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News Summary

OFFICE OF THE PRESS SECRETARY

MONDAY, SEPTEMBER 9, 1985 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Reagan Switches Course, Ready to Impose Sanctions Against South Africa -- President Reagan, working to avoid an embarrassing foreign policy defeat in Congress, is moving to impose immediate economic sanctions against the white-ruled government of South Africa, congressional sources say. (AP, UPI, Washington Post, Washington Times)

Botha Rejects Talks with Guerrillas -- President P.W. Botha has rejected as "unwise and even disloyal" reported plans by top South African business executives to meet with black guerrillas fighting his white-minority government. (AP, Washington Post, Washington Times)

NATIONAL NEWS

Taxes -- The chairman of the House Ways and Means Committee, back with his panel from a weekend retreat to discuss tax reform, says he believes President Reagan's tax overhaul plan can get through Congress this year. (UPI, Washington Post, Wall Street Journal)

NETWORK NEWS (Sunday Evening)

REAGAN/SOUTH AFRICA -- As South African authorities struggle with daily unrest, they are also fighting hard against sanctions from Capitol Hill.

TRADE POLICY -- Sen. Dole said President Reagan will have to do more than pursue unfair trade investigations to head off passage of protectionist legislation.

AMERICA'S TAX PLAN

The choice is clear. Let's take the high road to prosperity by fighting for an open, free and fair trading system with our economic partners and by encouraging them to adopt low tax, high employment growth policies. And let's keep our engines of growth humming here at home, too, by passing a new tax plan for America, a fair-share tax plan for all.

(President Reagan, Saturday
radio address, 9/7)

INTERNATIONAL NEWS

REAGAN TO IMPOSE SANCTIONS TODAY

President Reagan, moving to avoid almost certain defeat at the onset of a critical legislative session, will administratively impose economic sanctions against South Africa that closely parallel those in a bill that he has repeatedly threatened to veto, congressional and White House sources said.

Senate Majority Leader Dole who predicted earlier that the sanctions bills would pass easily and that a veto could not be sustained, termed the anticipated White House package "a great step forward" and said he will ask the Senate to postpone its scheduled vote this week.

(Milton Coleman and David Hoffman, Washington Post, A1)

Reagan Readies Own Sanctions Against South Africa

The measures, expected to include a ban on the U.S. sale of gold Krugerrand coins and curbs on bank loans to South Africa, were to be announced as the Senate resumed work on a sanctions bill expected to be approved this week.

(Norman Sandler, UPI)

Reagan's Tough Order May Forestall Vetoes

The measure also would halt the flow of U.S. computer equipment used to enforce South Africa's racial laws, set employment guidelines for U.S. firms in South Africa and provide aid for black South African students.

(Jeremiah O'Leary, Washington Times, A1)

Reagan Switches Course, Ready to Impose Sanctions Against South Africa

Imposition of sanctions would amount to a retreat under fire for Reagan, who has pursued a policy of "constructive engagement."

But with the Republican-led Senate expected to give final congressional clearance this week to sanctions legislation, and House and Senate leaders warning publicly that any Presidential veto would be overridden, the Administration decided over the weekend to effectively abandon that policy.

(David Espo, AP)

ANC CHIEF SAYS VIOLENCE AGAINST WHITES TO GROW

LUSAKA, Zambia -- Attacks on the homes and property of South African whites, such as occurred last week in the Cape Town area, symbolize the direction in which accelerating apartheid violence is now headed, said Oliver Tambo, the exiled president of the outlawed African National Congress.

(Blaine Harden, Washington Post, A1)

BOTHA OPPOSES TALKS BY BUSINESSMEN WITH EXILED REBELS

JOHANNESBURG -- South African President Botha strongly condemned a proposed meeting between white business leaders and officials of the outlawed African National Congress.

Denying newspaper reports that he had given tacit approval of the planned session, Botha issued a statement saying, "I regard such attempts as unwise and even disloyal to the young men who are sacrificing their lives in defending South Africa's safety."

(Glenn Frankel, Washington Post, A15)

Botha Won't Sanction Any Business Leaders' Talks with ANC

In rejecting the talks, Botha said a businessman had broached the idea with him recently.

He repeated the government's official position on contacts with the ANC, which had been banned since 1960 because of its military wing's activities and its links with the South African Communist Party.

(Michael Sullivan, Washington Times, A7)

Botha Rejects Talks with Guerrillas; Two More Blacks Die

Botha acknowledged that a "leading South African" suggested the plan to him a few weeks ago. He did not identify the person.

"I strongly advised against it," said Botha. "As long as the ANC is under communist leadership and supports violence in South Africa, there can be no question of me approving discussions with them." (AP)

REAGAN CALLS CABINET-LEVEL SESSION ON TRADE

President Reagan scheduled a Cabinet-level discussion for today to refine a new strategy for dealing with a staggering trade deficit and an increasingly protectionist-minded Congress.

Under pressure to act before Congress does, Reagan plans a major speech at mid-month to lay out a policy rooted in the principle of free trade but committed to opening foreign markets, Administration officials said. (Norman Sandler, UPI)

REAGAN DRIVE ON FOREIGN TRADE CURBS IS UNLIKELY TO BLUNT PROTECTIONIST PUSH

President Reagan's latest steps to combat overseas trade barriers are expected to buy time on Capitol Hill, but they won't blunt protectionist pressures, Administration and congressional strategists say.

The actions the President announced Saturday were hailed, but only cautiously, by lawmakers. (Art Pine, Wall Street Journal, 3)

SENATE MAY JOIN HOUSE IN BATTLING WHITE HOUSE OVER TRADE

An independent-minded Senate goes back to work today with leaders saying President Reagan's move against unfair trading practices in Europe, Japan, South Korea and Brazil has done little to satisfy the appetite on Capitol Hill for protectionist legislation. (Cliff Haas, AP)

THAILAND

BANGKOK (AP) -- Rebel military officers seized control of official Radio Thailand and announced they had overthrown the elected government. Tank and machine-gun fire was heard a few hours later. (AP)

Killed in the street fighting was NBC News Bangkok bureau chief Neil Davis, a veteran Australian journalist, who was shot as he filmed clashes near Government House, NBC spokesman Larry Hofstetter said in New York.

Another NBC employee, Bill Latch, was wounded, witnesses said, but his wounds did not appear to be serious. (Ted Chan, UPI)

Thai Army Ousts Absent Leader in Quick Coup

The (rebel army) commanders, identifying themselves as members of the "revolutionary party," cited a desire to maintain the status of Thai royalty as a reason for overthrowing the government of PM Prem. (Washington Times, A1)

Military Group Claims Coup In Thailand

A statement broadcast by coup leaders said they also were in control of the Supreme Command Headquarters, the Parliament building and the government radio station, Radio Thailand, early this morning. The statement said anyone not obeying the revolutionary party's orders would be "dealt with decisively." (William Branigan, Washington Post, A1)

In Jakarta, Indonesia, Thai PM Prem said the coup against his government had failed and that he was returning to Bangkok immediately. (UPI)

CHEMICAL ARMS CURBS ARE SOUGHT

In an effort to stem the tide (of chemical weapons development), officials and chemical specialists from the United States and chemically advanced Western European and Asian countries held an unpublicized meeting for several days last week in Brussels, under the leadership of Australia, to discuss ways to prevent the production and use of chemical weapons from spreading to additional countries. This was the second meeting since June of this group, whose existence is so sensitive with some governments that it has not been given a name.

(Don Oberdorfer, Washington Post, A1)

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MILITARY VICTORY IN CENTRAL AMERICA UNLIKELY, 'SECRET' PAPER SAYS

U.S.-backed forces fighting in Nicaragua and El Salvador are unlikely to win military victories and the Reagan Administration plans to ask more money from Congress for Central America, according to a secret State Department draft paper.

The four-page document also states that collapse of the so-called Contadora peace talks "wouldn't be a total disaster for U.S. policy" and that the chief U.S. effort to help the region's economies "has been disappointing."

(Robert Parry, AP)

U.S. Funding Shortfall Frustrates Latin Policy, Secret Report Says

The draft report, classified "secret" and obtained by the AP, was written as a suggested presentation by Assistant Secretary of State Elliot Abrams to the conference to be held this week in Panama. State Department officials, however, said it was revised before going to Abrams and its content does not necessarily reflect U.S. policy.

(Washington Times, A3)

THATCHER PRESSURES U.S. TO 'BUY BRITISH'

The British government, led PM Thatcher, has turned a \$4.3 billion U.S. Army contract into an international tug-of-war.

Thatcher last week sent a letter to President Reagan to help a British company win a contract to modernize the Army's battlefield communications system called MSE, for mobile subscriber system.

The letter was the culmination of a summer of political pressure from London, including a White House visit by Thatcher, to reverse a reported Pentagon preference for a competing French group.

(Hugh Vickery, Washington Times, A1)

GORBACHEV ACCUSES U.S. OF IGNORING MOSCOW'S ARMS CONTROL INITIATIVE

MOSCOW -- Soviet leader Gorbachev accused the United States Friday of ignoring Moscow's arms control initiatives.

"The U.S. Administration does not display the wish to follow the example of the Soviet Union, which has unilaterally halted nuclear blasts till the end of the year," Gorbachev said in a letter to the Indian Nonaligned Movement Institute.

(UPI)

U.S., SOVIETS TO TALK ABOUT ASIA

The United States will open two days of long-sought talks later this week with the Soviet Union on Indochina, Korea and other issues in Asia, the State Department says.

Paul Wolfowitz, assistant secretary of State for East Asian and Pacific affairs, will lead a three-member delegation to Moscow for talks Thursday and Friday with Deputy Foreign Minister Mikhail Kapitsa, the highest-ranking Soviet specialist on Asia, and other experts, State Department spokeswoman Anita Stockman said.

(UPI)

WEST GERMANS' DECISION KEY TO EUROPEAN 'STAR WARS' ROLE

The future of European participation in the Strategic Defense Initiative -- as well as the fate of France's similar Eureka Project -- may well lie in what a delegation of West German officials and industrialists decide this week.

After two days of talks in Washington, the delegation of 30 high-ranking Germans -- 18 industrialists and 12 officials -- split into four groups over the weekend to tour sites involved in the SDI program.

The group will return to Washington later this week to complete its official talks.

(Tom Diaz, Washington Post, A3)

ANTI-U.S. PROPOSAL SCORED IN GERMANY

BONN -- Chancellor Kohl's Christian Democrats denounced as "betrayal" and "anti-Americanism" an opposition draft strategy paper that seeks the pullout of U.S. troops from West Germany.

The 23-page draft strategy paper being considered by the Social Democratic Party's Security Policy Commission also lists as one of its long-term goals the withdrawal of U.S. medium-range nuclear weapons from the country.

(Washington Times, A7)

EDITOR'S NOTE: "IPS leaves heart to Soviets high on a San Francisco hill," an article by Bill Gertz on an Institute for Policy Studies conference, appears on page A1 of The Washington Times.

"After Sluggish Period, European Economies Have Better Prospects" by Peter Norman is on page 1 of The Wall Street Journal.

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NATIONAL NEWS

ROSTENKOWSKI VOWS FAST ACTION ON TAXES

Members of the House Ways and Means Committee returned from a weekend retreat saying that they are committed to overhauling the tax code, and Chairman Rostenkowski -- surprising some of his troops -- predicted the the panel will take three weeks or less to write a bill.

(Anne Swardson, Washington Post, A3)

The committee spent the weekend at a spacious guest house in Virginia's bucolic horse country to discuss tax reform with Treasury Secretary Baker and other economic experts.

Rostenkowski said no final decisions were made but the retreat prepared committee members to take up the bill, which it is scheduled to do at the end of the month.

(UPI)

House Committee Ends Weekend Talks Sure About Drafting Tax Code Revision

How far tax rates might be lowered remained a contentious issue. Secretary Baker, who attended the private meeting, insisted throughout the weekend that President Reagan won't countenance individual tax rates higher than the 35% he has proposed, down from the current top rate of 50%.

Several members explained that many House Democrats can't accept so deep a cut.

(Jeffrey Birnbaum, Wall Street Journal, 50)

PRESIDENT MAY BEND ON FEDERAL TAX DEDUCTION FOR STATE, LOCAL TAXES

As the House Ways and Means Committee prepares to write its version of tax reform, the Reagan Administration is signaling a willingness to compromise on the key issue of deducting state and local taxes.

Except for four major premises that President Reagan himself has said repeatedly are not negotiable, the committee is assuming that every other issue -- including state and local taxes -- is up for debate, several members of the panel said.

(Jim Luther, AP)

TOO BIG FOR HIS BRITCHES?

When President Reagan was in the hospital recovering from cancer surgery, his chief of staff and self-styled "prime minister" wanted to make the daily round trip from the White House to Bethesda Naval Hospital by helicopter. Donald Regan dropped the idea after First Lady Nancy Reagan expressed doubts about it, but Regan's flight of fancy expressed a symbolic truth about his self-importance.

As the President heads into the rough waters of his second term, Regan is big stuff in the White House.

(Lou Cannon, Washington Post, A2)

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WITH VETO PEN DRAWN, REAGAN FACES HILL

With President Reagan and Congress deeply divided over South African sanctions and other major legislative issues, the President is waving his veto pen more vigorously than ever.

But Reagan has rarely invoked his power to shape legislation through the veto process, and whether he will do so this fall remains an open question, according to both his critics and supporters.

(Mary Belcher, Washington Times, A2)

FOR THE GOP IN '86, IT'S LIVE OR DIE WITH REAGAN

Ronald Reagan is the key to Republican chances for retaining control of the Senate in 1986. His popularity may pull them through or his policies may do them in.

That's the impression left by a session with Sen. Dole.

Dole is treading a difficult line. He described the two biggest issues in the 1986 elections as the farm crisis and trade and, in both cases, the White House position could be politically damaging to Republican candidates.

(News analysis by Donald Rothberg, AP)

DEMOCRATS PROMISE CLOSER SCRUTINY AS REAGAN NAMES FEDERAL JUDGES

Democrats on the Senate Judiciary Committee say they'll give closer scrutiny to President Reagan's judicial nominees, just as the Administration is poised to select nearly 100 additional federal judges.

The Democratic effort comes at a crucial time for the federal judiciary, which has 95 vacancies due largely to legislation that created 85 new judgeships during the last Congress.

(Larry Margasak, AP)

NAVY'S FLEET GOAL WOULD REQUIRE ANNUAL BUDGET RISES, CBO SAYS

The Navy's current \$100 billion budget will have to be increased by nearly half by 1994 if the service's goal of maintaining a 600-ship fleet is to be realized, according to a congressional study.

The CBO studied the Navy's goals in response to lawmakers' uneasiness over costs.

(Walter Andrews, Washington Times, A2)

ELECTION COMMISSION SAYS \$23 MILLION DONATED IN '84

Political action committees and individuals spent nearly \$23 million on the 1984 election, much of which was disbursed by conservative groups for what turned out to be a sure thing -- Ronald Reagan's re-election.

The biggest individual spender was Michael Goland, a rich California businessman who staged a one-man advertising campaign to help unseat former Sen. Percy. He spent \$419,573, according to a report on independent expenditures released by the FEC.

(Washington Times, A4)

REAGAN-INTERVIEW

President Reagan will be interviewed today by three college students selected by the North American Network on a range of topics approved by the White House.

Network spokesman Paul Roellig said the interview will be broadcast Sept. 19 by 300 public and 1,300 college radio stations.

(UPI)

EDITOR'S NOTE: Ralph Hallow's story on the House Budget Committee chairman, "Gray uses budget as a stepping stone to Hill prominence," appears on page A1.

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NETWORK NEWS SUMMARY

(Sunday Evening, September 8, 1985)

REAGAN/SOUTH AFRICA

Sam Donaldson: President Reagan will make a move, probably Monday, to head off a bruising defeat at the hands of Congress on the matter of South African sanctions. With Congress poised to send him a sanctions bill he doesn't like, Mr. Reagan will announce some new steps of his own against the white minority South African government, which he hopes will take the steam out of the tougher Congressional approach.

Sheilah Kast: President Reagan returned from a weekend at Camp David, brushing off reporters' questions about his plans for economic sanctions against South Africa. The President is expected to ban the sale of gold krugerrands in the U.S., but only if the international trading organization, the general agreement on tariffs and trade, gives its O.K.

(TV Coverage: President, Mrs. Reagan disembarking helicopter at White House.)

Other parts of the executive order will reportedly:

- block new U.S. bank loans to South Africa, unless they help black education, health or welfare.
- stop sales of computers to South African agencies that enforce apartheid.
- stop shipments of nuclear technology to South Africa.
- require U.S. companies in South Africa to follow fair employment practices.

In the past, the President has insisted that sanctions would hurt the very black South Africans they're aimed at helping. But by overwhelming margins, both Houses of Congress have approved bills that would impose the steps the President is taking right away, and would require him to impose much tougher sanctions a year from now if South Africa does not make substantial progress in eliminating apartheid. Sen. Dole said the President's move might effectively block the final vote on the sanctions bill, which had been expected Monday.

(Sen. Dole: "What I would hope we could do to get this tossing around -- I haven't thought much about it -- would be to maybe postpone the vote on the conference report. Postpone it until, say, next March or April 1. Then if the Administration doesn't follow through on what they suggest, then we'd vote on the conference report.")

The President's aides insist this maneuver is not a serious change in the Administration's policy of constructive engagement of South Africa. By offering light sanctions now, the President may avoid heavier ones later. As well as avoiding the blow of seeing his veto overridden by Congress.

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Jim Hickey reporting from South Africa: The black township of Gugulathu, near Capetown, quiet today bore the effects of violence last night.

(TV Coverage: Cars, trucks gutted in the streets.)

As South African authorities struggle with the daily unrest, they are also fighting hard against sanctions from Capitol Hill. Deputy Foreign Minister Louis Nel condemns the expected Senate action this week, but seems not too upset that President Reagan might take milder measures on his own.

(Nel: "I think the President's attitude has been that he's against sanctions, I think time will prove his political instincts to be right again. And I only hope that he won't be pressured into accepting a sanctions bill from Capitol Hill.")

Nel warns that such a bill will be morally wrong, because of its effect on the entire region.

(Nel: "And this is the very important point that America must please understand: this will mean that older black people...in the whole of southern Africa, will suffer, will go hungry.")

What the South Africans are trying to do with their campaign against sanctions is to present congressional critics of apartheid morality with their own moral dilemma. (ABC-Lead)

TRADE POLICY:

Donaldson: Sen. Dole said President Reagan will have to do more than pursue unfair trade investigations to head off passage of protectionist legislation. Speaking of the action announced by the President yesterday, Dole said, "this will not be enough." Clayton Yeutter said the White House is considering offering some legislation of its own in the trade field. "We have to get ahead of the pack", said Yeutter. (ABC-2)

TAX REFORM:

Donaldson: Prospects for tax reform this year may have gotten a slight boost this weekend, when the tax-writing House Ways and Means Committee huddled with top administration officials at a country retreat near Washington. Both sides are predicting forward movement for reform. But as Charles Gibson reports, that may be still not enough.

Charles Gibson: 33 members of the committee that will write the House tax reform bill and Treasury Secretary Jim Baker spent the weekend there. Baker, at the conference, reportedly told committee members the President would not compromise on some things: the deductibility of home mortgage interest, for one, and a top rate on personal taxes of 35 percent, for another. But that leaves a great deal to be negotiated.

(Rostenkowski: "There's going to have to be some patience, that flexibility and bipartisanship are going to be the key elements in what I think is our ability to put together a worthwhile reform measure.")

(Baker: "We're still of the view that there's at the very least a fair shot of getting that done this year.")

Gibson continues: But that optimism that a tax bill can be passed is not widely shared. On return from recess, the Speaker said the House would consider a bill, but he expressed doubt.

(O'Neill: "I found no sentiment among the business people of America, no sentiment among the people at home.")

Sen. Dole today expressed doubt.

(Dole: "Not a single person who really spends all their time looking at all this feels it's going to pass this year.")

Well, not every single person.

(TV Coverage: President plugging tax reform to audience this week.)

The President has been on a speaking tour for tax reform, and he'll keep trying to build sentiment for it. But if the sentiment is there, most in Congress say they don't see it -- yet. (ABC-3)

SOVIET ENVOY/P.R. BATTLE

Donaldson: The Boston Globe reported today the Soviet Union has offered to reduce its missile and bomber force by 40 percent over the next five years, if the U.S. will ban tests of star wars missile defense weapons over the same period. The Globe described its source this story as a Soviet-bloc diplomat. U.S. officials said they haven't heard anything from the Soviets about such a proposal. And it may be just another move in Moscow's Public relations campaign in advance of the Geneva summit. (ABC-6)

MEDIA ANALYSIS/U.S.-SOVIET RELATIONS

Jeff Greenfield: It's hard to imagine a more serious issue than the question of arms control in a nuclear age...But watching the pre-summit maneuvering in the American press, you'd think the really decisive weapon was which side had the better public relations advisers.

(TV Coverage: Gorbachev's Time interview photos).

(Robert McFarlane: "But without some change in the Soviet approach to security issues, in fact in the thinking that underlie them, I fear that even incremental improvements will be extremely hard to reach...")

(Larry Speakes: "There's a new Soviet face on our television virtually once a week. Yet, the access to the Soviet media, as far as United States individuals is severely limited if not non-existent.")

As the summit draws closer, you could only wonder how much more clever the Soviet media campaign will get. Perhaps soon, we'll see a slick, 30-second tv commercial, featuring a little old lady in Moscow, reading Ronald Reagan's latest proposal, looking up and asking, "Where's the beef?" (ABC-7)

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ABC -- THIS WEEK WITH DAVID BRINKLEY

Moderator: David Brinkley. Guests: Clayton Yeutter, Sen. Danforth, Sen. Bentsen, Ambassador Ukawa -- Consul General of Japan. Panelists: George Will, Sam Donaldson.

TRADE IMBALANCE

BRINKLEY: Ambassador Ukawa, are you surprised that a (protectionist) movement has appeared in Congress?

UKAWA: I won't say I'm surprised. I think what is really important here is that Japan is still a friend and ally of the U.S., and (your) economic well-being is of equal concern to us. I think we need to continue constructive dialogue....Your manufactured goods exports to Japan have been increasing despite numerous increases in the number of Japanese trade packages over the years. At the same time, it's probably the interplay of macroeconomic factors, how we manage our own economy...that may have had a greater impact.

WILL: Mr. Ambassador,you...have a prarie fire of protest against Japan in Congress. What will you do to try and put this out, and what will you do about (what amounts to) sneaky trade barriers?

UKAWA: I acknowledge there is a widespread feeling in (America) that our markets are closed....we should look at it rationally rather than be critical of each other.

DONALDSON: Since you say your perception is that you're fair and our perception, therefore, is wrong, if the United States passes one of these restrictive and punitive measures against Japan, would Japan...retaliate?

UKAWA: I don't know what Japan would do, because I think the U.S. Administration and my government would wish to (see) that these trade bills will not be passed. My personal reaction would be that some of the bills proposed are contrary to obligations undertaken by both the U.S. and Japan under the general trade agreement, and we should try to seek redress in the general agreement, rather than retaliate immediately.

GUESTS: SENATORS BENTSEN, DANFORTH.

WILL: Sen. Danforth, you care a lot about shoes. Now...I can see protecting the steel industry, because a great nation, for national security reasons, needs a steel industry. Who cares who makes our shoes?

DANFORTH: Obviously, the people who live in smaller communities...where that's the only real employment...care a great deal....The shoe plant also offers supplementary employment to many people who want to continue to live on the farm. But the most important thing is...the shoe industry followed the procedures under the General Agreement on Tariffs and Trade, (and) got no relief whatever. So...the question is, are we as a country committed to upholding (the law) agreed to between nations in 1947?

WILL: Whether or not it's the law, isn't this a recipe for freezing the economy in an anachronistic model?

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THIS WEEK (continued)

DANFORTH: ...Free trade is the right idea, but it has to be pursued under a system of international rules, and right now those rules are not being enforced. They're not being insisted upon by the U.S., they're not being abided by by our trading partners. So I think rather than scrapping the system of free trade, we should try and shore up that system and rebuild it.

DONALDSON: Sen. Bentsen, Saturday the President announced some investigations (into the practices of) three of our trading partners, plus the Common Market..., to head off protectionist legislation from Congress. Will he succeed?

BENTSEN: It's a step in the right direction. We've been pressing him for a long time to try to bring down some of these barriers and I'm delighted to see that. But...(these) really involve very minor volumes in trade. What we should be doing is (fighting the trend) toward managed trade...that's what really hurts.

DONALDSON: ...Are you... also trying to protect U.S. industries when it's just a question of inefficiency?

BENTSEN: No. I'm really trying to see that we knock down some of these barriers and let our products in.

BRINKLEY: Sen. Danforth, one reason our exports are not as high as we would like is that the dollar is so high and the government deficits and interest rates are one reason for that. Aren't we treating a symptom here, when we really should be treating the basic disease?

DANFORTH: ...The battle to balance the budget has to be fought very aggressively. However, with a country such as Japan, intent on shutting out the imports from other countries, it doesn't matter whether the currency is valued at a high rate or a low rate.

DANFORTH: The textile bill is the most likely (of trade bills) to reach the President's desk. The President will surely veto it. It's a quota bill. I think it will be a very close fight on the override of the veto.

DONALDSON: You would take away, in a textile bill, the President's discretion in whether to put into effect quotas or an increase in the tariff when it's recommended by the International Trade Commission. Why wouldn't you leave that in the President's hands?

DANFORTH: This is a little different matter (shoes). The shoe industry fought this case for years, and won under the legal process. And when it was all over the President turned thumbs down. I don't think that's the way the system is supposed to work.

DONALDSON: But that was his right, was it not?

DANFORTH: Under existing statute, that is his right...but when there's no relief at all. The right to say, "I don't care about the legal process, I'm going to turn it down", is really an abuse of the system that was intended by Congress.

THIS WEEK (continued)

GUEST: AMBASSADOR CLAYTON YEUTTER.

BRINKLEY: Ambassador Yeutter, who is in charge of trade policy in the United States, anybody?

YEUTTER: I think it's pretty well organized. The President's in charge. Some of the arguments that there isn't really a trade policy are a bit of a cheap shot, meaning that people don't like the trade policy that's there, meaning they'd like to go protectionist.

YEUTTER: We've got to deal with the federal deficit; then well over half of the foreign trade deficit will come down.

WILL: ...The law is the law...as the Senator said a moment ago, the ...President disregarded it. What's your answer?

YEUTTER: The U.S.I.T.C. found injury, and I would not disagree with that finding, but the President then under the law must determine whether granting relief is in the overall national economic interest.

BRINKLEY: Now (that you've said) that about 50 percent of our trade deficit is caused by this strong dollar, how much of the other 50 percent is caused by what the Japanese accuse us of: sloppy workmanship, poor quality goods and so on,

YEUTTER: More than we'd like to admit sometimes. We just can't sit on our haunches and whine, we've got to be competitive.

FREE-FOR-ALL-DISCUSSION -- Tom Wicker joins panel.

ON U.S./SOVIET P.R. CAMPAIGN:

WILL: Evidently Gorbachev has satisfied someone's criteria of being a great communicator. Time (gave) Gorbachev a kind of soapbox. That illustrates the asymmetrical problem here in these two superpowers, because public opinion matters here, but not in the U.S.S.R.

DONALDSON: George, you missed the boat if you think it's just a bunch of planted questions he gets to answer. You'll remember...he went over and charmed Margaret Thatcher. And (she) came out and said, "I like Mr. Gorbachev, we can do business with him."

WILL: What has he communicated?

WICKER: What Gorbachev is doing now is speaking to people's hopes and desires. People want to see an arms control agreement...better U.S./U.S.S.R. relations. Gorbachev is speaking very cleverly to those hopes and desires, and people are responding. ...President Reagan, rightly or wrongly, pursuing his own view of the situation...

is being
forced by those views to take a more negative position.

BRINKLEY: Suppose this P.R. campaign succeeds. Suppose he persuades other countries around the world he means well and so on. What do the Russians care? They don't depend on world opinion.

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THIS WEEK (continued)

WILL: The President is playing right into their hands. (interrupted)

DONALDSON: The President is very sensible when he gives interviews, as he has, saying we mean them no harm and we want better relations with the Soviets. Ronald Reagan is right to take a realistic view of what might come out of the summit and not raise expectations. But he may be wrong in announcing an ASAT test. Why do it now? It gives Gorbachev a propaganda weapon. We could wait until after November 19.

WICKER: Why did the field have to be left as clear...for Gorbachev to pose as the man who wants peace, etc. and Reagan to be seen as the man who does not want those things.

WILL: One of the problems with summits is that they do tend to raise expectations. Particularly with Western, liberal democratic societies where people tend to believe everyone's like them; reasonable...want to live and let live.

BRINKLEY: Congress will return tomorrow. What will they do?

WICKER: Protect trade and probably pass a bill. Also there will be great agitation -- at least in the House -- on the tax reform bill. They seem confident they're going to do it.

DONALDSON: ...They'll pass a bill that won't amount to much. Why? Ronald Reagan has started a stump campaign for tax reform, but unlike last year, when he campaigned with balloons and happy feeling and "morning in America", etc., and we had to carry it on tv, because it was a political campaign. We don't have to carry it this year, and we're not. There's nothing new in it. This is P.R., not news.

WILL: Congress will do anything to avoid talking about the deficit.

DONALDSON: Congress and the President have already thrown in the towel; there's not going to be any deficit reduction this year. And apparently, there's not a groundswell for tax reform out there. Even Jesse Helms says so.

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CBS -- FACE THE NATION

Moderator: Lesley Stahl.

Guest: Sen. Dole.

STAHL: Do you think (the President) has gone far enough to head off what you've called this protectionist wave in Congress?

DOLE: First, I share the President's view on open markets. I mean, I don't think we ought to start this protectionist derby in Congress, but I do believe that he's going to have to do more, and I'm hopeful that we can work with the President, with Clayton Yeutter...with Don Regan and others to, you know, work out some accommodation that we all can support.

STAHL: Do you think that the President will take even more steps than he announced, or you'll urge him to, I assume?

DOLE: Well, we'll urge him to. We believe that this will not be enough....

STAHL: Do you think that, particularly on this issue...that the President is not reading the will of the American people?...

DOLE: I think it's more difficult for any President to sort of read the will. When they go into, say, North Carolina, or Independence, Missouri, they are pretty well insulated. They don't go out and listen to people. All of us running for Congress or whatever, members of both parties, we're out there with the voters, and we get a little different reaction. I mean, they're after us.

STAHL: ...Tip O'Neill...says that the President just doesn't care.

DOLE: I don't share that view at all. The President does care, and when he has a 65% approval rating, he doesn't get there with a song and dance, as Larry Speakes, the press secretary, said. So there's a lot of respect for Ronald Reagan, but I do believe that we may have a little better feel for the issues politically than any president, or particularly anybody in the White House staff.

STAHL: Is this issue going to hurt Republicans, do you think, particularly if Tip O'Neill keeps making the point, that the President doesn't care about jobs...?

DOLE: I think it could hurt the Republicans. I saw a statistic yesterday where we'd lost about 300,000 manufacturing jobs in the last several months....Those people don't want to hear the free trade speech, and I think it's not so much protectionism, it's trying to limit some of the unfair trade barriers and lack of access we have to markets in Taiwan, Korea, Hong Kong, Japan, the People's Republic of China, Brazil, Canada.

STAHL: Do you think (the President) has gone far enough (on South Africa)?

DOLE: We don't know yet, and we'll know, hopefully, tomorrow morning in the press.

FACE THE NATION (continued)

STAHL: Would you urge then that the Republicans not vote for the harsher sanctions against South Africa that are in the bill that's coming before --

DOLE: ...What I would hope we could do is to have reasonable Republicans and Democrats, if the President makes a strong statement tomorrow and does certain things that are already in this legislation, we'd declare victory, all of us. It's much better from our standpoint to have the Congress and the President working together with one voice for foreign policy, that being the President's. I think it has more impact on South Africa. So I would hope we could work it out.

STAHL: You had a meeting with Don Regan on Friday...a luncheon with the Chief of Staff at the White House, I assume to mend fences....What did you say to each other? Did you mend fences?

DOLE: We didn't have to mend fences. We've been good friends for years, but I think there is a -- I think the media really likes to -- a little confrontation, and some of us are willing to help them out now and then, but --

STAHL: Yes, blame the press.

DOLE: No, we have to blame ourselves, but we went over the agenda....I think...that we have a little different view in some of these issues. There is no one in the White House I know running in 1986, and that's the point we want to make. We want to be on the same team, but we also want to be in on some of the decisions.

STAHL: ...Are you coming here to say all is forgiven?...

DOLE: I'm not mad at anyone....I don't blame anyone....I just think there has to be more communication, more private visits with the President, more one-on-ones with Don Regan and others who make policy. We kind of like being in the majority, and I think we do the President a great service, and we want to continue this in '87 and '88, the last two years of his term.

STAHL: There was a sort of a veiled threat from the White House about a week or so ago, that Republicans would make a big mistake if they started to take Ronald Reagan on because he's so popular. Have you taken that to heart?

DOLE: We don't take Ronald Reagan on, but we think we can differ on issues. In my state, in Kansas, among farmers, the President has about a 36% positive rating. Mine is about 65....I think the President could be much higher, and he will be once he gets out front on the farm issue, which I believe you'll see happening soon....

STAHL: But can you help the farmers and not add more to the budget...?

DOLE: We could have helped the farmers more had we dealt with the deficit to reduce the value of the dollar to make it possible to export more, but, yes, we can still have income protection and still spend less money....

FACE THE NATION (continued)

DOLE continues: ...I think it's well to point out very quickly that in the first four years of Ronald Reagan, price support programs cost \$63B. In Carter's four years, it was only \$20B.

STAHL: What about civil rights? You filed a brief with the Supreme Court opposing the Administration's stand on the Voting Rights Act. What's your view of the Administration's civil rights policy in general?

DOLE: My view is it could be better. But on the Voting Rights Act, particularly this particular case, I was the one who offered the compromise -- along with Mathias, Sen. Grassley, Sen. Kennedy -- and we believe that a mistake was made, that the Justice Department should not be in this case, but they are. We're hopeful that we can protect the rights of minorities, which includes Republicans in some states, to have a fair shake at the ballot box.

STAHL: I want to ask you...about the disparity, if you will, between the President's personal popularity and what you and others perceive as the unpopularity of all his issues.

DOLE: Not all of them, but, I mean, I think, you know, tax reform is really the President's big thing this year....All these other things are not part of the President's program....My view is that we ought to be able to blend the two. If you can blend his personality and his popularity with some compromises on some of these issues, then we're going to be in great shape in '86, but if we have a confrontation, as we've had in the past -- let's face it, we think the rug was pulled out from under us on the budget. We didn't like it, but that's passed. Let's move on to the next game.

Guests: Elizabeth Drew and Fred Barnes.

ON U.S.-SOVIET RELATIONS:

BARNES: (The President) may be winning some things here in Washington, but the summit, he's clearly losing the propaganda PR war with Gorbachev, and a lot of people at the White House are worried about it.

STAHL: But what I hear is that they don't have much of a strategy for the summit yet; they haven't gotten themselves organized for that at all. Is that what you're hearing, Elizabeth?

DREW: Yes, and of course there are deep splits within the Administration, obviously, on how to deal with the Soviet Union, and arms control is one enormous component of that....

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NBC -- MEET THE PRESS

Moderator: Marvin Kalb. Panel: Robert Novak, Albert Hunt of The Wall Street Journal.

Guest: Governor Mario Cuomo.

KALB: Do you consider yourself an enemy of the President's tax reform plan? And (if Rep. Rostenkowski) came back with a compromise on the issue of deductibility for state and local taxes, would you accept it?

CUOMO: I'm certainly not an enemy of tax reform. We've done it in New York and I think we need it....I don't like the President's plan. In a nutshell, it is devastating to the middle class....

KALB: What about the compromise on state and local (deductibility)?

CUOMO: That's totally unnecessary. I mean, the disallowance of deductibility of state and local taxes would violate all the principles of federalism in this country since Lincoln....You have \$30B in foreign tax credits you could use.

KALB: Governor, your view of the President. The Gallup Poll says that 65% of the people approve of what it is that he's doing. Could it be that...they are right and you are wrong?

CUOMO: Oh, no. 65% of the American people say that they give him a good approval rating. He's very, very popular, he's popular in my house, he's popular with me. I can't remember an individual as president who has done more by way of personal deportment, personality, the way he's reacted to the crisis of this operation, the way he reacted to the shooting, his unflappability, this extraordinary charm and geniality he has, I like him too. And I think the American people are at peace, relatively. They think the economy looks pretty good. He is a wonderful, wonderful human being, we all know that, and they say so in the polls. They don't however, say in the polls, "We think he's right about the \$200B deficit." He told us there wouldn't be one. Now there is one. We've changed our minds with him. They're not not saying discrete things like that, they're not voting on Nicaragua. They're not voting on the trade issue. You can't tell me that 65% of the American people believe that the President is right when he says you shouldn't protect shoes, you shouldn't protect steel, you shouldn't worry about those 3 1/2M jobs, they're not saying that. They're saying they love the President; so do I.

NOVAK: ...Could you just say simply whether you will oppose a tax reform bill that includes a compromise provision on deductibility?

CUOMO: ...People who give 70% of the total amount of revenues, these are the people who take the deduction, 87% of them under \$50,000, 50% of them under \$30,000 -- the middle class. The rich get twice as much a break as they do. This middle class, the overwhelming majority of people, who the President calls a special interest, no. These people should not be required to compromise, not even a little bit, as long as you give them the capital gains treatment, the depreciation treatment, as long as you are taking care of major corporations that are paying no taxes, no, they shouldn't have to compromise.

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MEET THE PRESS (continued)

NOVAK: Isn't it also true that the big real estate interests in your state don't like the closing of the tax shelters in this bill, and they put this up as just a straw man, this deductibility question?...

CUOMO: No. Well, I'm not with them on that issue....From Treasury I to the President's plan you left behind \$75B....(The President) said, no, I want to give this money back to business, to rich people. I'm saying if you could find \$75B to give back to the rich people, why are you insisting now that the middle class people, who are just barely making it, people who are not poor enough to be on welfare, not rich enough to be worry-free, why ask them to compromise? I like what he's done for the poor. Let's take it from the people above \$200,000.

HUNT: Do you agree with some congressional Democrats and Republicans who have come back and they basically have said the people out there don't care much about tax reform, instead we ought to pass trade legislation?...

CUOMO: Two thoughts if I may. Number one, there's no question in my mind that the President would rather talk about tax reform than trade, South Africa, Israel, the debt, the deficit. Of course he's doing that. Of course he's picked a popular subject....Do I think he should stick with tax reform? I do. I don't think he should abandon it. I think the deficit should come first, but I think you can have tax reform...

NOVAK: ...You want to raise taxes, don't you?

CUOMO: Oh, no, no, no. See, it confuses you when a Democrat -- no, we don't want to raise taxes....

NOVAK: ...I just want to know if you believe the millions of American people want to pay more for their shoes so that 120,000 jobs in an un-economic industry can be saved at a cost of \$5-6B to the American consumer. Do you think that's what the American people want?

CUOMO: No, I don't think they're that simplistic....On free trade, where is the President today? He's now announced he's going to do something on trade. We all know he is....Next week he's going to say to the American people, "We don't need all those 300 bills, but I will do something." Therefore, there are no free traders. The world isn't that simple. And there are no pure protectionists.

NOVAK: Would you support the Gephardt-Bentsen bill which puts a 25% tariff on all products coming into this country?

CUOMO: Oh, no. Now, we don't want to mislead anybody. It doesn't do that. It gives the foreign country first a chance to change the surplus....I'd want to see what the President does before then. He may make it unnecessary. He may suddenly leap into the leadership position here, do all sorts of things by executive order. You may pass other bills that would make that surcharge bill unnecessary....

AGRONSKY & COMPANY

Moderator: John McLaughlin, Panelists: Jack Germond, Fred Barnes, Robert Novak, Morton Kondracke.

MCLAUGHLIN: Has Reagan lost control of the agenda?

BARNES: The fact is I have never known a goalie to control the action in a soccer or hockey game, and Reagan's acting like a goalie. The problem with his agenda is that there's only one item on it, and that's tax reform. All the other things are things he's trying to block.

NOVAK: The fall offensive has turned into the fall defensive, and that's because the whole idea of it was defensive in the first place. The real question now: Is Ronald Reagan going to be forced into giving up on trade, abandoning tax reform, doing all the things the Washington Establishment, Sen. Dole, and most Democrats want. There's an attack on Don Regan, who has made some bad mistakes of tactics, but at least he's letting Reagan push his own proposals.

GERMOND: The White House is making a basic mistake of this notion of Reagan coming out "rarin' to go," whatever that means, and the fact that he has a 65% approval in the Gallup Poll, does not translate into particular support on particular issues. This 65% approval rating does not make tax reform necessarily saleable.

KONDRACKE: All you can say about Reagan's leadership at this point is that it is courageous in the face of running mobs, especially on the protection issue...and South Africa. But he is not exercising the other element of leadership, which is to win, to set the agenda, to make people respond to his initiatives...he is responding to other people's initiatives.

NOVAK: Everyone wants Ronald Reagan to give up on what he believes in...

GERMOND: What's the advantage in going down in flames on a lot of issues?

BARNES: During the first term, Reagan somehow got Congress to respond to what he wanted...but now...(interrupted)

MCLAUGHLIN: If Reagan had shown some yield on the footwear decision, he would have blunted the present protectionist rage in the Congress...
(All others disagree.)

BARNES: Reagan should start campaigning in the 1985 elections right now for a Congress that will go along with his policies.

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THE McLAUGHLIN GROUP

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McLAUGHLIN GROUP (continued)

ON SUMMIT/P.R. BATTLE

McLAUGHLIN: Which side has the initiative in the Superpower Agit-Prop War?

ALL OTHERS: Soviets.

McLAUGHLIN: Georgi Arbatov says Reagan has already had TV time in U.S.S.R. - on "Voice of America." So what of this?

BARNES: The fact is Reagan is being hurt by his own game. He adopted last year, for campaign purposes, the Nancy Reagan/Mike Deaver foreign policy -- he was going to be a peace candidate/President...it's all P.R. Now they're being beaten by their own game.

McLAUGHLIN: Will this P.R. battle have any effect on the Summit?

BARNES, NOVAK, KONDRACKE: Yes. McLAUGHLIN, GERMOND: No.

ON DOMESTIC POLITICS

KONDRACKE: Reagan should be worried, because Sen. Dole has calculated that by 1986, Reagan will be popular, but Reaganism won't be. Dole is also the leader of a whole bunch of Republicans who are very different from Reagan.

McLAUGHLIN: Should Ronald Reagan bail out the farmers?

GERMOND: If he doesn't do something, the GOP will lose the Senate next year. This is also a major point of contention between Dole and the White House.

KONDRACKE: We don't bail out owners of other businesses, so why should we (bail out farmers)?

BARNES: How can we bail out big banks through the IMF and not farmers? Interest rates are just too high.

NOVAK: Yes. The real blame goes to the federal government's tight money policies.

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