constitutional protections to pornographic materials. (Keith Richburg, Washington Post, A2)

ADMINISTRATION APPLAUDS COMPARABLE WORTH DECISION

Administration officials say a ruling against the concept of comparable worth means that men and women do not have to be paid the same for jobs of equal worth if there is no finding of discrimination.

But disappointed proponents of comparable worth said they would take the case to the Supreme Court and "raise so much hell" with Congress that change would have to occur. (Kathleen Silvassy, UPI)

Equal Pay Supporters Promise to Fight Back After Reversal in Court

Linda Chavez hailed the reversal, calling it "a big blow to comparable worth advocates who are trying to sell the mistaken notion that any time there is a salary gap between men and women that gap is proof of sex discrimination."

(Mark Tapscott, Washington Times, A2)

NOW LEADER AT RAVIPARTS

Eleanor Smeal, the combative president of the National Organization of Women, pledged that her group would "raise hell" with the Supreme Court and Congress to win acceptance of "comparable worth" pay for women. She also declared all-out war against a "bigotry" the she charged with threatening the "human rights gains of the past 30 years."

(James Dickenson, Washington Post, A9)

BENNETT LECTURES EIGHTH GRADERS ON BILL OF RIGHTS

OSBURN, Idaho -- Junior high students portrayed American colonists under the tutelage of Education Secretary Bennett, who told them "some of the most important words ever written" are in the Declaration of Independence.

He taught a social studies class at Silver Hills Junior High School in the heart of northern Idaho's mining district. (UPI)

EDITOR'S NOTE: "Handling the Hot Potato of Reagan's Popularity" by Steven Roberts is on page A14 of The New York Times.

TRADE BILL TIDE RISING, DOLE SAYS

Senate Majority Leader Dole said that he has never seen stronger pressure in Congress for restrictive trade legislation and warned that continued Republican control of the Senate could hinge on the outcome.

Dole's sharp warning was one of a series of blunt remarks by congressional Republicans and Democrats indicating that the Administration's legislative priorities -- including President Reagan's tax revision plan -- are likely to collide with the political agenda members of Congress have brought back from their August recess.

(Helen Dewar, Washington Post, A1)

REAGAN-TRADE

President Reagan, seeking to open up more foreign markets to U.S. products and forestall congressional action on protectionist legislation, is preparing to initiate unfair trading cases designed to aid selected import-battered U.S. industries, Administration officials say.

Larry Speakes said there were "a half-dozen cases" awaiting the President's decision in which the U.S. government might move to accuse other nations of unfair trading practices.

(Tom Raum, AP)

U.S. PLANS ARVIS SALES IN MIDEAST

The Reagan Administration plans to propose major new arms sales to Jordan and Saudi Arabia that promise to trigger another acrimonious battle in Congress over Middle East policy.

White House and State Department spokesmen confirmed the Administration's intention to submit the requests to sell jet fighters and missiles shortly, and officials told Senate staff aides to expect the proposals in "the next 10 days or two weeks."

(David Ottaway, Washington Post, A1)

Mideast Arms Deals Go to Congress Soon

State Department spokesman Bernard Kalb, while refusing to comment directly on questions about Jordan and Saudi Arabia, said that "a number of programs which have been on hold" will "go forward shortly." And, Kalb said, he wanted to "emphasize the word 'shortly.'"

(Glenn Gavin, Washington Times, A7)

U.S. EYES TALKS INCLUDING AIDE REGARDED AS MEMBER OF PLO

The Administration, seeking to promote hope for renewed Mideast peace talks, is considering sending Assistant Secretary of State Richard Murphy to meet with a Jordanian-Palestinian delegation that would include at least one person widely regarded as a member of the PLO.

The proposal drew vehement protests from Israel. It also prompted U.S. officials to deny that they would abandon a long-standing commitment not to deal with the PLO unless it accepts U.N. Security Council resolutions that acknowledge Israel's right to exist.

(John Goshko, Washington Post, A28)

ISRAELIS VOICE ALARM ON U.S. MIDEAST COALS

Israeli Ambassador Meir Rosenne met with Michael Armacost, undersecretary of state for political affairs, amid reports the Reagan Administration is considering a plan that would lead to U.S. recognition of the PLO.

If the reports are correct, the plan would require in return implicit PLO recognition of Israel.

Such recognition would dramatically change the politics of the Middle East. (Bill Kritzberg, Washington Times, A1)

REAGAN NOT TALKING ABOUT POLICY REVIEW ON SOUTH AFRICA

President Reagan, under pressure from Congress to impose economic sanctions, is not talking about the options his Administration is exploring in its review of U.S. policy toward strife-ridden South Africa.

Reagan met for more than an hour with key foreign policy advisers at the White House after a political trip to Raleigh, N.C., and later, Edward Djerejian told reporters, "We're in a total 'no comment' stance."

(Helen Thomas, UPI)

Reagan and Aides Review Policy on South Africa

No announcements were made on the results of the session (between the President and his aides), and Larry Speakes had said earlier that no decisions as such were expected. He described the meeting of the National Security Council as "an in-depth review." The senior aides, who included Secretary Shultz and Robert McFarlane, also discussed legislation pending before Congress to impose economic sanctions on South Africa.

(Bernard Gwertzman, New York Times, A9)

HILL LEADERS PRESS REAGAN FOR SANCTIONS COMPROMISE

Congressional leaders urged President Reagan to find a compromise that would avoid his losing a veto fight over proposed economic sanctions against South Africa's apartheid government.

The apparent certainty of a veto override sent Reagan into a 90-minute huddle with his closest foreign policy advisers to review official U.S. policy toward the racially segregated nation.

(Stephanie Nall and Thomas Brandt, Washington Times, A1)

LEADERS WARN REAGAN SANCTIONS WILL PASS

Republican congressional leaders bluntly warned that legislation imposing economic sanctions on South Africa will be overwhelmingly approved, and that a threatened veto by President Reagan will probably be overriden unless he proposes strong alternatives.

The warning from Senate Majority Leader Dole and House Minority Leader Michel came as the President met with top foreign policy advisers at the White House to review events in South Africa and options for dealing with the sanctions legislation.

(David Hoffman, Washington Post, A29)

U.S. BANKS REPORTED BLOCKING KEY CONDUIT FOR S. AFRICAN TRADE

Leading American banks have severed key short-term credit links covering trade with South Africa following Pretoria's declaration of a four-month debt moratorium, authoritative banking sources said.

The credit cutoff, by all indications a technical reaction, nevertheless threatens to disrupt trade between South Africa and the United States and is a severe blow to the white minority government's efforts to restore confidence in its beleaguered economy.

(Lionel Barber, Washington Post, A29)

SOUTH AFRICA SAYS U.S. SANCTIONS WOULD SLOW REFORMS, HURT BLACK AFRICA

PRETORIA -- The government says the U.S. Congress would hinder reform of apartheid and harm the black nations of southern Africa if it imposes economic sanctions on South Africa's white-minority government.

"If they undermine our economy, push up the temperature in the country, and polarize opinion -- which will be the effects of sanctions -- then they will inevitably be retarding the negotiating program" with black leaders, Deputy Foreign Minister Louis Nel told reporters.

(AP)

SENATORS BRIEFED ON CONTRA LINKS

Leaders of the Senate Select Committee on Intelligence said that national security affairs adviser McFarlane assured them that members of his staff did not violate a congressional ban by giving military and fund-raising advice to Nicaraguan insurgents.

(Charles Babcock, Washington Post, A18)

McFarlane gave his assurance there was no impropriety to Sens. Durenberger and Leahy during an hour-long meeting.

Durenberger said the panel still planned to look into published reports that Lt. Col. Oliver North, an NSC staff aide, had helped the Nicaraguan rebels raise money from outside sources and provided some military advice. The House Intelligence Committee and a House Foreign Affairs subcommittee are also examining the reports.

(Robert Parry, AP)

Senate Panel Drops NSC Contra Role Inquiry

Durenberger said he was convinced after meeting with McFarlane at the White House that he was "telling the truth as he sees it."

"Are we satisfied this concludes the matter, that no one was involved in directing this matter? No, we can't be satisfied," Durenberger said.

(Thomas Brandt, Washington Times, A7)

McFarlane Denies Illegal Ties to Contras

An Administration official who is familiar with Colonel North's activities said in a recent interview that the colonel had never on his own solicited money for the rebels. But when people asked him about helping them, as happened often, he would tell them where they might want to go and with whom they should talk. Another official said Colonel North had made many speeches and given briefings on the rebels and would, when asked, tell people how they could help them.

(Joanthan Fuerbringer, New York Times, A3)

TAX STATUS OF 2 CONTRA-AID GROUPS QUESTIONED

Seventeen House Democrats urged the IRS to review two tax-exempt groups that with White House help have raised money for Nicaraguans opposed to their leftist government.

"We ... have grave reservations as to the claims of the U.S. Council for World Freedom and the Nicaraguan Refugee Fund to tax exemption," the congressmen said in a letter to IRS commissioner Egger.

(Washington Post, A18)

'COMMANDER ZERO' SQUEEZED BY FELLOW REBELS, U.S.

SAN JOSE, Costa Rica -- U.S.-supported Nicaraguan guerrillas, moving into the southern war front against the Sandinistas, are putting new pressure on maverick rebel chief Eden Pastora, diplomats and rebels sources report.

Pastora's southern-based guerrilla army, already weakened, is now being squeezed as much by other rebels and the U.S. government as by Nicaragua's Sandinista government. (Reid Miller, AP)

CATHOLIC REPORT IMPLICATES TWO AMERICANS IN RAID

SAN SALVADOR -- A Catholic church report said two Americans in military uniforms participated in a Honduran army raid on a refugee camp in which three Salvadorans -- including an infant -- were killed.

An infant was kicked to death, a woman was raped and at least 14 people were injured when about 200 Honduran troops entered the Colomoncagua refugee camp, the report said.

The U.S. Embassy in the Honduran capital of Tegucigalpa denied that U.S. soldiers were involved in last Friday's operation at the camp.

(Douglas Farah, UPI)

Honduran, U.S. Soldiers Accused in Refugee Raid

Echoing reports from the Honduran Catholic church and the United Nations High Commission on Refugees, the Salvadoran Catholic church called the raid "a flagrant violation of human rights."

(Washington Times, A7)

SDI ROW SPOTLICHTS TENSIONS IN NATO

When Secretary Weinberger sent a letter to NATO defense ministers last March giving them 90 days to sign up for the Strategic Defense Initiative, he set off a storm typical of the strains that now beset the alliance.

"I assume that Secretary Weinberger's letter was well-intentioned," said a senior State Department official. "But its effect was that a lot of our allies felt that it was an ultimatum."

(Tom Diaz, Washington Times, A1)

SOVIET PARTY OFFICIAL CLAIMS RELATIONS WITH U.S. PERILOUS

SAN FRANCISCO -- A senior Soviet Communist Party member, echoing official positions, said U.S.-Soviet relations are at a "very dangerous stage" that threaten the future of bilateral arms talks.

Georgi Arbatov made the remarks at a private disamment conference sponsored by the Institute for Policy Studies.

(Bill Gertz, Washington Times, A3)

Arbatov said his government still wants to negotiate a pact with Washington to "stop all development and research and production and everything else in the field of outer space weapons." (UPI)

U.S. EMBASSY PLANS INCLUDE NO SOVIET CITIZENS

No Soviet citizens would work in the new U.S. Embassy building in Moscow, scheduled to open in 1988, under a State Department plan designed to improve security.

About 200 Soviet citizens currently work at the U.S. Embassy compound in routine maintenance jobs. At least half of these positions would be filled by U.S. citizens with security clearances under the State Department plan.

(Rita McWilliams, Washington Times, A5)

CANADA URGED TO FREE TRADE WITH U.S.

TORONTO -- A prestigious Canadian commission strongly urged negotiations with the United States for a free trade agreement between the two countries, saying that such an agreement would be the best way for Canada to avoid being the target of possible protectionist legislation from the U.S. Congress.

The commission report said secure access to the giant American market was essential for Canadian manufacturers to survive in the highly competitive world trade environment.

(Herbert Denton, Washington Post, A25)

MeNAWARA: FOREIGN POLICY SHOULD FAVOR ECONOMIC AID

Former World Bank President Robert McNamara believes the United States is making a "short-sighted and regrettable" mistake with its foreign aid policy that favors military assistance over economic aid.

In testimony before a House subcommittee, McNamara said in prepared testimony that he is "concerned about the direction which U.S. foreign assistance policy is taking at present." (Bud Newman, UPI)

EDITOR'S NOTE: "Waiting in Honduras," a story by Robert McCartney on Nicaraguan refugees in Honduras and the support they provide for the Contra guerrillas, appears on page Al of The Washington Post.

(Thursday Evening, September 5, 1985)

SOUTH AFRICA/PRESIDENT'S SPEECH

CBS's Dan Rather: For the first time, the murderous racial violence has spread into areas exclusively for whites. In Washington, President Reagan reviewed what, if anything, he can do to head off likely U.S. congressional sanctions against South Africa.

CBS's John Blackstone reporting from South Africa: In a white suburb of Windsor Park today, replacing a few shattered windows was easy. It will be more difficult to rebuild the belief that whites are immune to the violence that has swept non-white neighborhoods. As minor as it was, this first attack on white homes was both sobering and frightening. Today while white Capetownians practiced with their firearms, they knew that last night someone in Windsor Park had needed a gun to keep non-white invaders away. As the violence has grown, so has the white desire for guns.

(TV coverage: Whites rebuilding neighborhoods, target shooting.)
The deputy minister of law and order today urged that South
Africans be ready to defend themselves.

(Deputy Minister A.J. Vlok: "It is not possible for the state to be responsible for the all the security for all the people at all times.") The deputy foreign minister warned the United States about enacting sanctions against South Africa.

(Deputy Minister Louis Nel: "The American decision in this issue may just start a turn of events which America will find impossible to control.")

CBS's Bill Plante reporting from Raliegh, NC, and the White House:

(TV Coverage: President on NC State U. campus, anti-apartheid students protesting Reagan policies, President addressing pro-Reagan students at rally.)

There were protests against United States policy in South Africa as President Reagan spoke on the campus. However, Mr. Reagan wasn't discussing the subject, either in his speech or in a luncheon which followed.

(President: "I'm not taking any questions.")

But growing pressure on the Administration's policy and the congressional vote on sanctions due next week, resulted in a White House meeting this afternoon to review alternatives. The President has told advisers he will veto sanctions, believing they are counter-productive. Congressional leaders have said that his veto will almost certainly be overridden.

(Sen. Leahy, D-Vt: "But I think all of us, and I'm speaking as a Democrat, all of us would feel a lot better in this thing if it was something that Republicans and Democrats in Congress and the President were able to agree on, because it sends a stronger message.")

The White House staff is looking for ways to avoid this potentially damaging confrontation with Congress, a veto accompanied by penalties, such as prohibiting sales of U.S. computers to some parts...

Plante continues: of the South African government, or prohibiting U.S. loans to certain South African companies. Meanwhile, Secretary of State Shultz warned House Republicans that if the South African government fell, the entire region could be threatened. Congress' message is clear, as Senate Majority Leader Bob Dole warned, the President must have some real alternatives if a veto is to be sustained. So Mr. Reagan is caught between political reality and

ABC's Jim Hickey: Gangs of young people blocked the streets with burning tires and broken glass. Police closed off the road leading into the township and warned reporters and others to stay out. As the unrest continued today, the South African government launched an anti-sanctions campaign aimed at the U.S. Senate vote scheduled for next week. In a book being distributed to South African embassies around the world, the government warned that sanctions here will do economic harm to its African neighbors. The government is warning Washington that it will not be responsible for any economic failure in those countries as a result of sanctions from Capitol Hill.

Sam Donaldson: President Reagan returned from the White House this afternoon from a tax reform sales trip to North Carolina to chair a policy meeting on South Africa.

(TV Coverage: President landing on south lawn.)

his own convictions, and trying to find a way out.

Mr. Reagan's top foreign policy advisers had been summoned to consider what to do about the Congressional legislation imposing mild economic sanctions on South Africa that will almost certainly be sent to the President's desk soon. Legislation, a State Department spokesman said again today the Administration opposes.

(Bernard Kalb: "We believe that sanctions will be counterproductive, hurting blacks in South Africa and stiffening white resistance to change.")

But Congress isn't buying that reasoning, and that includes many of the President's usual staunch allies, such as Senate Foreign Realtions Committee chairman Richard Lugar.

(Sen. Lugar: "None of the sanctions involved are going to affect black employment or really hurt the South African government. These are the rationales that I've heard given for a potential veto.") So if the veto rationales don't wash, what to do to prevent Congress At today's White House meeting, one from overriding the veto? strategy discussed was to couple a veto with an Executive Order imposing restraints on the sale of computers and U.S. government loans to companies doing business in South Africa that refuse to adapt non-discriminatory policies, hoping this would swing enough votes to sustain the veto. Avoiding a veto override is important beyond the dispute over South African policy. Officials here are concerned that a defeat on this issue could weaken the President's hand on other matters before Congress, could whet the congressional appetite on standing up to Ronald Reagan. So they want to avoid it. No decisions on how to do that were taken today; they'll all meet (ABC-4)again tomorrow.

NBC's Tom Brokaw: President Reagan, who is opposed to sanctions, reviewed his Administration's policy in a special meeting of the National Security Council today. And earlier today, at North Carolina State, Mr. Reagan renewed his campaign for American tax reform. (TV Coverage: President amid cheering college students.)

In a sweltering basketball arena, he held a pop quiz.

(President: "Do we want a decade of prosperity and 10 million new jobs before 1990?" Cheering. President: "Do we want America's tax plan a fair tax plan for everyone?" Cheering. President: "Something tells me I came to the right place!" Cheering.)

Mr. Reagan charged that the present tax system, with its shelters and loopholes, is not only unfair, but "dumb economics." However, as Mike Jensen reports tonight, there is a lot of resistance to the President's plan.

ABC's Mike Jensen: Most economists, liberal and conservative, think the Reagan tax reform is a good idea. They say it would wipe out loopholes and make the system more even-handed. But the general public does not feel the same way. The latest Gallup poll indicates that only 11 percent of the nation's taxpayers think their taxes would go down under the Reagan plan. 30 percent think their taxes would remain the same. And 46 percent think their taxes would rise. In Florida, the new tax plan is upsetting buyers and builders. More than 60,000 homes and apartments have been built there in the last 2 years, financed by the kind of tax-free bonds that the Reagan plan would eliminate. A lot of business executives are unhappy, because the Reagan tax plan would cut out some of their tax breaks -- on quick depreciation of equipment, for example. With so much sentiment against the President's tax plan, most experts say it will never make it through Congress this year. (ABC-8)

COMPARABLE WORTH RULING

Rather: A federal judge has ruled that the State of Washington does not have to pay hundreds of millions of dollars to more than 15,000 female workers.

CBS's Richard Wagner reporting from Olympia, Washington: The ruling by the 9th U.S. Circuit Court of Appeals deals a possibly fatal blow to the concept of comparable worth. In 1983, Washington became the first state to become subject to a comparable worth ruling for state employees. In overturning that ruling, the Appeals Court said a wage gap, by itself, does not show that the state intentionally discriminated against women. It said the state can follow market conditions in setting payscales.

(TV Coverage: Women doing office work.)

(Washington Gov. Gardner: "We recognize that we have issues of work disparity, but we'd like to resolve those ourselves..."

The concept of comparable worth has always been controversial. It's been called a "Mickey Mouse, cockamamie idea" by President Reagan.

Wagner continues: But despite that, and yesterday's ruling, advocates are not giving up the fight.

(Gerald McEntee of AFSCME: "We are hesitant to let the Circuit Court decision lay on the table as some kind of chill or negative effect across the country.")

Several comparable worth suits are pending around the country. There are many in this country who think that comparable worth is an idea whose time has arrived. They intend to petition the Supreme Court of the United States to put an end to what they perceive to be a calculated, nationwide policy of wage discrimination against women.

(CBS-5)

Jennings says the federal appeals court's ruling is "a major setback for women all across the country."

ABC's Barry Serafin: As for the Administration's reaction to the ruling, a Justice Department spokesman replied, "How about 'Yippie'?!" Others were more restrained but just as pleased.

(Linda Chavez: "It's certainly taken the wind out of the sails in terms of the kinds of arguments that have been used by comparable worth advocates, who would have you believe that any time you have disparities in average earnings between different groups of people

that you can point to that and decide it's discrimination.")
A great many people, including the President, to use his words, think it's a "cockamamie idea."

(EDITOR'S NOTE: ABC aired a debate between George Will and NOW's new president Eleanor Smeal on this issue.) (ABC-8)

NBC's David Burrington: The Reagan Administration has strongly opposed comparable worth, and today was delighted with the court decision.

(Linda Chavez: "I think this has been a devastating blow to comparable worth, both legally and politically.") (ABC-3)

RETAIL SALES

Rather: The nation's major retailers reported sales edged up in August and and it was said upscale department stores again performed better than chain outlets.

CBS's Ray Brady: After long months of slumping business, sales at many stores shot up last month, some by more than 30 percent. Who made the difference? Teenagers. Even though the numbers of teenagers is shrinking, the dollars they spend are growing, now at a record \$48 billion a year. And they're spending their biggest dollars on clothes for back to school. (CBS-6)

CAR SALES

ABC's Jennings: Those low-rate financing plans that car makers have been offering appear to be paying off in big way. Car sales during the last 10 days of August rose more than 75 percent, to their highest annual rate in 12 years. (ABC-11)

FARM CREDIT

Brokaw: The governor of the nation's farm credit system, Donald

Wilkinson, warned that it could collapse within 2 years, dragging the
rest of the economy with it, unless the government provides cash for
a bail-out. He said that bail-out would require what he called
"multi-billions of dollars."

(ABC-9)

TASS/ASAT

Brokaw: Tass said today the American decision to test an ASAT is not helping to create a good atmosphere for the November summit meeting. But it said there still is time for Washington to pursue what it called a "more realistic course."

(ABC-11)

FDA/AIDS WARNING

Rather: Federal health officials, hoping to eliminate the AIDS virus from the nation's blood supply, today recommended that any man who has had sex with another man, even once in the last 8 years, refrain from donating blood. This latest recommendation from the FDA applies even to men who may have had only a single contact and who do not consider themselves homosexual or bisexual.

(CBS-12, ABC-3, NBC-5)

E.F. HUTTON

Rather: In May, the E.F. Hutton Co. pleaded guilty to 2,000 counts of wire and mail fraud. The company long had been involved in a check-kiting scheme. But the Justice Department made a deal not to prosecute any of the individuals in the company. When criticism of that deal mounted, the chairman of E.F. Hutton hired former Attorney General Griffin Bell to "investigate." Today Griffin Bell issued a report clearing the official who hired him and the former company president of any criminal wrongdoing. He singled out 15 other E.F. Hutton executives for internal company punishment. (CBS-7, ABC-10)

ABC's Bettina Gregory: But a congressman investigating Hutton insists top management was involved.

(Rep. Wm. Hughes - D-N.J.: "You couldn't have that type of a scheme involving 114 branches, all 9 regions of the company, and not have headquarters happily participating.") (ABC-10)

D'AMATO

Brokaw: Sen. D'Amato charged that the Pentagon has what he called a "slush fund" of almost \$37 billion dollars. He said that money had been piling up since 1982 because Army budgets have overestimated inflation. He called on the Pentagon to give the money back to the Treasury to reduce the budget deficit. The Pentagon had no comment. (NBC-12)

PARIS BOMBING

Rather: In Paris a terror group calling itself 'Direct Action' claimed responsibility today for bombs that damaged offices of Renault and three other French companies that do business with South Africa. The group charged the companies oppress South African blacks and bolster apartheid by operating in the country. Two people were slightly hurt. (CBS-2, ABC-6, NBC-7)

SUMMIT P.R.

NBC's John Chancellor -- Commentary: An official at the White House was talking about the Reagan-Gorbachev summit the other day, and he told TIME Magazine that it may be that the summit will be won or lost on the public relations front. If that's the case, the United States may be heading toward a public relations blunder. The Soviet Union has been positioning itself as the party of peace and restraint. The American decision to proceed with the (ASAT) test...raises another question: What kind of message does this send to an anxious world? The message: two heavily armed parties are marching to the summit, and that the U.S. is working on more sophisticated arms while Russia piously says it is not. The test may be a public relations loser.

BASEBALL COCAINE TRIAL

- CBS's Harold Dow reporting from Pittsburgh, PA: U.S. Attorney outlined his case against Curtis Strong, a Philadelphia caterer accused of supplying cocaine to baseball players. Defense attorney Adam Renfrow forcefully contradicted the government's case. (CBS-3)
- ABC's Jerry King reports Kansas City outfielder Lonnie Smith came to the courtroom to testify for the government that he had purchased cocaine from Strong. Smith named 9 other players that he personally knew had used drugs. As a drug user, Smith named Pete Rose. The Cincinnati Reds issued a statement today saying there was no evidence of anything like that, and no reason to doubt Rose in any way.

 (NBC-Lead, ABC-Lead)

SUMMIT

Preparing For The Summit -- "...Is time for both sides to lower their voices and to devote their time and energy on preparing for the important meeting in November. Mr. Gorbachev was right about one thing. 'Abusive words are no help in a good cause.'" (Dallas Times Herald, 9/4)

The Gorbachev Offensive -- "...The leading unanswered question in Mr. Reagan's embrace of the Strategic Defense Initiative is whether, as he currently insists, he is truly bent on leaving a way open to deployment or whether he may be prepared to yield that up if Moscow accepts deep cuts in its first-strike capable, land-based missile force. The signals that the shrewd Mr. Gorbachev is now sending to Washington will increase the pressure on President Reagan to weigh limits on Star Wars, if Moscow agrees to those deep cuts. For both leaders, the scheduling of a summit is forcing tough choices."

Let's Pay Attention -- "...Reagan should halt the impending test of the U.S. anti-satellite weapon, or at the very least announce a postponement of any follow-up tests pending negotiations on the subject with Moscow. He should also announce the willingness of his Administration to get down to cases on the possible trade-offs between restraints on Star Wars research and strategic-weapons cuts. If the President is unwilling to do these things, he should not be surprised if a growing number of people in the United States and Western Europe decide that he, more than Gorbachev, is standing in the way of progress on arms control."

(Los Angeles Times, 9/5)

Tough Slog To The Summit -- "...The situation has reached the point where the United States seems committed to the first testing of a new anti-satellite weapon and the Soviet Union has warned it will respond with deployment of its own cruder but already tested ASAT system. This is hardly a hopeful summit sign....The summit signifies a presidential preference for accommodation. If this is correct, Mr. Reagan should start right now to find smoother paths in the foothills." (Baltimore Sun, 9/5)

Access, Key To Public Relations -- "...The Soviet leader promises unspecified 'radical proposals' for arms reduction, to be unveiled after the U.S. agrees to halt 'the militarization of outer space.' ...(This) is an ignorant way to describe what strategic defense would do. There is no excuse for American statesmen using it, nor for their being unaware of Soviet SDI developments. Yet the comments from the senators and the media have been all about what a great communicator Mr. Gorbachev is, and about what a worthy opponent President Reagan will have at the Geneva 'debate' -- with the media as impartial judge..."

(Washington Times, 9/5)

TAX REFORM

Rough Ride Ahead For Reagan -- "...The President has a potential winner in tax revision -- simplification, plus a trade-off of lower rates for fewer The potential, however, is cramped by the continuing deficit deductions. problem. Congress hesitates over some of the features, often some of the most reformist ones, out of legitimate fear they might cost the Treasury a few bucks. With deficits unlikely to fall much below \$150 billion a year even according to optimistic congressional accounting, there is little room for risk-taking with tax-system reform. The administration probably could improve the chances for tax reform if it would help cut the deficit, but that would require some retreat from past tax-cutting. Hmm. Wherever the two issues conflict, it is probably safer to bet on the tax-cutting than the tax reform. Tax cutting is Reagan's old love; reform is a recent flirtation." (Tom Teepen for the Atlanta Constitution, 9/5)

Mr. Reagan's Legacy -- "...Mr. Reagan is a man who wants to be remembered favorably by historians, and to his credit, he has succeeded in reducing inflation while bringing about strong economic growth. But without decisive action, Mr. Reagan's legacy may well be that he presided over the greatest federal deficits in history."

(Journal of Commerce, 9/5)

CENTRAL AMERICA

Defections Prove Central American Policies Justified -- "More proof has appeared that President Reagan's policies of opposing communist expansion in central America are the right ones for this country. Three Salvadoran rebel commanders have defected to the Duarte government's side with revealing statements. The three ex-commanders of the so-called Popular Forces of Liberation tell of being trained in Cuba for an attack on the Salvadoran Army's Fourth Brigade in El Pariso....Americans finally realize that it is not 'paranoia' to be aware of, or to fear, communist conquest of neighboring countries to the south. Events like these recent defections to freedom are proving it." (Newport (Arkansas) Daily Independent, 8/30)

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